MT

PART 11

CONFIDENTIAL FILING

TEACHERS' PAY

EDUCATION

S 3003

PART 1: MAY 1979

PART 11: OCT 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
2.10.87							
~~6.10.87~~							
~~7.10.87~~							
~~12.10.87~~							
~~13.10.87.~~							
~~14.10.87~~							
22.10.87.							
~~26.10.87~~							
~~22.3.88~~							
~~6.4.88~~							
~~18.4.88~~							
~~19.4.88~~							
~~7/2/89~~							
~~16.2.89~~							
~~24/8/89~~							
31.5.89							
CLOSED							

PREM 19/2651

PART 11 ends:-

SS/SCOT to CST 31/5/89

PART 12 begins:-

Policy Unit to Pm 13.6.89

SECRETARY OF STATE FOR SCOTLAND

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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

31 May 1989

TEACHERS' PAY 1989/90

Thank you for your letter of 2 May about the 1989 teachers' pay settlement in Scotland.

I am a little surprised that you should find the outcome of this year's negotiations quite so unsatisfactory. Its overall cost, at 6.5% of the pay bill, is consistent with the average award in the public sector in the 1988/89 pay year. It is marginally more than the cost of the recommendations of the Interim Advisory Committee, at 6.4%, which were carefully considered and accepted by Ministers. And, in that regard, it is relevant that the RPI was over 7% when the negotiations here were in progress, compared with a significantly lower figure when the IAC was deliberating earlier in the pay year.

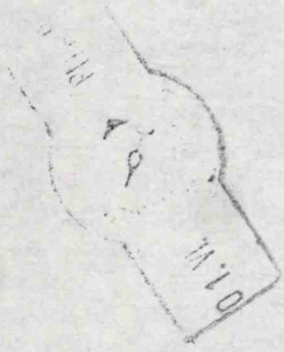
You say that the Government contributes 75% to the cost of teachers' pay. This is so only if the contribution of business ratepayers is counted in each aggregate grant, and I am not sure how appropriate it is to do so. But setting that aside, what is important is that we have now changed the basis of financing local authority expenditure so that, if grant and non-domestic rate income were to do no more than keep pace with inflation, the whole cost of volume increases in expenditure falls on the community charge. As I mentioned in my letter of 21 March, the official side on the negotiating committee took that into account and the result was clearly a better settlement than would have been reached in other circumstances. This is consistent with my general view - reflected most recently in my letter to you of 18 May - that while the new arrangements could not have been expected to produce dramatic results across the board in 1989-90 budgeting, there is no doubt that their gearing effect on community charge levels will exert an ever tighter discipline.

I am copying this letter to the Prime Minister, to members of E(PSP) and to Sir Robin Butler.

MALCOLM RIFKIND

EML150L5

EDUCATION: Teachers' Pay Pt 11



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 May 1989

TEACHERS' PAY

The Prime Minister has seen your Secretary of State's minute of 2 May following the discussion they had on 25 April.

The Prime Minister is not persuaded by the doubts expressed in paragraph 9 about the possibility of local pay negotiations by individual LEAs, and she hopes that your Secretary of State will give further consideration to this point. She is, however, content for your Secretary of State now to discuss his ideas with Treasury Ministers. In the light of those discussions, she would be grateful if he could put a paper to E(EP) for discussion in, say, early June.

PAUL GRAY

Tom Jeffery, Esq.,
Department of Education and Science.

CONFIDENTIAL

E.R.

PRIME MINISTER

TEACHERS' PAY

When you had your recent bilateral with Kenneth Baker he undertook to put down on paper his ideas for developing the teachers' pay negotiating arrangements. His promised minute is now attached at Flag A.

It follows fairly closely what he said to you. But he rather dismisses the idea you put to him of developing negotiations at the level of individual local authorities rather than with the local authority associations. And he has gone a good deal further in urging the need for a strong signal to be given to the teachers that they will be well looked after in the 1990 Settlement.

Mr. Baker's minute has not at this stage been copied to any other colleagues; he seeks your agreement to give his ideas "a preliminary airing with Treasury colleagues".

The Cabinet Office (Flag B) and Brian Griffiths (Flag C) have provided comments. Brian in particular expresses worries about the potential expense of the package and the danger that it will do little to tackle the key problems. Brian suggests the need for an E(EP) discussion.

Content for me to minute out:

- indicating that you are not persuaded about the difficulties over local negotiations?; Yes

- but agreeing to Mr. Baker discussing his proposals with the Treasury?; Yes

- inviting him, in the light of those discussions, to put a paper to E(EP) for discussion in say early June? Yes

RAC6.

P. GRAY
5 MAY 1989

PRIME MINISTER 5 May 1989

TEACHERS' PAY

Kenneth Baker's minute on the way forward on teachers' pay makes the following points (some of which are more coded than others):

- extend the existing pay machinery (IAC) for one more year;

- work out new machinery involving negotiations with teacher unions starting in 1991 (but keep the IAC as a backstop);

- meanwhile be prepared to award the teachers a significant pay increase in either 1990 or 1991 or both;

- expect very little from local or regional pay bargaining.

This could prove a very expensive package offering little by way of return in solving teacher shortages in key subjects and urban areas.

Kenneth Baker seeks permission to raise the matter with the Chancellor. It is very important that the Treasury are not given the impression that all of this has been agreed. It seems to me an ideal subject for discussion at E(EP).

The real benefits in teachers' pay would come from regional, local or school-based settlements. You may suggest to Kenneth Baker that when E(EP) discuss the subject, this is an important area which needs more consideration than it receives in his minute.

Brian Griffiths

BRIAN GRIFFITHS

From: R T J Wilson
4 May 1989

Ref: P 03432

MR GRAY

TEACHERS' PAY

1. I attach a helpful note by Mr Monger which raises a number of questions on Mr Baker's minute of 2 May.

2. Perhaps the most important question is whether or not to aim for local bargaining on teachers' pay. Mr Baker's comments recognise the attractions of this approach but appear to point against any early progress in the next few years. His preferred approach is national bargaining, with the Government having the last word when the negotiations are complete or possibly earlier. This would appear to weaken the element of local acountability to community charge payers. Local authorities might well blame national negotiators and the Government for whatever costs they had to pass on through the community charge. The Prime Minister may wish to ask whether it would at least be possible for individual authorities to be able to opt out of national arrangements if they wanted to conduct their own bargaining with teachers. This would be hard to reconcile with a Government power of imposition but it would strengthen local accountability.

RTJW.

R T J WILSON

Reference No E 0695
MR WILSON

Teachers Pay

No 10 asked if we had any comments on Mr Baker's minute of 2 May to the Prime Minister.

2. Mr Baker wants a system under which teachers' pay would be fixed mainly by the local education authorities negotiating within the constraints of the community charge regime. This would be a major change of course by the Government. The Green Paper of 1987 stated their firm preference for a Teachers' Negotiating Group (TNG) under which the Secretary of State would have the majority of votes on the management side, as well as a power of override. This followed from a decision by E(EP) in 1987, reaffirmed in 1988. Mr Baker opposed this decision; the Chancellor argued strongly for it. Mr Baker now wants in effect to return substantially to the pre-1987 position in which pay was settled mainly in negotiations between the local authorities and the unions.

Have circumstances changed?

3. The first question is whether circumstances have changed sufficiently to reopen the earlier decision. Mr Baker would say that one change is that it is now clear that both employers and unions are strongly opposed to a TNG - although in choosing a TNG Ministers never expected it to be popular with either. Another perhaps more important change is that the community charge regime is now almost in place.

The community charge

4. As Mr Baker says, the new regime will impose a much more effective financial constraint on local authorities. The fundamental question for Ministers is whether the community charge constraint will be so effective as to make it safe to return the main conduct of the negotiations to the local authorities. The main risk is that of "validation". Historically, the Government has found that if the local authorities spend more than was planned in any year, there was strong pressure to "validate" the excess spending in the next year by an adjustment of grant. Otherwise the effect on rates would have been too severe. The local authorities themselves

know that this has usually happened - although of course they cannot count on it continuing, especially under the new regiome, and this may make them cautious in negotiations.

5. There has been correspondence between Mr Rifkind and Mr Major about the recent Scottish teachers' pay settlement which bears on this. Mr Rifkind said that the settlement (at 6½%) was satisfactory because of the pressures of the community charge. Mr Major however said (his letter of 2 May) that it was higher than it should have been and showed the continuing need for proper control over the negotiating machinery

A continuing Government override?

6. Mr Baker proposes two safeguards in paragraph 8: reactivation of the IAC when the two sides could not agree in negotiation; and a right for the Government to have the "last word". Arguably, the history of the old Burnham arrangements shows the need for a power of imposition in the last resort. The case for keeping the IAC in reserve seems much weaker. Since it is supposed to be an independent body there are political constraints on overriding its recommendations. The Prime Minister might question whether a continuing IAC is needed as well as a power of imposition.

7. More generally, Mr Baker's minute gives no detail about how the power of override would work. How and when would the Government have the "last word"? Would there be any Parliamentary process, and if so what? And would the Government itself participate in the negotiations at all? These are crucial questions, and the Prime Minister may want more information about how Mr Baker would deal with them before she takes a final decision.

National or local negotiations?

8. If Mr Baker's new structure is agreed, a major judgment for Ministers will be whether to encourage a move to local negotiations. Mr Baker's paragraph 9 dismisses this as a practical possibility, at least for some years. This is perhaps a pity. The greater flexibility to react to local circumstances would be a big advantage, and in E(CP) discussions Ministers have agreed to encourage local negotiations for other local authority employees. Mr Baker is probably right that most local

authorities would still band together for national negotiations, but it was never realistic to think that national negotiations would end overnight. Some Conservative authorities have wanted to undertake their own pay negotiations, and would probably do so for teachers' pay if they could. Their example could be gradually followed. Mr Baker's other argument, that the discretion for grant maintained schools would be reduced, seems irrelevant to the choice between national and local negotiations. The main argument against local negotiations is perhaps that in the last resort they would be hard to reconcile with a Government power of override.

Assurances to teachers

9. Mr Baker proposes assurances to teachers that by 1991 negotiations will be "within a framework acceptable to them" and that the 1990 settlement will "improve the attractiveness of teaching as a profession" (paragraph 5). These assurances seem unnecessary. They are not required by the change in machinery suggested by Mr Baker.

Timing

10. Mr Baker proposes (para 5) that, if his package is agreed, he should announce it in September and legislate for it in the 1990-91 Session. It is not clear why this slow timetable is necessary. Once the package is agreed, he could announce it at once and introduce legislation, for which a place has been agreed, in the next Session. There seems to be a case for getting the question out of the way as quickly as possible.

Scotland

11. In Scotland, the old Burnham-style arrangements still operate. Mr Rifkind has been opposed to the introduction of a TNG there, and no decision has yet been made about the long-term arrangements for Scotland. Since Mr Baker's new proposals mean moving away from the TNG, they may be more acceptable to Mr Rifkind. But Mr Rifkind was especially strongly opposed to a power of Ministerial override, which Mr Baker proposes to keep.

G W MONGER

Economic Secretariat
May 3, 1989

SCOTTISH OFFICE
WHITEHALL LONDON SW1A 2AU

Tom Jeffrey Esq
Private Secretary to the
Secretary of State for Education & Science
Elizabeth House
York Road
LONDON

4 May 1989

Dear Tom

CONDUCTIVE EDUCATION: PLACES FOR CHILDREN FROM THE UK AT PROPOSED INTERNATIONAL INSTITUTE, HUNGARY

As foreshadowed in my letter to you of 27 April, my Secretary of State met yours, together with Mr Forsyth, Mr Nicholas Scott and Mr Butcher (and accompanying officials) at 8.30 this morning. The paper attached to Mr Scott's letter of 27 April formed a helpful basis for discussion.

My Secretary of State outlined the problem. English local authorities were in practice assisting young people to attend the Peto Institute in Hungary although there was some doubt about the legal position. Scottish local authorities on the other hand were quite clearly unable to give assistance in the same circumstances. This situation was extremely difficult to defend to Scottish parents, all the more so now that a larger international institute was being established in Hungary with UK support. Mr Scott noted that it was planned to establish one or more centres of conductive education within the UK so that the problems involved in sending children to Hungary would eventually decline.

Your Secretary of State agreed with Mr Rifkind's summary of the position. He noted that the particular method of education was not so far proven by research and, like all forms of special education, it was expensive. On the other hand, conductive education had had notable successes and in practice the cost of sending a child to the Peto Institute could be less than the cost of any commparable special provision available in Scotland. He recognised however the justification for my Secretary of State's strong desire to take some action to bring about a more satisfactory position in Scotland although he was anxious to avoid being pressed to legislate at this stage in England and Wales. In the light of these considerations, Mr Baker agreed that my Secretary of State should proceed to secure an amendment to the Self Governing Schools Etc (Scotland) Bill designed to give local authorities the discretion to fund children to attend educational establishments abroad. It was important that the amendment should be presented in general terms, rather than be directed specifically at the Peto Institute; and that it should be introduced in as low a key manner as possible in the Bill Committee. Mr Rifkind agreed to proceed on this basis.

HMP123L9.033

I am copying this letter to the Private Secretaries to the members of E(EP) and also to the Private Secretaries to the Foreign Secretary, the Secretaries of State for Health and Northern Ireland, the Lord Chancellor and the Lord Advocate. In the light of the agreement between our and DSS Ministers my Secretary of State will assume that he has policy clearance for this amendment unless there are any further comments by Wednesday 10 May.

Yours

David

DAVID CRAWLEY
Private Secretary

HMP123L9.033



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SECRETARY OF STATE FOR EDUCATION AND SCIENCE

PRIME MINISTER

TEACHERS' PAY

Following our discussion on 25 April, I thought it might be useful if I set down for you how I see developments on teachers' pay over the next 2 years.

2. We reluctantly accepted that the Government's earlier proposals for a Teachers Negotiating Group would not do. Neither the employers nor any of the teachers' associations would work with us in that kind of group. Meanwhile teachers have acquiesced in two modest settlements resulting from the operation of the Interim Advisory Committee (IAC), and have cooperated effectively in the implementation of our education reforms, including the introduction of GCSE and preparations for the National Curriculum and Local Management of Schools.

3. But we cannot rely on the present satisfactory situation continuing because

- rapid change means that many teachers are hard pressed, and morale is at best fragile.

- Resentment is building up that teachers' pay is being held back when pay elsewhere in the economy is moving forward much more rapidly. This feeling, if we allow it to continue, will greatly strengthen the resentment in the teaching profession about the continued absence of negotiating rights.

- There are increasing signs of real difficulty in teacher recruitment. Demographic change will aggravate the problem. We want pupils to benefit from the National Curriculum. We have to find ways of giving potential

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recruits to the profession, particularly in key subjects such as mathematics and science, the incentive of a good career.

4. As I explained to you, I believe that the best longer-run approach to teachers' pay and conditions is for the Government to stand further back and leave the employers with the main responsibility for balancing the claims of teachers as against those of their other employees, within the overall financial constraints under which local authorities will be operating once the new community charge regime is in place. But I recognise the need for us to maintain effective safeguards against over-generous settlements and against undesirable changes in pay structure and conditions. The question is how to achieve the position we want, while keeping the profession broadly alongside us.

5. In my judgment next year will be too soon to give the main responsibility to the LEA employers to negotiate with the teachers' negotiations. The community charge regime will only just be coming in. So I think we shall have to take the necessary affirmative resolution Orders through Parliament to extend the 1987 Act for a further year, and rely for 1990 on the IAC. But teachers will not readily acquiesce in another year of the IAC: we have held out the prospect of some kind of return to negotiations for 1990, while the big unions have shown increasing signs of restiveness about the negotiating rights issue. So if we are to avoid the risk of disruption in schools and of a further down-turn in recruitment, we shall need to give teachers some credible assurances

- that negotiations within a framework acceptable to them can be expected for 1991; and

- that there will be a settlement in 1990 which improves the attractiveness of teaching as a profession.

I have in mind that I would have a further round of discussions

with the teachers' associations and the LEA employers between Whitsun and the summer recess, at which I would edge towards the longer-term solution I have outlined, but without reaching a definite conclusion. I would then in September offer what would in effect be the definitive package, combining that with the 1990 remit for the IAC. That remit will need to be sufficiently generous to give the teachers an adequate assurance about their relative position, and we shall have to take this requirement into account from the start in making our plans for local authority expenditure in 1990/91.

Local variations?

6. We should then extend the 1987 Act by a year when Parliament reassembles in the autumn. Assuming a sufficient measure of acquiescence in this approach, the extension need not generate much controversy.

7. Thereafter we shall need to work with the teachers and the LEA employers on the precise details of the new legislation, which I believe we can postpone until the beginning of the 1990/91 Session. I have in mind that we would in effect allow the first stage of the new machinery to operate informally next year in advance of that legislation. We would set the financial constraint through our assessment next summer of local authorities' need to spend. The teachers and their employers would have the opportunity to arrive at a deal by the end of the year within that constraint. If they agreed a deal, we would then put it formally into operation, with or without modification, under the new legislation, which should be on the statute book by the spring of 1991. But if agreement were not reached, we would once again remit the issue to the IAC, having extended the 1987 Act for a further year for this purpose.

8. For subsequent years the new legislation would similarly provide for the reactivation of the IAC when the two sides proved unable to reach an agreement within a specified timescale. As at present, the Government would have the last word following negotiations or reports by the IAC; and we would also have the

power at an earlier stage to remit an agreement between the two sides for reconsideration, if it were incompatible with our policy objectives on grounds of cost or of adverse impact of pay structure or conditions of service. The process I have outlined should enable local authorities to have a clear idea of the prospective impact of the teachers' pay settlement before they take their final decisions on the following year's community charge.

9. You asked whether, if the two sides failed to agree within the framework I have outlined, we could simply leave individual LEAs to settle pay locally. I recognise the attractions of local bargaining, if we can achieve it; but I doubt whether a satisfactory outcome could be expected in the years immediately ahead. If - as would be necessary - we were to permit local bargaining outside the constraints of a statutory framework, the probable result would be LEAs banding together to engage in national negotiations. We would no longer have any control over conditions of service. Alternatively, if there actually were local negotiations in some authorities, there would be a risk that these would have the effect of infringing the discretions which should properly belong to the governing bodies of schools with delegated budgets.

10. If you are content, I propose now to give these ideas a preliminary airing with Treasury colleagues.

KB

2 May 1989

DEPARTMENT OF EDUCATION AND SCIENCE

EDUC: Gen. Pol pr21



cst.ps/12jm2.5/lets

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CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU

2nd May 1989

Dear Malcolm,

TEACHERS' PAY 1989-90

Thank you for your letter of 21 March, on the outcome of teachers' pay negotiations.

Like you, I would have preferred a lower settlement but, given our very limited control of the negotiating machinery, it is probably the best we could hope for.

As you know, the IAC has exceeded its remit two years running and in both years the settlement in Scotland exceeded the recommendations of the IAC. Further the settlement was 1½ per cent more than you and your officials wished to see. It does seem to me that to get a result which we could regard as satisfactory, community charge pressure will need to be supported by negotiating machinery over which we have proper control so that our influence fully reflects our 75 per cent contribution to teachers' pay.

I am copying this letter to the Prime Minister, members of E(PSP) and to Sir Robin Butler.

Yours Ever, John

JOHN MAJOR

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Education & Teachers Pay Pt II



cc Badger

IV

P 03424

MR GRAY

FUTURE ARRANGEMENTS FOR DETERMINING TEACHERS' PAY

It may be helpful to summarise recent developments in settling new long-term machinery for determining teachers' pay, before the Prime Minister's meeting with Mr Baker on Tuesday.

BACKGROUND

2. After the disruption in schools a couple of years ago, and the substantial pay settlement which followed, the Government established the Interim Advisory Committee (IAC) on teachers' pay as a temporary measure, before a new long-term machinery to replace the Burnham Committee could be put in place. The settlements which the IAC has recommended - averaging 4.75% from 1 April 1988 and 6.3% from 1 April 1989 - have both exceeded the Government's remits.

3. In October 1987 Mr Baker published a Green Paper which proposed that the future long-term pay machinery for teachers should take the form of a Teachers' Negotiating Group (TNG). The key features of this proposal were that the Government, rather than the local authorities, should have a majority of representatives on the management side, and that the Government should have the power to impose a settlement in circumstances when arbitration was inappropriate.

4. In July 1988 E(EP) reaffirmed the decision to introduce a TNG in England and Wales. In March this year the Cabinet agreed that a bill on teachers' pay machinery should be included in the 1989-90 legislative programme.

5. There is a separate Scottish dimension. In Scotland teachers' pay is still settled by negotiations between teachers' unions and the local authorities, with the risk that unduly expensive settlements will be agreed. Mr Rifkind, while

accepting that change is necessary, is strongly opposed to the introduction into Scotland of the TNG machinery agreed for England and Wales. He is in particular opposed to a Government power of imposition. E(EP) agreed in July 1988 that legislation on new pay machinery for Scottish teachers should not proceed in the current session as previously planned. No decision has yet been made on long-term arrangements for Scotland.

6. Mr Baker was originally opposed to the TNG solution. He may argue now that it should not be implemented, because this would lead to a major confrontation with the teachers and put at risk progress on the Government's wider education initiatives. It is not clear what alternative proposals Mr Baker may have in mind; his officials have not been authorised to discuss any such alternatives with the Treasury. We understand informally that Treasury officials accept that some modification of the TNG proposals may be appropriate but they have not yet put this to their Ministers.

OPTIONS

7. It may be helpful to describe some of the options which Mr Baker may put forward:

a. Continuation of the IAC. The IAC is at present due to come to the end of its life on 31 March 1990. Primary legislation would not be needed to continue it; this can be done, a year at a time, by an affirmative resolution order in both Houses. Continuation for one further year, to recommend a settlement for April 1990, may well be necessary in any event because of the time it would take to set up new machinery by primary legislation. This would require orders to go through both Houses by Christmas.

b. Resumption of National Negotiations. If a negotiating body is to be re-established, there will be two key issues to consider:

i. Management Side. Should the Government or the local authorities have a majority of representatives on the management side?

ii. Power of imposition. Should the Government have a power of imposition in advance of arbitration, as proposed in the Green Paper?

c. Local Negotiations. One option, not previously canvassed, is that local education authorities should each be given separate responsibility for negotiating teachers' pay. This would weaken central Government control over the process, but would give authorities with particular recruitment or retention problems the ability to respond flexibly. It would also weaken the influence of the national teaching unions.

8. Decisions will need to be reached fairly quickly if any changes are to require legislation next session, for either England or Scotland. The DES had told us earlier that they would need an E(EP) meeting in May to consider the content of the legislation.

RTJW.

R T J WILSON
Cabinet Office
April 21, 1989

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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

21 March 1989

Dear John,

TEACHERS' PAY 1989/90

I am writing to let you know that the Scottish Joint Negotiating Committee (SJNC) for teaching staff in schools, at a meeting earlier this week, agreed to increase teachers' pay by 6.5% at all points in the salary scales. This settlement is in response to a Teachers' Side claim for 9.75%. The agreement will have effect from 1 April 1989.

In addition, it was agreed to even out the incremental movement between intermediate points in the pay scale for secondary school Principal Teachers. The first and final points on this pay scale will not be altered, and the adjustment will add about 0.05% to the overall 6.5% increase.

The cost of this settlement will add about £53.5m to the pay bill for Scottish teachers in 1989/90. Authorities will have to find about £21m towards this cost from other service provision or from savings derived from a 1% reduction in superannuation contributions under the Teachers' Scheme. We believe that most authorities will have budgeted in fact for an award of between 6% and 6.5%.

As I reported to Cabinet, while I would obviously have preferred a lower settlement, it is fair to regard this outcome as a satisfactory one given that it is within 0.2% of the settlement agreed for England and Wales by the IAC. It is also an encouragingly responsible settlement, reached against the background of the community charge: there had been earlier indications of the Management Side being prepared to go up to 7%; and at an earlier meeting last month the Management Side offered a 6% increase and this was rejected. However, in a round of consultation with local authority employers, the virtually unanimous response was that 6.5% was the maximum which could be afforded, and the Management Side felt bound to abide by this reaction. My officials report that a growing

understanding by elected members of the implications for the community charge of an excessively large pay increase was an important factor in hardening the attitude of the Management Side. When the Teachers' Side sought to negotiate for a staged increase rising to 7.5% at the end of 1989/90, this was vigorously dismissed because of its perceived effects in subsequent financial years. There seems no doubt that, in this round of negotiation anyway, the community charge has begun to exert a discipline of local authority attitudes to pay increases.

My representatives on the Committee argued that negotiations should rest on a 5% offer, and they drew attention to the forecast of declining inflation in the coming year, to the sensitivity of the community charge to expenditure increases, and to the resources available to authorities for pay costs. They also pressed for authorities to be sounded before the final round of negotiations.

I am copying this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales, Northern Ireland, Environment and to Sir Robin Butler.

Yours ever,

Malcolm

MALCOLM RIFKIND

H M Treasury
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R.Wilson Esq
Cabinet Office
70 Whitehall
LONDON SW1

16 FEBRUARY 1989

Dear Richard,

BRIEFING ON THE IAC

Further to Diana Seammen's letter of earlier today, the Department of Education and Science have provided us with a revised version of the IAC briefing. I would be grateful if you would substitute the attached revised pages 38 to 40 for those circulated under cover of Diana's letter earier today.

2. I am copying this letter to George Monger (CO), Peter Wormald (DoH), Michael Huebner (LCD), Roger Facer (MOD), Robert Horne (DES), Jim Nursaw (T. Sol) Bert Johnson (DE), Paul Gray (No 10), Murdo MacLean (No12), PPS's Lord Mackay and Messrs Luce, Clarke, Younger, Baker and Wakeham and to the Press Office at No 10.

Yours sincerely,

J de BERKER

TEACHERS' PAY 1989-90: BULLETS

Value of Increase

1. The Committee's recommendations will add £470m to the pay bill in 1989-90. On top of this there will be another £100m of expenditure flowing from the changes introduced in 1987 and 1988. The overall pay bill will therefore rise by 7.5% in 1989-90.

2. No teacher will get less than 6%. Most will get more than that

- 55,000 Heads and Deputies will get 7.5%: most secondary Heads will get nearly £2,000 or more extra

- 27,500 additional teachers will receive incentive allowances - ranging from £860 to £4,700

- the 140,000 teachers already holding incentive allowances will see them increase by 7%

- half of the teachers on the main scale will receive an increment (worth around £700 to most teachers).

3. The report's recommendations mean an increase of over 40% in teachers' pay since March 1986.

4. The Committee again endorses the Government's view that the right criteria for determining pay are those of recruitment, retention and motivation. It explicitly rejects the notions of comparability and indexation against inflation.

Incentive Allowances

5. Over 35,000 teachers have already got allowances as a direct result of the new pay structure introduced in 1987, in addition to the 104,000 former Scale 3, 4 or 5 teachers who received them automatically.

6. The extra 9,500 allowances are on top of plans which would have seen 50% of primary and 60% of secondary teachers receiving allowances or being heads or deputies by September 1989.

7. Over 20,000 extra teachers can look forward to receiving A allowances, giving them increases of at least 12%.

8. I welcome in principle the IAC's longer-term suggestions for increased numbers of incentive allowances.

Position of Individual Teachers

9. A teacher formerly on the top of Scale 1 will see his salary rise by nearly 13% this year, giving a total increase of some 50% since March 1986.

10. If a teacher was also awarded an A allowance this September his increase this year would be nearly 20%, making some 60% since March 1986.

11. A teacher already on the top of the main scale who is awarded one of the new A allowances from September will see his salary rise this year by over 12%. If he is awarded a B allowance his increase will be over 15%.

12. A teacher on the top of the main scale who is promoted from a B to a C allowance in September (when nearly 11000 new C allowances will be on offer) will see his salary rise this year by nearly 15%.

Teacher Recruitment

13. The IAC has looked carefully at the need to recruit, retain and motivate teachers of the quality we need. The Government proposes to accept their recommendations for pay rates in 1989-90 in full. It is for local authorities to decide how best to use the wide ranging flexibilities within the pay arrangements to meet their particular recruitment problems.

Affordability

14. The reduction in employers superannuation contributions to the Teachers Superannuation Scheme announced last Friday goes a substantial way towards covering the difference between the remit figure and the cost of the IAC's recommendations. The overall cost must anyway be seen in context: planned spending by local authorities amounts to around £30 billion in 1989-90; total general grant to local authorities for 1989-90 is over £13.5 billion.

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The residue is under £50m which is less than one fifth of one per cent of their spending overall. [An element of the extra cost is discretionary.]

New Pay Structure and Conditions

15. It is clear from the report that the new pay structure is now widely accepted. The Committee see it as the base on which to build future pay arrangements involving a significant and increasing degree of flexibility.

16. The Committee make a large number of detailed recommendations for changes to the Teachers' Pay and Conditions Document. Not all originated with the Government. They are all sensible and we are happy to accept them.



CONFIDENTIAL

PRIME MINISTER

REPORT OF THE INTERIM ADVISORY COMMITTEE ON SCHOOL TEACHERS' PAY AND CONDITIONS (IAC)

I shall unfortunately not be able to attend tomorrow's meeting at which this Report is to be discussed. I am therefore letting you have my views in writing.

It seems to me that the IAC have taken a very realistic view of the position of teachers and the needs of the education system in the wake of the Education Reform Act. The evidence is clear enough that teaching is not at present seen as an attractive career by graduates or indeed by sixth form students about to enter higher education. At the same time the introduction of the National Curriculum, in addition to the other changes schools are having to cope with, will put considerable strain on the teaching force during the next few years; demographic changes will make the recruitment problem even more acute. In Wales there is an added problem in finding enough teachers to meet the National Curriculum requirements for Welsh language teaching.

Morale among teachers is low and there is evidence that lack of enthusiasm among teachers is discouraging their pupils from considering teaching as a career. The IAC have made a very careful assessment of the position and, taking into account the increase which has occurred in the RPI since they were given their remit, they have produced a very responsible report.

I strongly support Kenneth Baker's view that we should accept all the IAC's recommendations. By accepting the recommendations we can expect to persuade the public that teachers' pay and conditions have been assessed on an objective basis and represent a fair reward for the difficult job that teachers are expected to do.

/In my view...

CONFIDENTIAL

In my view cutting back the IAC's recommendations, as the Treasury have suggested, would not only further damage the morale of the profession but could also have an effect on retention and recruitment rates which would be disproportionate to the small amount of expenditure saved. It would be very foolish in my view to jeopardise the successful implementation of the National Curriculum by appearing, both to the teaching profession and the wider public, to give teachers less than they deserve.

I am copying this to Nigel Lawson, James Mackay, George Younger, Norman Fowler, Tom King, Kenneth Baker, Kenneth Clarke, Malcolm Rifkind, John Wakeham, John Major, Richard Luce and to Sir Robin Butler.

PW

13 February 1989

Approved by the Secretary of State
and signed in his absence


13. II.

PRIME MINISTER

REPORT OF THE INTERIM ADVISORY COMMITTEE ON SCHOOL TEACHERS' PAY AND CONDITIONS (IAC)

1. We are to discuss the Government's response to this report at your meeting next Tuesday. A copy of the report itself is attached. This paper sets out the basis on which I propose to initiate the consultations required under the Schools Teachers' Pay and Conditions Act 1987 prior to laying an Order before Parliament making changes to teachers' rates of pay and conditions of service. If we make any material change in the IAC's recommendations the Order will be subject to affirmative resolution of both Houses.

THE IAC'S RECOMMENDATIONS

2. Last September we invited the IAC to consider the general pay increase to be given to teachers in England and Wales, the pay of heads and deputies, the system of selective payments and certain other matters. The Committee has not felt able to contain its recommendations within the financial constraint of £385m which it was given. The costs of its recommendations are summarised in Annex A: they total £469.5m in 1989-90 (6.3% of the pay bill).

3. The Committee recommends that from 1 April 1989 the salaries of all teachers on the Main Professional Grade (MPG) should be increased by 6%, and the salaries of heads and deputies by 7.5%; and that from 1 July 1988 the London area allowances should be increased by 5.6%. These recommendations would together cost £437m.

4. The report also seeks to further enhance the role of selective payments within the new pay structure we put in place in 1987. It recommends that the value of each of the 5 incentive allowances be increased by 7%, and that an additional 9,500 allowances be made available from 1 September 1989, as a first step towards a suggested longer term increase in the number of promoted posts. These recommendations would cost £23m and £8.8m (£15m in a full year) respectively.

5. The Committee makes recommendations on a wide range of detailed matters with no significant financial implications. Most of these are technical amendments to ensure that the governors of Grant Maintained Schools and maintained schools with financial delegation have necessary discretions over staffing matters. There are two particularly helpful recommendations, however: one providing for the discretionary awarding of accelerated increments and the other ensuring that teachers returning to full-time teaching after a break are not penalised if they have done supply teaching in the interim.

MY PROPOSALS

6. The new rates of pay recommended by the IAC are set out in Annex B. We asked them particularly to look at the position of heads and deputies and what further increase should be made in the proportion of the pay bill devoted to incentive allowances: their recommendations on these matters are a good outcome. I propose to accept them. I also propose to accept the 5.6% increase in London weighting which they propose, which is in line with that given to other local Government employees in London, and all the recommendations referred to in paragraph 5 above.

7. The IAC have also recommended a small increase in the number of incentive allowances in 1989-90, and suggested a substantial expansion beyond our current plans over the next five years. The details are set out in Annex C. I very much welcome this further enhancement of selectivity in the new pay structure. It

would offer better prospects to intending teachers, while increasing the targeting of resources on problem areas and teachers of high merit. I propose also to welcome the general thrust of the longer term suggestions. But as regards immediate action we do not need to go beyond accepting the recommendation for 1989-90 at this stage.

8. The IAC's recommendations on differentials and incentive allowances are surely right. The key question is whether we should accept Committee's recommendation to raise the MPG by 6% or substitute some lower figure. The main options are

a. to accept the recommendation of 6%, or

b. to abate the recommendation to 4.5% so as to reduce the total cost of the IAC package to the remit figure of £385m;

c. to reduce the increase in the MPG to 5.1%, the level implied by the original remit to the IAC. Adopting this option would save £50m and reduce the excess over the remit figure to a similar amount to last year;

d. to achieve the same result as c., through staging rather than abatement (eg to 4% on 1 April and a further 2% on 1 September).

9. Lord Chilver has explained to me the considerations which led his Committee to propose increases exceeding the financial envelope they were set. The Committee's emphasis has been on recruitment, retention, motivation. They have explicitly rejected comparability.

10. Recruitment is a serious worry. We must succeed in our objective of delivering all the core and foundation subjects of the National Curriculum to pupils throughout their period of

compulsory schooling. We must supply the schools with teachers properly qualified for that purpose. But recruitment to training is falling seriously short despite our best efforts. Last autumn training courses for secondary school teachers fell short of target by

- 27% in mathematics
- 23% in physics and 42% in chemistry
- 22% in technology

Mathematics and science are 2 of the 3 core subjects in the National Curriculum. Modern languages too were 14% below target. And the position is getting worse; applications to enter these courses next autumn are below the corresponding level a year ago. In the longer term because of the demographic background it will become steadily harder for teaching to secure a reasonable share of well-qualified new graduates as we move into the 1990s. This will place an even greater premium on the recruitment of mature entrants and former teachers whose skills will be much in demand in other sectors of the economy.

11. As for retention, we are now getting reports of students with the potential to be good teachers of the shortage subjects giving up initial teacher training courses as they realise how poor the financial prospects of teachers are, and the poor esteem in which they see teachers still held.

12. The Committee's principal concern is motivation. We depend on classroom teachers and their managers for the success of our reforms:

i. The National Curriculum will put new pressures on teachers.

ii. Many schools will have to work a longer day to cover all the foundation subjects, while also finding time for a proper range of other work.

Giving heads and deputies a little more will be a help. The increased numbers and higher rates of incentive allowance will help the middle managers. But increases in incentive allowances, important though they are, are no substitute for an adequate increase in the main scale because

- nearly 50% of all main scale teachers are on the scale maximum, so can expect no increment;

- only about 40% of all main scale teachers hold any incentive allowance at all. In primary schools the proportion is much lower.

Schools have been running without disruption, but morale and motivation are at best very fragile. The Committee do not think they can be sustained by a increase of less than 6%.

13. The Treasury argue against accepting the IAC recommendations in full. They say that, while the selective elements of the IAC recommendations are to be welcomed, we should as a matter of principle not condone their exceeding their remit to the extent proposed. They also argue that the figure of 5.1% was given wide publicity when the remit was announced and main scale teachers should not be expecting more. They note that vacancy rates for teachers generally are low - 1.5% for primary school teachers and 1.0% for secondary school teachers. Recruitment problems are concentrated in certain subjects and parts of the country. 10% of main scale teachers would in any case get additional increments in 1989 as a result of the 1987 restructuring. In the Treasury's view staging is undesirable in principle and could only be justified on affordability grounds, which are not compelling - see paras 16 and 17 below. They would prefer to abate the main scale increase to 5.1%.

14. I do not agree with this proposal. Last year teachers received the lowest increase of any major public service group.When we took our decision on the IAC's remit this year the latest available figure for the RPI was 4.8%. In December it was 6.8%, with January expected to be higher still. Other public sector settlements so far in the current round are averaging 6%, with private sector settlements running at 6.5%. The IAC Committee's recommendation is below the rate of inflation, and again below the recommendations of the main Review Bodies.

15. Lord Chilver's Committee weighed their recommendation carefully. They are far from certain that it will be enough, from a recruitment and motivation standpoint. For us now to cut that recommendation back would send just the wrong signal to teachers at a time when we need, more than ever, their best efforts. Our concern for the absolutely essential task of improving the quality of school education would be widely seen as a sham. I believe we should accept the Committee's recommendations in full.

FINANCING THE RECOMMENDATIONS

16. The original limit of £385m was consistent with provision within the RSG settlements for England and Wales. The recommendations cost an extra £85m. We can argue that £26m of that is covered from a larger than expected reduction in employers contributions to the superannuation of schoolteachers following the report of the Government Actuary published on 10 February, and a further £18m by reduced contributions for other staff in the Teachers Scheme. We could also choose to disregard for funding purposes the 9,500 recommended extra incentive allowances, since it will be up to local authorities to decide whether and when to actually introduce them. This brings the unfunded gap down to £32m.

17. The RSG settlement for 1989-90 is now closed. Local authorities will say that £32m is too large a sum for them to be expected to meet without additional funding. This could prove to be an issue in the local elections. The local authority employers have already written to me emphasising that authorities do not wish to see the difficulties which they believe they will face with the 1989-90 RSG settlement compounded by a teachers' pay settlement which is not fully supported. Even so, local authorities are no doubt budgeting, with their contingency sums, for pay increases of around 6% across the board in 1989-90 and they are also holding sizeable reserves. £32m is just over 0.2% of planned spending on education relevant for RSG in 1989-90 and about 0.1% of total planned local authority expenditure. On balance I believe it is reasonable to expect local authorities to accommodate the implications of the IAC recommendations, if necessary through offsetting savings within their planned budgets. I propose that the necessary consultations on the IAC recommendations should proceed on this basis.

THE NEXT STEPS

18. The Teachers' Pay and Conditions Act 1987 requires me to publish the IAC report. In order to fulfil the requirements of the Act about consultation I need to set out, at the same time, my proposals for implementing the report. I would like to publish the report and set out my proposals on 16 February, at the same time as the review body reports are published. Following the statutory consultations with the local authority interests, the churches and the teacher unions a revised version of the Teachers' Pay and Conditions document will be published and an Order laid before Parliament which will give effect to its provisions.

CONCLUSION

19. I seek the agreement of colleagues to

a. acceptance of the IAC proposals for

i. a 6% increase in the MPG from 1 April 1989

ii. a 7% increase in the value of incentive allowances from 1 April 1989

iii. a 7.5% increase in the spot salaries of heads and deputies from 1 April 1989

iv. a 5.6% uplift in London weighting from 1 July 1988

v. an additional 9,500 incentive allowances in 1989-90

and welcoming in principle the general thrust of the IAC's suggestions for a longer term expansion of the number of incentive allowances.

b. acceptance of the IAC recommendations for other changes in the Teachers Pay and Conditions document

c. entering the statutory consultations on the basis that the Government does not intend to revise the RSG settlement

d. publication of the report together with proposals for the implementation of its recommendations on pay and other matters affecting the Document on 16 February.

20. I have sent copies of this minute to Nigel Lawson, James Mackay, Peter Walker, George Younger, Norman Fowler, Tom King, Malcolm Rifkind, Kenneth Clarke, John Wakeham and Richard Luce; also to Sir Robin Butler.

KB

DEPARTMENT OF EDUCATION AND SCIENCE 10 FEBRUARY 1989

ANNEX A

COST OF RECOMMENDATIONS IN IAC REPORT

	Cost in 1989-90 £m	%age increase in pay bill
6% Increase on all points of Main Professional Grade	340.1	4.6
7% Increase in Incentive Allowances	23.1	0.3
7.5% Increase in Heads and Deputies salaries	93.1	1.3
5.6% Increase in London Weighting from July 1988	4.4	0.05
Additional cost of extra* 5000 A allowances, 2500 B, 1500 C and 500 D	8.8	0.1
	469.5	6.35

* The cost of £8.8m assumes allowances will be awarded in September 1989. The full year cost would be £15m.

ANNEX B

REVISED DAY SCALES RESULTING FROM IAC RECOMMENDATIONS

MAIN PROFESSIONAL GRADE

Main scale point	1988-89 Teacher Salary (£pa)	1989-90 Teacher Salary (£pa)
1	7,920	8,394
2	8,235	8,730
3	8,547	9,060
4	8,859	9,390
5	9,591	10,167
6	10,422	11,046
7	11,049	11,712
8	11,673	12,372
9	12,351	13,092
10	13,134	13,923
11	13,863	14,694

DEPUTY HEADS

HEAD TEACHERS

School Group	1988-89 Deputy Salaries (£pa)	1989-90 Deputy Salaries (£pa)	1988-89 Head Salaries (£pa)	1989-90 Head Salaries (£pa)
1	15,375	16,527	16,158	17,370
2	15,375	16,527	16,677	17,928
3	15,375	16,527	17,199	18,489
4	15,636	16,809	17,721	19,050
5	16,026	17,229	18,504	19,893
6	16,416	17,646	19,803	21,288
7	16,938	18,207	20,847	22,410
8	17,721	19,050	22,149	23,811
9	18,762	20,169	23,712	25,491
10	19,803	21,288	25,275	27,171
11	20,586	22,131	27,102	29,136
12	21,630	23,253	28,926	31,095
13	22,413	24,093	30,228	32,496
14	23,193	24,933	31,794	34,179

INCENTIVE ALLOWANCES

Rate	1988-89 Value	1989-90 Value
A	801	858
B	1,200	1,284
C	2,400	2,568
D	3,201	3,426
E	4,401	4,710

ANNEX C

IAC PROPOSALS ON INCENTIVE ALLOWANCES

CURRENT DES PLANS

	1989	1990	1991	1992	1993
No of Allowances ('000s)	165	165	166	167	169
Cost (£m)	344	360	360	362	367

IAC PROPOSALS

No of Allowances ('000s)	174.6	189	199	212	230
Cost (£m)	359	396	413	435	479
Increase over DES plans*	+15	+36	+53	+75	+112

* The figures for 1990 onwards should be reduced by £15m to obtain the additional cost over and above the continuation of the IAC recommendations for 1989, if implemented.

SECOND REPORT OF THE INTERIM ADVISORY COMMITTEE ON SCHOOL TEACHERS' PAY AND CONDITIONS

10 FEBRUARY 1989

Chairman: Lord Chilver

INTERIM ADVISORY

COMMITTEE ON

SCHOOL TEACHERS'

PAY AND CONDITIONS

Lord Chilver (Chairman)

Dr Peter Andrews CBE

Mr Geoff Armstrong

Mr Ray Carter

Mrs Jean Denton

Mr Ken Graham CBE

Ms Anne Watts

Mrs Rosemary White

Mr Adrian Shaw (Secretary)

Mrs Nicola Wong (Deputy Secretary)

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INTRODUCTION

i. It is nearly a year since we submitted our first report on schoolteachers' pay and conditions to the Secretary of State, which he accepted and implemented. Opinion generally welcomed the report's broad conclusions and underlying principles.

ii. In the meantime, there have been significant developments in education. Since we last reported, the first cohort of GCSE pupils have completed their courses. This major initiative is universally considered to have been successfully introduced and much of the credit for that belongs to teachers.

iii. Dominating all other developments, however, has been the passage of the Education Reform Act, which carries profound implications for all teachers. The Act's provision for delegation of budgets and staffing responsibilities to school governors may not be implemented in some schools for several years yet; but the National Curriculum will begin to be introduced from next autumn. From that time schools must teach core and other foundation subjects to all pupils aged 5 to 14 "for a reasonable time"; and attainment targets, associated programmes of study and arrangements for continuous assessment are to be introduced in mathematics and science for pupils aged 5 and 11, and in English for pupils aged 5. In this perspective, the outlook for education is challenging and exciting.

iv. In parallel with these developments, however, there has been growing concern about shortages of suitably qualified teachers in some of the core and other foundation subjects of the National Curriculum. The supply, motivation and quality of teachers is likely to be a major determinant of the success or failure of the

reform programme - including the National Curriculum- now being embarked upon.

v. It is against such a background that we have been working on our second remit from the Secretary of State. In many ways, our task this time has been even more difficult than last. In particular, the financial constraint on our recommendations was widely considered to be too restrictive in the light of rising inflation on the one hand and the Government's invitation to us to consider differential increases for some teachers on the other.

vi. As last year the Committee has been impressed by the commitment and dedication of teachers in all types of school visited. Despite some of the public criticism aimed at teachers over recent years - which, happily, Government spokesmen are now going some way to redress- we found a high degree of professionalism in support of the education of the nation's young people.

vii. Our recommendations on 1989-90 pay reflect our judgement as to the directions in which teachers' pay should move to meet the objectives of recruitment, retention and motivation of an adequate supply of teachers of appropriate quality. In the course of our work we have encountered virtually universal assent among the parties concerned as to the primacy of these objectives.

viii. We have, however, experienced difficulty in assessing the current position and prospects on some of these objectives. In particular, the promised data from the DES's 1988 Secondary Staffing Survey failed to materialise. Since the previous such survey was conducted in 1984, we had no recent data on the critical

issue of mismatch between teachers' qualifications and the subjects which they teach. Furthermore, while we had up-to-date information on teacher training recruitment, it was difficult to foresee quite how the increasingly competitive demand for able graduates will affect numbers entering teaching over the next few years. We have, nevertheless, reached some firm conclusions and we record in the body of the report our particular concerns about teachers' motivation, and the prospects for recruitment in some key subjects of the National Curriculum.

ix. In formulating our recommendations we have built on the principles of our first report. We see the common salary scale for most teachers (other than heads and deputies) as the basis on which to build a significant and increasing degree of flexibility in order to reward responsibility and high performance, and to tackle recruitment difficulties in certain subjects, and in some areas of the country. Our recommendations accordingly incorporate:

- a uniform percentage increase to all points of the main scale. Our report also incorporates recommendations and proposals for modifications to existing provisions on incremental movement along the main scale, in order to assist recruitment, retention and motivation of teachers - including 'returners' and part-timers, without whom schools' needs for teachers will not be met.

- a further enhancement of the Incentive Allowance system through both greater numbers of allowances and an increase in their relative value.

- the need for local authorities in high cost housing areas to review their current policies to tackle any particular recruitment difficulties they may face.

x. After careful consideration we have recommended an increase for heads and deputies which is modestly differential. We are conscious that the contribution of all teachers will be critical to the success of current policies; and that in any case the scale of resources available to us did not permit anything other than a modest differential. We did, however, conclude that the heavy additional responsibilities, both specifically and implicitly placed on heads by the Education Reform Act, should receive some acknowledgement through the pay structure, to sustain motivation and recruitment among this key group. We reached the same conclusion in respect of deputies on whom, in particular, heads will have to rely for support in the discharge of their new responsibilities. Our examination of the complex issue of pay and conditions discretions under LMS, and in GM schools, and the recommendations we have made at Chapter 7, serve to underline the importance of the head's role in advising his/her governing body.

xi. In forwarding our recommendations and other proposals to the Secretary of State, we call attention to the wider context in which we have set them. As already noted the report builds on the principles established in our first year, but also looks forward to future developments in the pay structure. In particular, we set out (at section (a) of Chapter 6) our suggestions for the progressive expansion of the key Incentive Allowance system over the next four years or so, based on an adequately resourced main scale. These

suggestions, if implemented, would sustain the principles established in our first report and consolidate our recommendations for 1989-90. Their ultimate goal is to help attain high quality education in all our schools, and proper recognition and rewards for all teachers.

xii. We also discuss (in section (b) of Chapter 6) possible future developments in the structure of head and deputy pay. A number of organisations proposed changes to that structure in their evidence to us. In our judgement, further examination is required before significant changes can be made to the current structure.

xiii. We have given careful attention to conditions of service issues, and our recommendations and suggestions on these appear at Chapter 8. We see this section of the report as contributing to the creation in 1989-90, and succeeding years, of an increasingly supportive environment for teachers to exercise their professional skills. They are therefore complementary to our suggestions on the future development of pay.

xiv. It now rests with the Secretary of State to consult with the parties concerned, before an Order, under the Teachers' Pay and Conditions Act, is laid before Parliament. Teachers, LEAs and other employers will all have the opportunity to express views in the light of our report. We hope that, as last year, the Secretary of State will give our report wide circulation, and, in particular, that a copy will be sent to every maintained school in England and Wales, and there made accessible to all teaching staff.

xv. We are grateful for the co-operation we have received during the course of our work from the teachers and their organisations, from the National Employers' Organisation and from the Department of Education and Science. We very much appreciated the help we received in arranging our visits to LEAs and schools.

xvi. We are greatly indebted to our Secretary, Mr Adrian Shaw for the skill and energy with which he has assisted us. Our thanks are also due to Mrs Nicola Wong, Deputy Secretary and to Mrs Julie Spinks for her secretarial assistance.

CHAPTER 1: THE CONTEXT OF THE COMMITTEE'S WORK.

a) The Committee's remit.

1.1. The background to the Committee's establishment, and its role in the current arrangements for school teachers' pay and conditions, were fully described in our first report. That report, which was published on 19 April 1988 was in response to the Secretary of State's first remit to the Committee, which sought advice on pay and conditions in 1988-89. The Committee's recommendations thereon were accepted by the Secretary of State, after the due processes of consultation; and an Order to that effect, under the Teachers' Pay and Conditions Act 1987, laid before Parliament on 16 June 1988.

1.2. The Committee's second remit was conveyed by means of a letter of 14 September 1988 from the Secretary of State to the Chairman. The text of that letter is reproduced below:

> 1. The purpose of this letter is to set out the issues on which the Government seeks the Interim Advisory Committee's advice in respect of the year beginning 1 April 1989.
>
> 2. In accordance with Section 2 of the Teachers' Pay and Conditions Act 1987 I invite the Interim Advisory Committee to examine and report on the following matters subject to the considerations in paragraph 3 and to the constraints in paragraph 4:

i. what general pay increase should be given to teachers in England and Wales;

ii. what modifications should there be to the pay of heads and deputies, taking into account in particular the introduction of local management schemes for schools;

iii. what modifications should be made to the system of selective payments. In particular

- what further increase should be made in the proportion of the pay bill devoted to incentive allowances;

- are changes in incentive allowances needed to deal with subject shortages in the context of introducing the National Curriculum;

- what measures should be adopted to tackle teacher recruitment difficulties in high cost housing areas, including consideration of the level of London Weighting;

iv. what amendments are needed to the School Teachers' Pay and Conditions Document 1988 to reflect the enhanced role of the governing body in schools operating within an approved local management scheme;

v. what amendments to the Document are needed to cover teachers in grant maintained schools; and

vi. are any other amendments needed to the provisions on pay or conditions of service?

My Department will in due course place evidence before the Committee in relation to these matters.

3. In considering these matters I direct the Committee under sub-section (4) of Section 2 to have regard to the following considerations.

i. The Government's view that school teachers' pay and conditions of service should be such as to enable the maintained school system to recruit, retain and motivate sufficient teachers of the required quality both nationally and at local level within what can be afforded.

ii. The Government's intention not to make major changes to the pay structure or the provisions relating to teachers' duties and working time set out in the School Teachers' Pay and Conditions Document 1988.

4. I further direct under sub-section (4) of Section 2 that the Committee's recommendations are to be subject to the following constraints.

i. The rates of salaries and allowances to be recommended by the Committee shall be in respect of the period 1 April 1989 to 31 March 1990, but the Committee may also consider and make recommendations about the London area allowances from 1 July 1988 if they so wish.

ii. The total cost of all the recommendations of the Committee including those for selective payments should be not more than an additional £385m in the 1989-90 financial year or in later years.

5. I also direct the Committee to report to me the results of their examination of these matters, with their recommendations and such other advice relating to these matters as they think fit, by the end of January 1989, or mid-February at the latest. Sub-section 7 of Section 2 of the Act requires me to arrange for your report to be published.

b) <u>The Committee's Working Methods</u>

1.3. The Committee's process of evidence gathering largely followed the pattern established for our first report. We invited written evidence from:

i. the National Employers' Organisation (NEO: representing the LEAs);

ii. the following teacher associations and unions:
Assistant Masters and Mistresses Association (AMMA);
National Association of Head Teachers (NAHT);
National Association of School Masters Union of Women Teachers (NASUWT);
National Union of Teachers (NUT);
Professional Association of Teachers (PAT);
Secondary Heads Association (SHA);
Undeb Cenedlaethol Athrawon Cymru (National Association of the Teachers of Wales: UCAC).

iii. the following bodies representing the interests of governors of voluntary schools:

Catholic Education Council;

Church of England General Synod, Board of Education;

Free Church Federal Council;

London Board of Jewish Religious Education;

Methodish Church Division of Education and Youth;

National Association of Maintained Charitable Secondary Schools.

1.4. We received written submissions from most of these organisations, as well as from the Department of Education and Science (DES). We also received written comments from the Equal Opportunities Commission, the British Association of Teachers of the Deaf, the Dorset Supply Teachers Association, a local branch of a teachers' association, and four individual teachers.

1.5. The DES, the NEO and the six main teacher unions gave oral evidence, supplementary to their written submissions, in sessions held on 1, 2, 10, 17 and 23 November 1988.

1.6. In addition to taking evidence from organisations, we undertook a programme of visits to LEAs and schools, in order to gain first hand knowledge of senior officers' and individual teachers' views on pay and conditions of service. Two members of the Committee went on each visit. The visits, which we found - as last year - valuably complemented the organisational evidence, were to the following LEAs and schools:

Date	LEA	Schools Visited
13 October	Wiltshire	St John's Secondary School, Marlborough; St Peter's Primary School, Marlborough
17 October	Gwent	Croesyceiliog Comprehensive School, Cwmbran; Croesyceiliog Primary School, Cwmbran
20 October	Northumberland	Pegswood County First School; Bedlingtonshire County High School; Newbiggin County Middle School
11 November	ILEA	Hampstead Secondary School; Alexandra Priory Special School, St John's Wood; Beckford Primary School, West Hampstead.
25 November	Wakefield	Flanshaw First School, Wakefield; Ossett School.
30 November	Stockport	St Paul's Church of England Primary School; North Area Sixth Form College; Stockport School.

1.7. The Committee met on thirteen occasions, (including the oral evidence sessions) between 6 October 1988 and 1 February 1989.

c) The present position on Teachers' Pay and Conditions

1.8. The starting point for the Committee's deliberations was the pay and conditions arrangements set out in the School Teachers' Pay and Conditions Document 1988. These incorporate the Committee's recommendations on 1988-89 pay, included in its first report and accepted by the Secretary of State (see 1.1. above). The main recommendations in that report were for a 4.23% increase (over October 1987 rates) to heads' and deputies' salaries, and to all points on the main scale. The Committee recommended increases in the five rates (A to E) of incentive allowance by, respectively, 60%, 20%, 20%, 6.7% and 4.8%; and an acceleration of the programme to introduce A allowances. The current (1988-89) main scale, and head and deputy salary rates, and incentive allowance amounts are shown in, respectively, Tables 1, 2 and 3 in Chapter 4.

1.9. In its first report, the Committee made no recommendations for amendments to the conditions section of the Document, though the report included a number of proposals for improvement in this area.

CHAPTER 2: SUMMARY OF EVIDENCE ON PAY AND CONDITIONS

2.1. This chapter provides a necessarily brief account of key points in the evidence submitted to us by the six main teacher unions, the NEO, and the DES. The summary concentrates on the evidence supplied on the pay issues specifically mentioned in the Secretary of State's remit of 14 September 1988 to the Committee; and evidence on conditions, (referred to in sub-paragraph 2vi of the Secretary of State's remit). Key points made in evidence on amendments to the Document arising from Local Management of Schools, and Grant-Maintained Schools (sub-paragraphs 2iv and 2v of the remit) are reported at Chapter 7, and are therefore not rehearsed here.

a) Main Scale, Incentive Allowances and Head and Deputy Pay

2.2. The Committee received a joint submission on pay from three of the teacher unions - AMMA, NASUWT and NUT. They argued, on the basis of New Earnings Survey data, that growth in teachers' pay was falling significantly behind average percentage increases in non-manual earnings. For this relative decline to be halted required a minimum 1989-90 pay increase of 9.7%. A further substantial increase would additionally be needed in order to encourage recruitment and retention in an increasingly competitive market for graduates.

2.3. In its individual evidence, NASUWT did not quantify this additional substantial sum. The union did, however, point to the potential attraction of higher teacher salaries in other European countries as a relevant factor in consideration of 1989-90 pay, given

that the EC Directive on mutual recognition of qualifications was close to implementation. The union also provided detailed case studies, which painted a picture of low teacher morale - much of which was attributable to poor pay prospects.

2.4. The NUT cited examples of both better starting salaries and more rapid salary progression in other professions. It reckoned that the further substantial increase needed on recruitment and retention grounds was of the order of 10%, leading to a total increase of 20% for all salaries and allowances.

2.5. Of the three unions, AMMA was the only one to suggest a degree of differentiation in rates of increase to salaries and allowances (see 2.7 and 2.13 below). Its proposed increase of 19% to all main scale points was based on predictions of 1989 graduate starting salaries. The main scale comparator used for this purpose was point 2 -the normal entry point for those with 3rd class or ordinary degrees - rather than point 4, where those with 1st or 2nd class degrees normally enter, because graduate starting salary data are not generally disaggregated by class of degree.

2.6. PAT argued that the limited amount of funds available - which they thought would eventually turn out to be around £400m - should be distributed on an equal percentage basis across all salaries and allowances.

2.7. Specifically on increases to the value of incentive allowances, NUT, NASUWT and PAT said that they should be increased by the same percentage as all salaries. AMMA argued for a change in the ratios between the values of the five rates of allowance, which would more accurately reflect the progressive increases in degrees of respon-

sibility associated with the higher rates of allowance. The association accordingly proposed increases of 19% for rates A and C, 58% for B, 34% for D and 30% for E.

2.8. Of the Heads' associations, SHA proposed that all incentive allowances be increased by 25%, as a means of increasing the attractiveness of teaching to young graduates, and improving the quality of the education service. The NAHT said that the percentage increase in incentive allowances should be the same as for the main scale. Though (like SHA), the association made no recommendation as to the percentage value of the main scale increase, it emphasised that this increase - and therefore the rate of increase in incentive allowances- should be significantly below the increases for heads and deputies.

2.9. As to numbers of incentive allowances, AMMA said that priority should be given to increasing the number of A allowances. The association adumbrated the principle that one-third of non-head/deputy teachers not otherwise in receipt of an allowance should hold an A allowance. This would require a further 17,000 A allowances, which the association proposed should be introduced in 1989. NUT said that there should be more allowances, and that they should be awarded to teachers taking on additional responsibility. There was a particular need for more allowances in the primary sector, where there was currently a relative dearth. The union put no figure on the desired increase in allowances. PAT said extra allowances should only be created if funds additional to the £385m/ £400m were made available. NAHT said that more allowances could be useful not only in respect of shortage subjects, but also to "promote flexibility" in the context of LMS. None of the unions proposed any changes in incentive

allowances directed uniquely towards shortage subjects in the context of the National Curriculum.

2.10. Regarding head and deputy salaries, both of the Heads' associations pointed to the increased responsibilities now falling upon heads and their deputies in the wake of recent legislation; as well as to the fact that they had in 1988-89 received lower percentage increases than those teachers who held incentive allowances (and being on 'spot' salaries, heads' and deputies' pay increases had not been augmented by subsequent incremental progression). Both associations referred to the increased pressures upon Heads and Deputies. The NAHT cited a recent study which suggested that job-induced "negative stress" was linked to low morale among heads. The two associations pointed to evidence which suggested that recruitment of heads was becoming more difficult.

2.11. The NAHT argued, as last time, that heads' and deputies' pay should be based on comparisons of "total remuneration" (salary plus benefits) of holders of those jobs in the public and private sectors which were evaluated as being of equivalent size. The association's proposals for head and deputy salaries in 1989-90 was based on a report from management consultants, which incorporated such comparisons. (The report did not include detailed evaluation of the implications of LMS for head and deputy "job sizes"). The association's proposed 1989-90 increases varied between 16% and 26.1% for Heads; and between 11.6% and 29.7% for Deputies.

2.12. SHA, proposed that the Committee institute, or recommend, a review of the system of grouping secondary schools. In any case, the salaries of all secondary

heads should be increased by 27%, of which 12% was to reflect recent movements in managerial earnings, and 15% the increased responsibilities of Heads and Deputies flowing from the Education Reform Act. The pay of secondary deputies should rise by a minimum of 27%, so that in no case was it less than 80% of the head's salary, or less than 12% higher than the maximum salary paid to the next most senior teacher in the school.

2.13. Of the other unions, NASUWT, NUT and PAT all said that increases for heads and deputies should be of the same percentage rate as those for other teachers. Both NASUWT and NUT argued that the additional responsibilities flowing from the Education Reform Act would not impact disproportionately upon heads and deputies. AMMA proposed the same percentage increase (19%) for Heads as for main scale salaries. Deputies should however receive a minimum of 19%, to be supplemented where necessary so as to ensure that all deputies received at least 80% of the head's salary, and at least the arithmetic mean between the salary of the head and the salary available for award to the highest allowance holder at the school.

2.14. The NEO, in its evidence, emphasised their view that to avoid further reductions in service provision, it was essential that there should be no gap between decisions on teachers' pay for 1989-90, and the Government's limits on local government expenditure and grant. They were very concerned that the Committee's recommendations should be fully reflected in Government grant and in local authorities' grant-related expenditure (GRE).

2.15. The NEO's judgement was that in the country as a whole and for the profession as a whole, authorities could still recruit and retain sufficient teachers of acceptable quality. There were, however, already regional and subject "pockets of difficulty"; and recruitment and retention prospects for the 1990s, when there would be vigorous competition among employers for skilled personnel, were "worrying".

2.16. In oral evidence, the NEO suggested that the £385m should be distributed on a broadly equal percentage basis across all salaries and allowances. They were opposed to the concept of stipulating nationally higher pay rates for certain subjects and geographical areas, because blanket definitions of difficult areas or shortage subjects would be inaccurate and unduly expensive and would in any extent need to change over time. Instead, the emphasis should be on local discretion and flexibility.

2.17. The NEO proposed that, as a first step along the road to allowing authorities complete discretion in determining the number of incentive allowances to be awarded in each school, authorities should be allowed to go above or below the prescribed limits for the award of A allowances, which uniquely in the case of this allowance rate they were currently not permitted to do. In the context of greater discretion for authorities, they argued that the Government's assumptions on incentive allowance expenditure (for the purpose of assessing each authority's grant-related expenditure) should reflect actual decisions made at the local level.

2.18. The NEO also proposed a number of provisions to facilitate further enhancement of some teachers' salaries, on the basis of decisions taken at local

level. These included a discretion for authorities to accelerate the rate at which a teacher reaches the maximum of the main scale; and reform of the system of incremental progression for part-time teachers.

2.19. Most notably, the NEO proposed 'salary ranges' for heads and deputies. Under such a system there would be a minimum rate of pay for heads and deputies in each school group, and a normal maximum. (There would continue to be provision for heads and deputies to be paid such higher salary as the LEA considered appropriate). Authorities would then take decisions on the salary (which could be a 'spot' salary, or on a scale) to be paid within the prescribed range. The values of the NEO-recommended ranges varied from 3%, to 8.5%, above the minimum salary. (Details are at Appendix C). The NEO proposed a set of criteria to guide authorities in determining heads' and deputies' salaries within the appropriate range. These referred to the circumstances of the school, including "local financial management, bearing in mind the timing and degree of delegation"; as well as to the performance of the head or deputy.

2.20. In its evidence, the DES did not place any specific proposals before the Committee, but it did suggest that "stretching" differentials in the profession would help retention and motivation of teachers, and that this would be assisted if the percentage increase were lower for lower points on the main scale. In addition, the DES suggested that the Committee might wish to consider the Government's planned pattern of incentive allowances in relation to the need to motivate good teachers. On the A rate of allowance, the Department reiterated its view that it was too early to relax the requirement that authorities must allocate within

the prescribed limits. There was otherwise a danger of too few, or too many, being awarded. On head and deputy pay, the DES recorded the Secretary of State's wish that the Committee "..re-examine the differentials between head teachers, deputy heads and other teachers in schools of all sizes".

b) Other Pay Issues

2.21. The six teacher unions submitted joint evidence on the high cost housing area and London weighting elements of the remit. On the former, the unions proposed a national scheme of housing and relocation assistance for teachers, for which the resources should be found from outside the £385m. Under the proposals, financial assistance would be provided for all teachers moving from one authority to another, whether within, from, or to a high cost housing area. One element of the scheme, however, would be modelled on the Civil Service's Additional Housing Costs Allowance (AHCA) scheme. This would abate the differential mortgage costs of teachers moving from a lower, to a significantly higher cost, housing area.

2.22. In supplementary evidence, the NEO argued against the union submission. They laid emphasis on local action to meet local needs and argued that the union submission would be cost-ineffective, involving a number of authorities in expenditure which they would not otherwise need to have made in order to recruit and retain teachers. Specifically on the AHCA proposition, the NEO observed that it was inappropriate to base a parallel scheme for teachers on a direct comparison between teachers and civil servants; the latter, but not the former, could be required by their employers to move from one part of the country to another. Their under-

standing was that the AHCA scheme did not apply automatically to newly appointed civil servants or to those who requested a transfer.

2.23. The joint union submission on London weighting proposed that all rates of London allowance should be increased by 12% from 1 July 1988 - the resources for which should be found from outside the £385m constraint. The unions' case was based, firstly, on the Committee's statement in its first report that "..it would not be right to recommend for teachers substantially more than what had been established as the 'going rate' for other central and local government recipients for the 1987/88 period"; and secondly, on the "going rate" increases (as at October 1988) for the civil service, the BBC, the London Residuary Body and NHS Nurses, Midwives and Health Visitors. (No 1988 "going rate" for local government employees had emerged by that time).

2.24. The NEO, in supplementary evidence submitted in November, reported that, in the wake of the negotiated settlement with local authorities' administrative, professional, technical and clerical grades, rates of London Allowance for a wide range of local authority employees (including most non-teaching staff in schools), would be increased by 5.6%, with effect from 1 July 1988. They argued that it was important that London weighting increases paid to the various categories of school-based staff should, so far as possible, be consistent with each other. Regarding the comparison which the unions drew with the most recent civil service increases, this should not be taken as a basis for this year's increase for teachers. While civil servants had this year received large increases in London allowance, last year they had received rates of increase in London allowance significantly below those awarded to teachers.

c) Conditions

2.25. A number of proposals were put to the Committee by the unions. The DES's and NEO's only suggestions for change - apart from a few minor recommendations- arose in the context of the proposed transfer of discretions from LEAs to governors of schools with delegated budgets (see section (a) of Chapter 7).

2.26. The issue of cover was raised by several unions. The NAHT proposed that the statutory obligation on Heads to provide cover (at 30(3)(b) and 30 (23) of the Document) should be removed. In many schools heads were effectively having to operate as supply teachers. Removal of the statutory obligation should prevent increasing difficulties on this front - which it was particularly important to avoid in the run-up to financial delegation. The NAHT's submission reiterated a number of proposals for tackling the problem of cover, including in particular: paying teachers for attending in-service courses outside the school day; paying teachers who forego non-contact time in order to provide cover; enhancing school's permanent teaching establishment.

2.27. The SHA observed that the provision of cover remained a potentially damaging source of friction. Authorities' supply teacher provision should be better funded and planned. The association also raised the issue of paying teachers for attendance at approved meetings, (including courses), outside directed time, "in order to reduce interruptions to classroom progress".

2.28. PAT argued that cover was the most critical issue requiring attention. The test against an authority, before an ordinary teacher was required to provide cover beyond the normal limits, should be made more stringent than that in the current Document, which enabled the normal limits to be exceeded where "it is not reasonably practicable for the maintaining authority to provide a supply teacher to provide cover."

2.29. In oral evidence, both DES and NEO expressed the view that the current provisions of the Document constituted an appropriate framework for cover arrangements.

2.30. Three unions said there should be action on the issue of class size. AMMA reiterated their evidence on the desirability of limits to class sizes, adding that evidence was emerging of increasing class sizes, particularly in primary schools in certain areas of the country. NASUWT recommended that all LEA schemes for local management of schools (LMS) should include a minimum staff teaching allocation for all primary schools to ensure a maximum class size of thirty pupils for single age classes and of twenty-five for mixed age classes. The union also suggested that consideration should be given to the issue of maximum class sizes where GCSE coursework assessment was involved. PAT proposed that the Document should be amended to the effect that no teacher should be required to teach a class of more than thirty pupils.

2.31. The same three unions also argued for action on the issue of non-contact time. AMMA reiterated its concern over the inadequacy of guaranteed non-contact time for preparation and marking, particularly for primary teachers. NASUWT proposed that all primary

teachers should be guaranteed a minimum of 10% non-contact time every week. PAT said that the Document should be amended to include the provision that every teacher should have, every week, the equivalent of not less than one-fifth of each pupil day free of pupil contact.

CHAPTER 3: THE KEY OBJECTIVES: RECRUITMENT, RETENTION, MOTIVATION AND QUALITY

Introduction

3.1. At sub-paragraph 3i of the remit letter, the Secretary of State directed the Committee to have regard to the Government's view that teachers' pay and conditions of service should be such as to enable the maintained school system to recruit, retain and motivate sufficient teachers of the required quality both nationally and at local level, within what can be afforded. We have studied all the evidence available to us on these objectives. We set out below the key points, and our conclusions upon them. As last year, the Committee has had to reach a judgement on these objectives on the basis of relatively few objective measures and they, for the most part, indicative only. Furthermore, hardly any of the available data permits us to make confident judgements about the current position. The data have been as much as five years out of date.

Evidence on recruitment

3.2. There are two principal sources of recruitment to teaching: i) those newly entering the profession, having successfully completed an approved course of initial teacher training in England or Wales; ii) those re-entering the profession after a career change or break. This latter category (the 'returners') has in recent years accounted for over half the total entrants to teaching. In 1986, 15,000 out of 27,000 entrants to teaching were 'returners'. Data for the years 1980 to 1986 are at Appendix F. There is no firm evidence on future trends in this source of recruitment.

3.3. As to initial teacher training (ITT), Appendix D includes details of the DES survey of recruitment in autumn 1988 to courses in England and Wales. These provide a guide to the numbers of PGCE and BEd trainees who will (mainly in 1989 and 1992, respectively) enter teaching. They can be no more than a guide, because: i) some of those recruited will not successfully complete their course; and ii) not all those successfully completing their course will enter teaching immediately, and, on past trends, some will never teach in the maintained sector. As we reported last year there is no precise, up-to-date evidence on the number of ITT entrants who fall into one or other of these categories.

3.4. The autumn 1988 survey data indicate that primary courses, and secondary courses in some subjects, recruited strongly. However, secondary courses in mathematics, physics, chemistry and technology all recruited far below the Secretary of State's own targets (respectively, 27%, 23%, 42% and 22% below target*). Modern languages recruited 14% below target*. These particular data sound a warning note about future staffing of these foundation subjects of the National Curriculum in secondary schools.

3.5. The lessons of the survey of 1988 ITT recruitment are supplemented both by a report which the NUT commissioned from the Institute of Manpower Studies (IMS)

* 'Targets' for physics, chemistry and modern languages are 'notional'. The first two are components of the 'science' target: the latter is the major component of the 'languages' targets.

on Teacher Supply and Demand in the 1990s, and by the DES memorandum of evidence to the Commons Select Committee on Education, Science and Arts (hereafter referred to as the DES memorandum to the Select Committee). The IMS survey reports that ".... the available evidence points to increasing problems of balancing supply and demand for teachers in certain areas and subjects". The report suggests that ".... in particular, secondary teaching in mathematics, physics, computer studies, business studies, chemistry and modern languages, and teaching posts in London and the South East appear to be the areas for concern".

3.6. The DES memorandum to the Select Committee tentatively suggests that, by 1995, and on a number of assumptions, including full implementation of the National Curriculum by that date, there are likely to be significant shortages of secondary teachers in mathematics, physics, chemistry, technology, modern languages and music. Taken together, these subjects constitute almost half of the foundation subjects of the National Curriculum in English secondary schools - including two of the three core subjects.

3.7. One of the assumptions underlying these tentative projections is that, from 1990, ITT intakes for physics, mathematics, technology and modern languages will be 20% higher than 1989 targets, and therefore, in total, almost 50% higher than the 1988 intakes in these subjects. On current trends such intakes appear most unlikely to be realised. During this period, the size of the age group which supplies most of the entrants to ITT will be in significant decline; so that, for example, the projected number of school leavers with A-level and equivalent qualifications in 1994 is 20% below that for 1987. Nor is early evidence on 1989 recruitment prospects encouraging. Figures published in late January

1989 showed applications for ITT courses in physics, mathematics and technology running at between 21% and 27% below those at the equivalent point in 1988. While it is too early in the application year to predict with confidence, it can at least be said that the 1989 trend is thus far in the wrong direction.

3.8. In addition to the two principal routes into teaching, there are other routes which cater for, among others, those with overseas teaching qualifications, or relevant experience and qualifications. These currently account for only a small fraction of the total number who each year enter teaching. The Government's proposed 'licensed teacher' system - designed to replace these other routes - might increase numbers entering the profession by other than the two principal routes. It may also be that their numbers will be increased by the recently agreed EC Directive on a general system for the Recognition of Higher Education Diplomas - which includes teaching qualifications and is due to be implemented from 1991. On the other hand, the Directive could also have the effect of increasing the number of teachers moving from England and Wales to other Community countries.

3.9. At this stage, the impact of these developments can only be guessed at; we can go no further than note their possible significance for the future. The prudent course is to act upon the assumption that the two principal routes will continue to supply the vast majority of recruits to teaching.

Evidence on Retention

3.10. The most recent detailed available information which bears upon this criterion is based on a survey conducted by the Local Authorities Conditions of Service

Advisory Board (LACSAB), which covers resignations of full-time regular teachers from individual schools during 1987. That was the year of the two-stage pay settlement, which increased the pay of the average teacher by around 16%. That settlement might in turn have persuaded some who were contemplating leaving the profession to stay - or at least might have delayed their resignations; the survey findings should be read in that light.

3.11. Details of the survey data are given at Appendix G. Overall, they show a lower rate of teacher resignation in 1987 than in the period, 1985-6, covered by the previous LACSAB survey, (9.4% compared with 11%). When the resignations of those moving to other posts in education (including posts outside the maintained school system in England and Wales) are set aside, the 1987 resignation rate was 4.3% (the corresponding 1985-6 figure was 5.6%). It is the lower rate of movement out of education (into retirement; 'other non-employment'; and non-education employment) which largely accounts for the lower overall resignation rate in 1987.

3.12. As in 1985-6, there were marked variations between different areas of the country, as well as within areas. In Greater London the 1987 resignation rate was more than 50% higher than the national average; the 'other South East' and East Anglia rates were the only others above the national average. There was relatively little difference between primary and secondary: the national rates being 9%, and 9.8%, respectively. Resignation rates in the secondary shortage subjects of mathematics, science, technology and modern languages were closely similar to those in other subjects; and, as in other secondary subjects, and in the primary sector, the majority of resigning shortage subject teachers proceeded to other jobs in

education. This survey does not indicate that, in 1987, a disproportionate number of shortage subject teachers were being attracted from teaching by more attractive salaries and conditions in private sector companies. The proportion of mathematics, science and technology teachers leaving for non-educational employment was only slightly above the overall average of 0.9%.

Evidence on Vacancies

3.13. Data on teacher vacancies provide a set of indicators which relate - albeit in crude and indirect fashion - to the criteria of recruitment and retention.

3.14. DES data on vacancies as at January 1988 in primary and secondary schools, by region, are displayed at Appendix H. These indicate a 20% reduction in secondary vacancies compared with 1987, down to the equivalent of 1% of teachers in service. Primary vacancies are equivalent to 1.5% of teachers in service: though for this sector there are no previous data with which this figure can be compared. The DES Memorandum to the Select Committee suggests that a significant element in primary vacancies results from a shortage of specialist teachers for the early years ages 3-8.

3.15. As with the LACSAB resignation survey, a notable feature of the DES vacancy survey is the extent of regional variation. In the primary sector, the vacancy rate in Greater London is nearly three times greater than the national average; all other regions have vacancy rates below the national average. In the secondary sector, only Greater London and (marginally) "other South East" have vacancy rates above the national average.

3.16. The evidence on vacancies has to be interpreted with great caution. On the one hand, the existence of a vacancy does not in itself prove that there is a recruitment or retention difficulty. On the other hand, the number of vacancies which an LEA declares will be affected by the extent to which it feels it can afford improvements in staffing levels, or alternatively is seeking savings on staffing levels. Furthermore, vacancy data do not reveal the extent to which particular subjects are being taught by those without appropriate qualifications; data from the 1988 Secondary Staffing Survey would have furnished relevant evidence. In their absence we merely note that the vacancy rates in mathematics, chemistry, physics and CDT displayed at Appendix H, which are each below the average for all secondary subjects, should perhaps be interpreted with particular caution.

Evidence on Motivation

3.17. Last year we noted that there were two aspects to motivation: commitment and morale. It is inherently difficult to develop objective data on either of these qualities. In our progress towards conclusions on these criteria we have drawn upon a number of sources of evidence, including our school visits.

3.18. Regarding commitment, many of the teachers including Heads and Deputies, whom we met were heavily involved in innovatory and challenging work including local financial management initiatives; development of TVEI; and, in primary schools, development of 'consultancy' roles in particular areas of the curriculum. Classroom teachers were often working well in excess of the minimum prescribed working year in order to achieve the standards they had set themselves. The great

majority of the teachers whom we met exhibited a notable degree of professional commitment.

3.19. The evidence we have gathered on teachers' commitment is reinforced by more widely-based investigation. The HMI report (published autumn 1988) on the introduction of the GCSE is based, inter alia, on 1300 HMI visits to schools over a two year period. In the course of this report, HM Inspectorate observe:

> "In general, teachers have been generous with their time beyond the normal school day and the allocations given to certain aspects of GCSE work within the 1265 hours on the teachers' new conditions of service. Many have met with colleagues after school, assisted pupils experiencing difficulties with coursework, and arranged extra sessions involving formally assessed practical tasks for pupils who have missed the original sessions because of absence."

3.20. Morale, by contrast, appears to be generally low; and this year evidence has been presented to us by both of the Heads' associations that the morale of their members is "fragile" (to use the term employed by one of them).

3.21. A number of reasons for the state of teacher morale have been put to us. Many teachers deplore the lack of esteem in which they feel themselves to be held by the wider society. Another factor which has been mentioned to us is pupil behaviour. Interestingly, the opening words of the terms of reference of the Government's Committee of Enquiry into Discipline in Schools are: "In view of public concern about violence and indiscipline in schools and the problems faced by the teaching profession today ....." (our italics).

3.22. An insufficiency of supporting personnel and equipment means that too much teacher energy is demoralisingly diverted into routine, "sub-grade" administrative and technician work. In addition, more technological support in the classroom could enhance teachers' professional performance and sense of fulfilment.

3.23. But considerations of teacher morale generally return to the question of pay. It would in any case be surprising if pay did not interact with some at least, of the other factors contributing to morale, including status. Many of the teachers, including Heads and Deputies, who spoke to us said that the living standards of those in comparable jobs were increasingly outstripping theirs. We recorded in our first report the Committee's view that perceptions of pay comparability are relevant to teachers' motivation.

Evidence on Quality

3.24. In their evidence to us, both DES and the Employers professed themselves reasonably satisfied with the quality of the majority of teachers though noting that there were no grounds for complacency. In a significant change from their evidence last time some of the unions have this time expressed concerns about a possible decline in the overall quality of the teaching profession. There were a number of strands underlying these concerns, including reservations about the effectiveness of the initial teacher training system; and the filling of some secondary vacancies by teachers inadequately qualified in the relevant subject(s). We were therefore interested to set these perceptions alongside such other relevant data as was available.

3.25. Effective teachers need to possess an appropriate combination of intellectual and personal qualities. The latter are inherently difficult to survey. As to the former, the tables at Appendix E on the A-level scores of entrants to undergraduate ITT courses, and of the degrees obtained by entrants to postgraduate (PGCE) training courses, provide indicative evidence. Overall, these sets of data do not suggest a significant decline in the academic quality of recruits to teacher training over the periods they respectively cover. The A-level scores of most entrants to undergraduate ITT courses do appear to be fairly low; though they are not markedly below the average score of entrants to all degree courses in polytechnics and colleges, which provide the vast majority of undergraduate ITT courses.

3.26. Another source of evidence is the HMI report "The New Teacher in School" (published autumn 1988), based on the observation of 297 teachers in their first year of teaching, during 1987. Overall, the reported findings appear to be reasonably encouraging, though there are some worrying aspects, and the report itself recommends improvements in initial teacher training and in induction arrangements. HM Inspectorate report that, while teaching in 25% of the lessons observed was considered to be unsatisfactory, teaching in the remainder was considered to be at least satisfactory, and, in a notable 40% of all lessons surveyed, judged to be good or excellent.

3.27. An alternative approach to the quality issue is to examine the extent to which particular subjects are being taught by teachers lacking appropriate qualifications in those subjects. Unfortunately, the only evidence available to us on this score is five years old. The Committee noted in its first report the evidence of the 1984 Secondary Staffing Survey that 25%

of all secondary tuition was undertaken by teachers for whom the subject taught was neither the main nor a subsidiary subject of their training. We have received no evidence during the course of work on our second remit that the position has improved since 1984.

3.28. There may also be grounds for a parallel concern in the primary sector. The DES memorandum to the Select Committee reports the finding of the 1987 survey of (English) primary school staffing that, regarding two of the three core subjects of the National Curriculum, only 7% of primary school teachers had a post-A level qualification in science and 4% in mathematics; only 12% and 6%, respectively, had even A level, or equivalent, qualifications in these subjects. The DES memorandum notes the 'significant take-up' by primary teachers of in-service courses in these subjects; the effectiveness of such courses in raising standards of mathematics and science teaching in our primary schools might be worth examining.

Our Conclusions

3.29. On the basis of such evidence as has been available to us, we have reached the following conclusions:

i) Recruitment

3.30. Recruitment of teacher trainees in 1988 was adequate in primary and some secondary subjects; but worryingly below the Secretary of State's own targets for secondary courses in mathematics, science, technology and (to a lesser extent) modern languages, all of them either core or other foundation subjects of the National Curriculum. It is particularly in these subjects that difficulties in recruiting trainees are

likely to grow as we enter the 1990s, and the number of qualified school leavers continues to decline.

3.31. We recognise that there is currently a range of initiatives underway to tackle these difficulties, but the task remains enormous. Already there are clear signs, for example, that the incentive effect of the current bursary scheme for one- and two-year courses in mathematics, physics and CDT is diminishing.

3.32. One particular objective should be to increase the numbers of those who, having successfully completed their training course, actually proceed to teach. Too many, (DES estimate about 20% - equivalent to about 3,000 a year, currently) never teach in a maintained school in England or Wales.

3.33. "Returners" continue to be the major source of recruits, but it cannot be assumed that they will continue to come forward at the present rate. Moreover, the current programme of reforms, with their associated training requirements, may actually raise re-entry 'barriers' as these are perceived by some potential returners. In addition, other employers, themselves facing skills shortages, are constructing pay and conditions packages specially designed for women returning to work after a career break. These may attract into other sectors of employment qualified teachers who have taken a career break, and who might otherwise have returned to teaching.

3.34. As to overall recruitment of teachers to fill actual vacancies in the schools, the available data do not enable us to say anything about the position after the beginning of 1988. Up to that point, recruitment seems to have been just about adequate in most areas of the country. We cannot, however, be sure, about the

adequacy of secondary recruitment, in the absence of recent data on the extent to which subjects are taught by those properly qualified to teach them. We would not regard the recruitment position as satisfactory, if large numbers of recruits had to spend significant amounts of time teaching subjects in which they had no appropriate qualifications. Recruitment in certain regions, notably Greater London - where lower retention rates require a relatively greater recruitment effort- continues to be difficult. There also appear to be difficulties in recruiting specialist teachers for the early years on which the Commons Education, Science and Arts Select Committee has recently reported.

ii. Retention

3.35. Overall, on the basis of the latest available resignation data, we judge the retention of teachers to be adequate. In particular, the rate of departure from education in 1987 - at around 4%, or some 16,000 teachers - was generally low.

3.36. In certain parts of the country, however and, again, especially in Greater London, resignations (involving moves both inside and out of education) are at a level high enough to warrant concern. While a certain amount of movement in and out of schools must be to the good - bringing, as it does, an infusion of "new blood" - there is evidence that many London-based teachers move to other areas of the country just at the point when they have built up sufficient experience to be considered for posts such as Head of Department or Head of Year. Turnover in this part of the country appears to involve a significant loss of experienced manpower.

iii. Motivation

3.37. We continue to be impressed by teachers' commitment and their high professional standards; but morale appears to be as low as we judged it to be last year. We believe pay to be a critical factor in morale, and therefore in motivation. Other factors, however, including teachers' standing in society, are also relevant.

3.38. Teacher motivation is an important matter at any time. At this time of profound change in education it is more than ever important. As one union put it in their evidence to us, a "cultural change" is required of teachers. We do not believe that to be an exaggeration.

3.39. That teachers can effectively rise to new challenges has been amply demonstrated through the successful introduction of the GCSE. But the changes required by the Education Reform Act 1988 are much more extensive than the GCSE - demanding though that change was. Nor have teachers been as involved in the formulation of the current programme of reforms as they were in the case of GCSE; (though they are being, and will be, involved in the various consultation processes now underway). In our judgement, therefore, an even higher level of teacher motivation will be vital to the successful implementation of the new reforms than was the case with GCSE - but, for pay and other reasons, could be more difficult to achieve.

iv. Quality

3.40 It has been particularly difficult for us to reach conclusions about quality. As last year, we have seen and heard evidence of teaching of extremely high quality. Furthermore, any profession would be justifiab-

4.22. Regarding the future course of Head and Deputy pay, we would not see our 1989-90 recommendations as necessarily being a "once for all" realignment of head/deputy pay relative to other teachers' pay. We have noted at 4.16 that LMS should feature more significantly in future considerations of head and deputy pay.

4.23. There is also the question of the mechanism for determining different levels of head and deputy pay. Some of the proposals on head and deputy pay which were submitted to us indicated a degree of dissatisfaction with the operation of the current mechanism. We, too, have concerns. For example, there are extremely few Group 14 schools: but the existence of this Group encourages the belief that a Group 14 head's salary is an achievable maximum which teachers may aim for. We did not, however, consider that within the scope of the 1989-90 exercise we could practicably pursue any of the proposals for change which were advanced in evidence to us. But further examination of these issues is desirable. The evidence submitted to this Committee provides a useful base for such an examination. We discuss this further in section b of Chapter 6.

c) Incentive Allowances

4.24. The LACSAB survey of teacher numbers and salaries - based on returns from around 60% of LEAs (fuller details at Appendix B) - indicates that about 40% of main scale teachers in ordinary schools in September 1988 held an incentive allowance. Insofar as general conclusions can be drawn from the survey, it appears that allowances are generally being awarded in reasonably selective fashion, with no automatic priority in the award of allowances being given to those with longest service. For example, while 64% of teachers on point 11 of the main scale held an allowance, so did 29% of those on point 10, and 17% of those on point 7. In

terms of distribution of allowances by main scale point, while those on point 11 held the majority of allowances at levels B and above, nearly 55% of A allowances were held by teachers at point 10 or below.

4.25. There are planned increases in the overall number of incentive allowances in the period up to September 1990. By that date DES envisage that 48% of regular, main scale teachers in ordinary schools will hold an allowance. While the number of allowances in primary schools is planned to increase by one-third in the two years from September 1988, the planned increase in secondary schools, reflecting falling rolls, is of less than 5%.

4.26. In our first report we said that, over time, the proportion of the teachers' salary bill going to incentive allowances should be increased. Our recommendations last time entailed a modest move in that direction; though these allowances still only account for 4.5% of the total salary bill. The financial constraint upon us this time effectively precludes any substantial shift in favour of incentive allowances beyond what is already in the pipeline. We nevertheless believe that the work begun last year should be continued and that there should be a further - necessarily modest - shift towards incentive allowances. Employing our metaphor from last year, we believe that a "thickening of the icing on the cake" represented by these allowances is necessary in order to provide credible and worthwhile opportunities for advancement to able and committed teachers; and to persuade people of high calibre who are considering their future career options that the teaching profession can offer significant rewards and progression.

4.27. The Secretary of State's remit asked us to consider whether there should be any changes in incentive allowances to deal with shortage subjects in the

context of introducing the National Curriculum. We emphasised last year the need for maximum flexibility in tackling subject shortages, in the context of a continually changing educational scene. The lack of reliable current data on the extent of subject shortages, already commented on at 3.34, is a further argument for flexibility. We do not consider that different basic salaries for teachers in different subjects are appropriate to the profession or would contribute to the concerted efforts being made by teachers, Government and others to raise the effectiveness of the educational system. We therefore reject any departure from the principle of a common main scale.

4.28. We believe that the Incentive Allowance system - in which one of the criteria for award of an allowance is employment as a shortage subject teacher - provides the appropriate basis for action. A further shift towards incentive allowances would increase the flexibility available to LEAs and school governors to tackle shortage subject problems; and by enhancing the attractiveness of salary prospects for effective, ambitious teachers, would help to recruit and retain good teachers in these, as well as in other, subjects. Such a shift could also help attract into the primary sector more teachers with mathematics and science backgrounds whose scarcity we noted in 3.28, above.

4.29. Our recommendations for 1989-90 therefore involve an increase in both the planned number of allowances, and the value of all allowances relative to the main professional scale. These are set out in 4.31, 4.32 and 4.34 below.

4.30. A number of those giving evidence to us said there should be more allowances - particularly at rate A. We agree. On the basis of the planned numbers of allowances from 1990 and of current assumptions about "wastage" from the profession, the DES estimate that, in

the 1990s, it would take nearly 15 years for the average primary teacher, and nearly 11 years for the average secondary teacher, to gain an A allowance. Even allowing for the wide variations around these particular averages suggested by the LACSAB data (see 4.24), it is clear that the incentive allowance system should be expanded in order to open up more realistic opportunities of promotion to able and committed teachers. The numbers of allowances should therefore be significantly increased. We consider that, over the next 4 years, the proportion of regular main scale teachers holding an allowance should move to around two-thirds compared with the 48% envisaged for 1990 and thereafter, on current plans.

4.31. We set out our analysis, and suggestions for 1990-1993, in more detail at Chapter 6. In the meantime, we recommend that, as a first step along the road charted in that chapter, the planned number of Incentive Allowances should, from September 1989, be expanded by 9,500, equivalent to around 6% above currently planned numbers. The majority of these extra allowances should be at rate A so as to increase promotion opportunities for teachers who, while perhaps relatively junior in service, are progressing rapidly in classroom teaching. We accordingly recommend that there should be an additional 5,000 A allowances, of which we envisage that around two-fifths might be allocated to secondary schools and around three-fifths to primary schools. We should like, in particular, to see more A allowance holders in smaller schools.

4.32. We also recommend an extra 2,500 B allowances, 1,500 C allowances and 500 D allowances. We envisage that all the additional B allowances will be allocated to primary (extra Bs in secondary would be inappropriate in the context of both current DES plans and the suggestions for 1990-1993 included in Chapter 6 of this report). The additional Cs and Ds should go mainly to secondary schools. (The recommended increase in the

number of Ds - though small - should be seen in the context of our suggested reversal of the currently planned reduction in numbers of Ds - see Chapter 6). Some of the extra B, C and D allowances could help underpin the development of more "middle management" posts in both primary and secondary schools, to support heads and deputies in the implementation of the current programme of reforms.

4.33. In its evidence to the Committee, the DES asked us to endorse possible percentage limits, to take effect from August 1989, for the award of different levels of incentive allowances in ordinary schools, categorised on the basis of the 14 school group system. It seems sensible for new limits to take effect from August 1989 - the timetable scarcely allows earlier implementation. However, we have not received the detailed information which would enable us to make a competent judgement as to whether the proposed new limits for individual schools are consistent with our (national level) recommendations for more allowances. If our recommendations are accepted, we would propose that the Department should itself assess whether changes are needed to the percentage limits which it has already proposed.

4.34. As a further step towards increasing the relative share of incentive allowances in the total salary bill, we believe that, even within the current financial constraints, there should be a relatively high percentage increase in the value of allowances. We accordingly recommend that all rates of incentive allowance should be increased by 7% (the ratio between the various allowances as established last year being left undisturbed). The recommended rates of allowance are shown in Table 3 below.

TABLE 3

Rate	Annual amount from 1.4.88 £	Recommended amount from 1.4.89 £
A	801	858
B	1200	1284
C	2400	2568
D	3201	3426
E	4401	4710

4.35. The net effect of our recommendations for 1989-90 is that the incentive allowance system will still account for only 4.6% of the salary bill, a proportion which we regard as seriously inadequate if incentive allowances are to achieve the purposes envisaged for them. We therefore attach great importance to our suggestions for the longer-term set out at Chapter 6.

CHAPTER 5: OTHER PAY ISSUES

5.1. In addition to the central issues of increases to head and deputy, and main scale, salaries and incentive allowance amounts, discussed in the previous chapter, there are a number of important pay issues which have either been referred to us by, or on behalf of, the Secretary of State (a, b, d and h below), or been the subject of proposals to us by the NEO (e and f), or some of the trade unions (c and g). We set out our analyses and recommendations below.

a) Recruitment and retention in high cost housing areas

5.2. In sub-paragraph 2iii of his remit to the Committee, the Secretary of State asked us to consider "what measures should be adopted to tackle recruitment difficulties in high cost housing areas, including consideration of the level of London Weighting". It became clear during our deliberations that the Secretary of State expected us to consider these matters in the light of retention, as well as recruitment, difficulties.

5.3. We deal with the particular matter of London Weighting at paragraphs 5.12-5.16. On the wider issue, we welcome the emphasis in this section of the remit on "measures" rather than on regional pay which, as we said last year would be inflexible and cost-ineffective in operation.

5.4. The most recent vacancy and resignation data, which we have summarised at Chapter 3, provide indicative evidence (supplemented by information supplied on our

school visits, and anecdotal accounts), of significant variations in recruitment and retention difficulties both between and within regions. Parts of Greater London, in particular, as well as other parts of the South East, are experiencing marked difficulties. Relatively high housing costs appear to be a key factor in these difficulties.

5.5. Already, a wide range of measures is being employed by a number of authorities to recruit and retain teachers in high cost housing areas. The DES reported, in their evidence to the Committee, initiatives being undertaken by 26 local authorities in London and the Home Counties. These vary widely in scope and value, and variously include such items as assistance with removals and relocation, and help with mortgage payments.

5.6. As the major part of their evidence on the issue of housing costs, the six teacher unions submitted a proposal for a national scheme of relocation and housing assistance, based on the outcome of a joint union Working Party. The scheme, as outlined, has a number of elements: including assistance with relocation costs for teachers moving from one authority to another; arrangements (based on a civil service scheme) to abate the differential mortgage costs of teachers moving from a lower, to a higher, housing cost area; and proposals for house purchase assistance. While the unions' proposal would involve a relatively high degree of assistance to those recruited to high cost housing areas, it would not be restricted to teachers living in or moving to those areas.

5.7. We welcome the attention the unions have given to this matter. We have given careful consideration to their joint submission and its underpinning argument

that in the absence of a national relocation and housing assistance scheme, there is a danger of insufficient mobility between authorities, and consequent stagnation in schools in various parts of the country, through lack of 'new blood'. We are not, however, persuaded that a national scheme, mandatory upon all authorities, is the way forward.

5.8. Firstly, there is no cogent evidence that a national scheme is required to stimulate teacher mobility in all directions. Indeed, we received evidence on our school visits that there is a (possibly significant) movement of teachers from the South East to the North, even though the relevant LEAs offer no financial inducements. The LACSAB resignation survey data on the relatively high number of teachers resigning from a London authority, but remaining in education, is consistent with such a pattern of teacher movement.

5.9. Secondly, we know relatively little, as yet, about the effectiveness of the various recruitment and retention packages which have been, and are being, developed, notably in London and the Home Counties. (The Teaching as a Career Unit - TASC - with whom we discussed these matters confirmed that it was too early to judge the effectiveness of the various packages.) Any major new initiative to tackle this issue should be based on fuller evidence than we currently have.

5.10. We believe that any arrangements to deal with teacher recruitment and retention difficulties related to housing costs should be flexible and precisely targetted. Such arrangements are likelier to be designed at the local than at the national level; and will sometimes include provisions (eg on removal expenses)

similar to some of those in the joint union submission. Local policies should however be kept under review.

5.11. We accordingly recommend that:

i. authorities should continue to formulate and implement measures to recruit and retain teachers in the light of their particular local needs and circumstances; however -

ii. authorities should review their present policies on recruitment and retention measures to ensure that these are meeting the needs of their schools.

b) London Weighting

5.12. The remit from the Secretary of State places London weighting in the context of measures to tackle recruitment in high cost housing areas. (London Weighting is not, of course, a specifically housing-related allowance.) We noted last year the unsatisfactory aspects of London Weighting. In particular, that it is not targetted towards those in most need of compensation for the high costs of living in London. For example, it treats equally with those who bought their houses some years ago and have relatively modest mortgages, employees who have only recently moved into the area.

5.13. In our view, the system of London Weighting needs to be reviewed. Any major change in the system of London Weighting for teachers would need to be considered in the context of the widespread private sector practice of paying London allowance to professionals and other employees, and the arrangements for civil servants, as well as for local authority employees as a

whole. Moreover, we would judge that no significant changes in current arrangements could be implemented until the new structure of education authorities in inner London had settled down.

5.14. In the meantime, we have examined the most recent London Weighting settlements in other parts of the public sector. We have focused, in particular, on the 5.6% increase awarded to other local authority employees. In our judgement, teachers should receive the "going rate" for other local authority employees, as they did last year. This year's local authority "going rate" is lower than that in the civil service; a reversal of the position last year when teachers and other local authority employees received 7.5%, but civil servants received 4.2%.

5.15. As to the question of backdating (raised in sub-paragraph 4i of the Secretary of State's remit letter), we reiterate the recommendation in our first report (March 1988) that the next reassessment of rates of London Weighting should take effect from 1 July 1988.

5.16. We therefore recommend that the rate of increase to all rates of London allowance for teachers should be 5.6%, to take effect from 1 July 1988.

c) Salary Point of Teachers Re-entering the Profession

5.17. Under the current provisions of the Document, a teacher returning to service cannot be paid at a lower point on the main scale than the point at which he/she was last employed, whether in regular (full-time or part-time) employment, or on a short-notice contract. However, a teacher working on a short-notice contract can be paid at any point of the main scale that the LEA

deems to be appropriate. So a teacher who, having left the profession, subsequently has a period of short-notice contract supply teaching, could find on returning to regular teaching that he/she is paid at a lower point on the main scale than if he/she had returned directly to regular teaching, without undertaking supply work in between. This seems intrinsically perverse and also likely to deter some teachers from undertaking supply work.

5.18. In their written evidence, AMMA proposed that when a teacher re-enters regular full-time or part-time service, he/she should be appointed at no lower point on the main scale than when last engaged in such work, regardless of whether the teacher had undertaken any supply work in the meantime.

5.19. The DES have told us that they would be content to accept the AMMA proposal, so long as a rider were added to the effect that, where a teacher considering re-entry to regular service had stated at the time of his/her application for a post that he/she would be prepared to consider a lower point on the main scale than that to which he/she was entitled, the teacher's starting salary would be settled by agreement at the time of appointment. The recorded evidence on which the DES proposition is based is of a few cases where teachers have been keen to accept a post for which the LEA can only offer a salary point lower than the teacher's last post.

5.20. We are not persuaded that the DES proposition is appropriate. All teachers contemplating a return to regular teaching - not just those who had done supply work in the meantime - would be faced with a difficult decision regarding their salary preference. This seems

odd in the current teacher recruitment context. There is general agreement that everything possible needs to be done to attract returners to teaching. The DES proposition appears to us to be inconsistent with the efforts being exerted by a wide range of bodies to encourage returners to the profession, particularly at a time when other employers are increasingly targetting well qualified people on 'career breaks' as a potential source of recruits.

5.21. We recommend that the Document be amended to the effect that those returning to regular full-time or part-time teaching should be paid on re-entry at no lower point on the main scale than when last employed as a regular full-time or part-time teacher.

(d) Pay of Licensed Teachers

5.22. The DES evidence to the Committee includes the Secretary of State's request to the Committee that they "make a recommendation on the pay of licensed teachers contingent on their introduction and on the basis that there should be discretion to pay such teachers either as if they were qualified teachers or as if they were unqualified teachers".

5.23. The licensed teacher proposal involves the abolition of existing "non-standard" routes to Qualified Teacher Status (QTS), and their replacement by a system under which those with the requisite minimum qualifications may be recommended to the Secretary of State for a licence to teach in a specified school. A licence would normally last for two years. During this period, the licensed teacher, in addition to his/her teaching duties, would undertake such training as was deemed appropriate to his/her needs. If he/she performed

satisfactorily during the two year period, the licensed teacher would be recommended to the Secretary of State for grant of Qualified Teacher Status (QTS).

5.24. It is not within our remit to comment on the substance of the licensed teacher proposal. Much of the detail clearly remains to be settled, in the light of the results of the consultation process. We are convinced that, assuming its introduction, the licensed teacher system will require the most careful monitoring.

5.25. We note that while some licensed teachers would require a significant amount of training, others would probably need relatively little training during the period of their licence and might well be performing competently as a teacher. This latter group could include some who have successfully completed an overseas teacher training course; and who, under current arrangements, might expect to receive QTS at first instance, simply on the basis of their qualifications.

5.26. We therefore consider that it should be possible for authorities, or governors, as appropriate, to pay some licensed teachers as if qualified in recognition of their contribution to the work of the school, either from the beginning, or from some later stage, of their licence. We accordingly recommend that, contingent upon their introduction, there should be discretion to pay licensed teachers either as if they were qualified or as if they were unqualified. We emphasise our concern that this discretion should be exercised with great care, so that proper standards are maintained.

(e) Accelerated progression to top of the main scale

5.27. There are two discretions currently available to LEAs to advance the time at which a full-time or part-time teacher may reach the top of the main scale. Authorities may pay a teacher taking up appointment in an urban area up to two points above what he/she would otherwise be entitled to. And they may appoint a teacher aged 23 or over at whatever point they consider appropriate, providing that he/she is not appointed at a point higher than he/she would have by that time reached having entered the profession at the age of 22.

5.28. The NEO have now proposed that authorities be given a general discretion to "... accelerate the rate at which a teacher reaches the top of the main scale". We consider that such a discretion could be useful: in particular, to encourage and retain young teachers of promise. The DES, while supportive, in principle, of the NEO proposal have said that this discretion should be introduced only if the DES-proposed amendment to the Document, regarding teachers re-entering the profession (see 5.19 above), is also made. Otherwise, they say, the problem of teachers becoming too expensive to compete for some jobs would be exacerbated. Consistent with the view we expressed at 5.20., we would not wish to see provision for discretion on incremental progression conditioned upon the DES's particular proposal on re-entrants.

5.29. We <u>recommend</u> that authorities (and, at the appropriate point, governors of schools with delegated budgets) should be given discretion to accelerate a teacher's progression to the top of the main scale. The cost of such a discretionary provision is inherently impossible to estimate with any precision, but should be modest. The relationship between any such discre-

tionary provision and the incentive allowance system would have to be carefully managed and monitored. Discretion to accelerate progression along the main scale should not mean that teachers who would otherwise have received an incentive allowance will instead have to be content with early arrival at the top of the main scale.

(f) Incremental progression for part-time teachers

5.30. The current provisions in the Document specify that a part-time teacher is entitled to an increment after completion of the full-time equivalent of a year's service. For some part-time teachers, therefore, there can be a gap of several years between one increment and the next.

5.31. The present incremental arrangements are complex to administer and appear inequitable. When part-timers do eventually receive an increment it is only on a pro rata basis: but they have served the same amount of time as a full-time teacher before receiving it.

5.32. The NEO have proposed that, on grounds of equity and simplicity of administration, incremental progression for part-time teachers should be determined by whether service has been undertaken in the six months prior to 1 September each year. Such a provision would bring incremental progression for part-time teachers into line with other part-time workers in local government and would be consistent with practice in other occupational sectors.

5.33. We believe that this relatively minor change to the Document, (its costs would be modest), as well as being fairer and simpler, could also attract more people

into part-time teaching, by making it financially more attractive. The objective of increasing numbers of part-time teachers is shared by all the partners in the education service. We therefore commend this proposal to the Secretary of State for his consideration.

(g) Pay of supply teachers on short-notice contracts

5.34. This issue continues to be a source of great concern; and we have received a number of representations about it. Concern centres upon two aspects of the Pay and Conditions Document's provision for the pay of short-notice supply teachers.

5.35. Firstly, the Document gives discretion to authorities to appoint short-notice supply teachers at a point on the main scale lower than the entry, or re-entry, point to which they would normally be entitled as regular full-time or part-time teachers (the position on short-notice supply teacher pay is itself a complicating factor in determining the main scale point of re-entrants - see section (c) above). Some LEAs consequently pay such teachers on a standard (and low) point of the main scale. Secondly, it is open to authorities to pay short-notice contract teachers at a daily rate of less than 1 ÷ 195 of relevant annual salary, if they are deemed to be employed for less than a full school day.

5.36. We commented last year on the importance of short-notice supply teachers' contribution to the education system. It is important, both to their motivation and to the longer-term recruitment of such teachers, that teachers on short-notice contracts be appropriately remunerated. We therefore again call attention to the dangers of setting a standard low point

on the main scale, applicable to even experienced teachers.

5.37. We further recommend, as last year, that the standard basis on which a short-notice contract teacher is employed should continue to be a day (or part-day) of 6½ hours (to include an allowance for non-contact duties) and that the pay divisor should be 1 ÷ 195 of the annual salary.

5.38. In their response to our recommendation of last year, the DES (in Circular 3/88), having reported the Secretary of State's view that "it is good practice for supply teachers on short-notice contracts to be involved in other duties as well as teaching pupils", said: "in [other] cases it would be appropriate for teachers on short-notice contracts to be employed to work only during the time that pupils are being taught, or for part of that time; for example, for some such teachers family commitments might mean that they cannot be available for work beyond the pupil-day. Therefore it cannot be an absolute rule that such teachers should be employed and paid to work beyond the pupil day." In the spirit of the Secretary of State's reported view on the matter, we suggest that short-notice contract supply teachers should always be offered the opportunity of involvement in duties additional to teaching pupils.

(h) Retrospective Award of Qualified Teacher Status

5.39. Some teachers are currently awarded Qualified Teacher Status (QTS) on the basis of qualifications other than successful completion of an approved course of initial teacher training in England or Wales; for example on the basis of training undertaken in another country. Award of QTS in such cases is not automatic;

in many cases these teachers are appointed to schools, and start work, on the strength of qualifications they already hold, in anticipation of the award of QTS, but for purely administrative reasons the award of QTS may follow only some weeks later. While a decision on QTS is pending, the teacher is paid as unqualified. The Teachers' Pay and Conditions Document contains some fairly complex provisions to allow such teachers to be paid as though they were qualified teachers for this "waiting period".

5.40. Section 218 of the Education Reform Act, which comes into force on 1 April 1989, enables regulations to be made empowering the Secretary of State to grant QTS retrospectively. This would allow a considerable simplification of the existing provisions in the Document. The DES propose that the Document should be amended so that in future, once the necessary regulations under section 218 have been made, a teacher who is awarded QTS retrospectively should be entitled to receive back pay from any authority he/she has worked for from the date from which his/her qualification runs, to make good any difference between what he/she was actually paid up to the point when QTS was awarded and what he/she would have been entitled to as a qualified teacher.

5.41. We believe this to be desirable change, and recommend that the appropriate amendment be made to the Document, to be activated once the necessary regulations have been made.

CHAPTER 6: THE DEVELOPING PAY STRUCTURE

(a) Incentive Allowances

6.1. We have already reported, at 4.35, our judgement that, even after the increases we have recommended for 1989-90, the proportion of the salary bill devoted to incentive allowances is seriously inadequate. A policy to increase that proportion should have two elements. The first of these is an increase in the relative value of incentive allowances.

6.2. Our recommendations for 1989-90 involve a modest increase in the value of incentive allowances relative to the main scale, but we consider that the relative value of incentive allowances should be increased significantly over the succeeding years, though within certain limits. These include the need to have regard to differentials between heads and deputies and other teachers. In particular, we believe that the main scale should continue to form the greater proportion of the salaries of incentive allowance holders. It follows that without an adequately resourced main scale, any expansion of the Incentive Allowance system would be of limited effect.

6.3. The second element of any policy to increase the proportion of the salary bill spent on incentive allowances is an increase in their numbers. In its evidence, the DES said the Committee might wish to consider the planned pattern of allowances in relation to the need to motivate good teachers. We have made clear, (at 4.30 above) our view that the numbers of allowances should be significantly increased and that over the next few years the proportion of regular main

scale teachers holding an allowance should increase from the current two-fifths to around two-thirds. (The DES's current plans for the post-1990 "steady state" envisage just under half of regular main scale teachers holding an allowance.) Our case for this significant shift starts from our belief that we need to develop a salary structure for teachers which will improve the current prospects of recruiting and retaining sufficient numbers of able and well motivated teachers.

6.4. Incentive allowances have a key role to play in such a strategy, by offering progression beyond the main scale. This is true of both the primary and secondary sectors, though this avenue of progression is relatively more important in secondary schools, as there the proportion of headships and deputy headships is much smaller (about 7% of the total teacher force) than in primary schools (about 21%).

6.5. In reaching a judgement about how far numbers of incentive allowances should be expanded we have been sensitive to the need to avoid increasing the number of allowances to such an extent that they come to be seen as an entitlement. Part of the value of an incentive allowance to a teacher is that it is seen to be a discretionary payment given in recognition of the special contribution and worth of that teacher.

6.6. We believe that the goal of two-thirds of regular main scale teachers holding an incentive allowance strikes the right balance. The table below illustrates a possible path to that goal by September 1993; and demonstrates how our recommendations for increased numbers of allowances in 1989-90 fit into a broader context.

TABLE 4

AN ILLUSTRATIVE PHASED EXPANSION OF THE INCENTIVE ALLOWANCE SYSTEM IN ORDINARY SCHOOLS

	1989	1990	1991	1992	1993
Primary					
Allowance Rate:					Numbers (000s)
A	37 (34)	40 (34)	43	47	51
B	19.2 (16.7)	20 (17)	21	23	25
C	3 (2.7)	4 (4)	4	5	6
Total	59.2 (53.4)	64 (55)	68	75	82
Secondary					
Allowance Rate:					Numbers (000s)
A	29 (27)	31 (27)	34	37	40
B	33.7 (33.7)	32 (24)	32	32	33
C	17.2 (16)	25 (24)	27	29	32
D	26 (25.5)	26 (24)	27	28	32
E	9.5 (9.5)	11 (11)	11	11	12
Total	115.4(111.7)	125(110)	131	137	149
Total Primary & Secondary	174.6(165.1)	189(165)	199	212	231

N.B. Figures in brackets indicate current DES plans.

6.7. The illustrative suggestions for 1993, incorporated in this table, envisage a distribution between the various levels of allowance which is very similar to that envisaged by the DES for 1990. The proportion of secondary regular main scale teachers holding an allowance rises, however, to around 75%, compared with 55% in DES plans, and the projected decline in numbers of B and D allowances in secondary schools is reversed.

The proportion of primary regular main scale teachers holding an allowance rises to around 50%, compared with about 35% in DES plans. This suggested increase in the number of allowances would mean that, compared with the current post-1990 plans, there would be a 33% reduction in the time it would take, respectively, the average primary and the average secondary teacher to attain an A allowance.

(b) Future arrangements for Head and Deputy Pay

6.8 In some of the evidence presented to us on the pay of heads and deputies, varying degrees of dissatisfaction have been expressed with the current arrangements for heads' and deputies' salaries.

6.9 The problems associated with the current system, as presented to us, include:

i. the 'spot' salary system effectively allows for no variation in the salaries of heads and deputies in the same school group, to reflect differences in the circumstances and organisation of their schools, or differences in heads' and deputies' performance. (The discretion which authorities currently have to pay heads and deputies above the relevant spot salary is, in practice, rarely used);

ii. the principles of categorisation underpinning the 14 ordinary school groups - each with its own head and deputy spot salaries[1] - appear to have elements of arbitrariness. (We have mentioned, at 4.24, the particular problem

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[1] save for Groups 1, 2 and 3 which have a common Deputy salary.

associated with Group 14.) One of the Heads' associations suggested that we might ourselves institute a review of the system of grouping schools.

6.10. In their evidence to the Committee, the NEO included a proposal for salary ranges for heads and deputies, which addresses the first of the difficulties noted above, but not the second, as it is based on the current 14 school group system. The proposal is outlined at 2.15 above, and at Appendix C is the NEO's illustrative set of salary ranges based on 1988-89 spot salaries.

6.11. Within the limited time available to us we have not been able fully to assess this proposal. We consider, however, that it merits detailed assessment, perhaps as part of a wider examination of possible future structures for head and deputy pay involving other points made in the course of evidence to the Committee in both 1987 and 1988. One possible variant of the NEO proposal which might be evaluated (reflecting the concerns described at 6.9ii as well as 6.9i) is a salary range system based on fewer school groups than currently, which would allow for longer ranges than the NEO's proposal can accommodate.

CHAPTER 7: LOCAL MANAGEMENT OF SCHOOLS, AND GRANT-MAINTAINED SCHOOLS: AMENDMENTS TO THE PAY AND CONDITIONS DOCUMENT.

7.1. At sub-paragraphs 2iv and 2v of his remit letter, the Education Secretary asked the Committee to recommend amendments to the Pay and Conditions Document: (a) to reflect the enhanced role of the governing body in schools operating within an approved local management scheme; and (b) to cover teachers in grant-maintained schools.

(a) Local Management of Schools (LMS)

Background

7.2. Sections 33 to 51 of the Education Reform Act 1988 significantly enhance the role of governing bodies of all LEA-maintained secondary schools, and of primary schools with 200 or more pupils, in both financial and staffing matters:

- governors of such schools will be responsible for the management of their school's budget, as delegated to them by the LEA;

- governors will be responsible for making all appointments to the teaching and non-teaching staff of the school (paying due regard to the advice of the Chief Education Officer on the most senior appointments, and on other teacher appointments if they request it). They will also be able to require the LEA to dismiss a member of staff. (The LEA will, however, remain the employer of the staff in all the schools they maintain - other than in volun-

tary-aided schools where the governors will continue to be the employers.)

It is open to LEAs to delegate budgets, and the associated staffing responsibilities, to primary schools with less than 200 pupils. The Education Reform Act provides for delegation to maintained special schools only if the Secretary of State make regulations authorising or requiring it.

7.3. The arrangements for LEAs' delegation of budgets to schools are complex. The size and scope of each delegated budget will be determined according to the LEA's scheme of local management, as approved by the Education Secretary. Each LEA scheme must include a formula for the distribution of a share of that authority's aggregated schools budget (ie. the general schools budget minus excepted items - see below) to each of the schools in its area - which yields the school's "budget share". That budget share is then delegated to governing bodies, in all secondary schools and in primary schools with 200 or more pupils (and any other primary schools which have been given delegation).

7.4. The principal element in the distribution formula must be the number of pupils in each school, weighted for differences in age. Certain items of expenditure (eg specific grants; capital expenditure) are mandatorily excepted from schools' budget shares, being retained for expenditure by the LEA on an authority-wide basis. Certain other items may be excepted from school budget shares at the discretion of the LEA (eg school meals provision). These latter items must be identified in the authority's scheme; and for certain items limits are set on the amount of expenditure which LEAs may except on a discretionary basis. With a very few exceptions (and

those 'discretionary') a school's staff salary costs are to be met from its budget share.

7.5. Each LEA has to submit a scheme of local management to the Secretary of State for approval by 30 September 1989 (30 September 1991, for inner London boroughs). Approved schemes will come into force from 1 April 1990 (1 April 1992 in inner London). Governors of secondary schools, and of primary schools with 200 or more pupils, must be given control over delegated budgets at the latest by 1 April 1993 (1 April 1994 in inner London).

Consequences for Pay and Conditions Document

7.6. The underpinning philosophy of LMS is that, so far as practicable, the governing body, advised by the Head, should be responsible for the running of the school. In the words of the DES Circular (7/88) on LMS:

> "Effective schemes of local management will enable governing bodies and head teachers to plan their use of resources - including their most valuable resource, their staff - to maximum effect in accordance with their own needs and priorities, and to make schools more responsive to their clients- parents, pupils, the local community, and employers."

7.7. There are at this stage, inevitably many uncertainties about LMS in practice. These include the capacity of governing bodies, advised by Heads, to respond to the range of challenges which LMS will present. Training is crucial in this respect and we note that the Government is providing education support grant towards £4.9m of expenditure in 1989-90 on training for school governors; and support for the management training of Heads through

the Local Education Authority Training Grants Scheme. In addition, the position whereby the LEA remains the employer (in non-aided schools), but the governing body assumes many of the responsibilities for staffing in schools with delegated budgets, could significantly curtail the ability of LEAs to redeploy staff between schools. In the light of our observations last year on the importance of the management role of LEAs within the context of LMS, we attach importance to the continuing responsibility of LEAs for the professional development of their teachers, including appraisal and in-service training.

7.8. We are not, however, primarily concerned to review the questions which Parliament has now decided upon; rather to consider, within the framework established by the Education Reform Act, amendments which may be needed in the Pay and Conditions Document.

7.9. Many of the provisions of the Pay and Conditions Document are mandatory and they will not be changed by LMS, but there are a number of areas where currently an LEA has discretion, and the question which arises with the advent of LMS is which of these discretions should be transferred to the governing bodies of schools with delegated budgets. There are discretions over such matters as: the payment of a higher salary than the relevant 'spot' salary to Head Teachers; the total number of teachers paid incentive allowances within the prescribed limits; appointment of a qualified teacher aged 23 or over, higher up the main scale than the otherwise applicable entry point.

7.10. The DES, in their evidence to us, have reported the Secretary of State's view that most discretions should be transferred to governing bodies.

That evidence proceeds to set out in detail the Secretary of State's view on which discretions should be transferred, and which retained by LEAs. The NEO broadly agree (but see 7.15 to 7.23 below) with the principle, and generally with the detail, of the DES position. As the NEO put it in their evidence to us:

> "..... it would be unrealistic for LEAs to retain powers over all aspects of remuneration of school teachers, given that remuneration is so closely tied to financial responsibility."

7.11. One of the unions (NUT) has argued, in supplementary evidence to the Committee, that all discretions over pay and conditions should remain with the LEAs. They do so on two main grounds. Firstly, that transferring discretions will lead to inconsistencies and therefore to "... disruption, discord and bad relations". Secondly, the transfer of pay and conditions discretions to school governors would add further to the burdens on governors, and "... could well jeopardise the success of what is required currently".

7.12. We have given careful consideration to the union's arguments. It could be that any transfer of discretions from LEAs to school governors will lead to wider variations in their exercise, though still within the limits set by the Document. Wider variations in the exercise of discretions, if these were more finely tuned to the needs of individual schools, could be beneficial. These need not involve inconsistency; in the cases where we believe significant inconsistency could otherwise arise, we have recommended that the discretion remain with the LEA. In any case, governors will be responsible for appointments, and for allocating to best advantage school budgets - in which staffing will be by

far the largest element. It is therefore difficult to see that the effective running of schools, and the interests of their staff and pupils, would be served by the retention of all pay and conditions discretions with LEAs. In principle, therefore, our judgement is that discretions currently held by the LEAs should be transferred to governors of schools with delegated budgets except where the location of policy responsibilities, or practical considerations, suggest otherwise. We do, however, urge that the arrangements which are to be established by LEAs to monitor the operation of LMS, should include a specific focus on the exercise of pay and conditions discretions by governors.

7.13. While we are therefore clear about the principle to be applied, we would call attention to the complexity of some of the detail involved, and the difficult judgements we have had to make on some of the issues, particularly where the DES and the NEO disagree. (We received extensive evidence on these issues from only some of the unions.) We offer our recommendations on this basis, and in the expectation that, in their consultations on this report, the Secretary of State and his officials will wish to pay careful regard to the detailed points made by the consultees, in particular the LEAs and the unions.

7.14. We discuss below the two major points at issue between the DES and the NEO.

"Smaller" schools with delegated budgets

7.15. Smaller (mainly primary) schools with relatively high teaching costs (due to their teachers' position on the main scale and/or the incidence of

salary safeguarding) may have particular difficulty in working within a budget based on a formula whose principal element is number of pupils weighted for age. DES Circular 7/88 suggests that LEAs "may ... wish to take into account the difficulties which some smaller schools may face in adjusting their teaching costs to a budget share determined by the formula". The circular goes on to say that ".... it will be for LEAs to determine which schools should have their budgets adjusted to reflect this factor, the extent of cost variations to be taken into account, and the degree of protection or limitation of gain to be provided." As defined in the Circular, "smaller schools" will, generally, be those with "no more than nine teachers (excluding head/deputy)", or about 300 pupils.

7.16. In their evidence to the Committee, the NEO proposed that discretion on remunerations should not be transferred to the governors of those smaller schools whose delegated budgets are adjusted to take account of any excess in per capita teaching costs above the average for their respective authorities. Otherwise, the NEO argued, it would be possible for such governing bodies to use their discretion on remuneration to increase the budget delegated to them in the first instance by the LEA.

7.17. It is possible that such governing bodies could act in the way envisaged by the NEO. On the other hand, it is for the LEA, in designing its scheme, to decide whether or not it wishes to give 100% compensation for above-average teaching costs, or some lesser percentage, (or for that matter none at all, in which case, as the NEO say, their proposal is not relevant). So long as the degree of compensation provided is less than 100%, there will be a cost to the school in

exercising discretions over remuneration in such a way that its delegated budget is increased.

7.18. On balance, therefore, we take the view that all school governing bodies with delegated budgets should exercise those discretions over remuneration which we recommend (below) should be transferred from LEAs.

"Overriding requirements" in conditions of employment of head teachers

7.19. There is provision at section 27 of the Pay and Conditions Document that a head teacher shall carry out his/her professional duties "in accordance with and subject to", inter alia, "any rules, regulations or policies laid down by his employers" insofar as these are not inconsistent with statutory provisions. The DES propose that, in county, controlled and special agreement schools, discretion to lay down such "rules, regulations and policies" should - with the single exception of staff development, where LEAs, rather than governors, will have the policy responsibility - be transferred from LEAs (the employers) to governors. (In voluntary aided schools the governors are the employers and there is therefore no question, in those schools, of this discretion residing with the LEA.)

7.20. The NEO argue that there will remain areas where LEA policies - such as those made under the Health and Safety Act 1974 - will need to have a bearing on the ways in which heads exercise their duties. It would therefore be neither practicable nor prudent totally to exclude reference to the role of the LEA in these "overriding requirements". The DES response, in oral evidence to the Committee, was that the NEO's proposal

would mean that heads would effectively become responsible to two "masters" - their governing body and the LEA - and that this would not be conducive to good management.

7.21. We found this a particularly difficult issue to decide upon. On the one hand there is considerable force to the DES "two masters" argument - though that is suspended in respect of staff development. Furthermore, regarding the specific point made by the NEO about employers' statutory duties under the Health and Safety at Work Act, we would not expect any 'rules, regulations or policies' promulgated by a school governing body to be capable of overruling an LEA direction on health and safety issued under a statutory power. Paragraphs 188-191 of the DES Circular on LMS (7/88) appear to confirm this expectation.

7.22. On the other hand, it is difficult for us to be certain that there are no areas, other than staff development, where it would be appropriate for the LEA to have discretion to issue rules, regulations and policies for the head to follow. One issue brought to our attention in this context was that of time off for trade union duties. The detailed arguments on this point vividly illustrated the complications attendant upon governors' assumption, to a large degree, of the role of de facto employer in schools with delegated budgets.

7.23. Our overall judgement is that the DES proposal on this point should be accepted; but particularly in this case, there should be detailed consultations between the Department, LEAs and the teachers' associations.

Recommendations

7.24. Subject to the points made in 7.13 and 7.23, above, and to the exceptions set out in 7.25 and (in partial fashion) 7.26, we recommend that discretions over pay and conditions currently exercised by LEAs should be transferred to governors of schools with delegated budgets. The discretions involved are listed at Appendix I.

7.25. We recommend that the following discretions should remain with LEAs:

i) Discretionary elements of salary safeguarding (Paragraph 21 of the School Teachers' Pay and Conditions Document; also paragraphs 17(1), 18(4), Appendix 1 paragraph 4(1) of the Pay and Conditions Document). These are used mainly in cases of redeployment; and are therefore to be regarded as part of an LEA's management of the teacher force.

ii) Unattached teachers. (Paragraph 20). Since the appointment of unattached (eg. peripatetic) teachers will be outside the scope of governing bodies, the determination of the salaries of such teachers should be retained by the LEA.

iii) Part-time teachers. (Paragraph 22(ii)). The LEA currently determines what proportion of the school week a regular part-timer works, for salary calculation purposes. This should be left with the LEA so as to maintain consistency between neighbouring schools.

iv) Days of work. (Paragraph 36(i)(a)). The LEA sets the dates of school terms at county, con-

trolled and special agreement schools. It would seem logical that the LEA should also set the dates of teachers' work at county, controlled and special agreement schools; this logic is reinforced by the LEA's continuing responsibility for in-service training, for which some of the 5 days outside the pupil year of 190 days may well be used. (In voluntary-aided schools, governors as the employer, will continue to be responsible for setting the dates of teachers' work).

v) Salary and degree equivalence. (Appendix II, paragraphs 1(3)(c) and 1(7)). Under the current Document's provisions an LEA determines, for pay purposes, the equivalent point on the main scale for a teacher last employed before 1974; and, (again for pay purposes) determines whether UK non-degree qualifications or overseas qualifications of appointees count as the equivalent of a UK degree, or good honours degree. These are technical matters; in the interest of consistency the discretions should be retained by LEAs.

7.26. There is one discretion which should reside with either the LEA or the governors, depending upon the relevant provision in an authority's LMS scheme. The Document currently provides that the limitation on an individual teacher's duty to cover can be overriden if it is "not reasonably practicable for the maintaining authority to provide a supply teacher to provide cover". The decision as to whether it is "reasonably practicable to provide a supply teacher" should be transferred to the governors in those schools where the governing body have been made responsible, under the relevant LMS scheme, for managing the arrangements for

providing supply teachers. Otherwise the matter should remain with the LEA.

(b) Grant-Maintained Schools

7.27. Under Chapter IV of Part I of the Education Reform Act, any LEA-maintained secondary school, and any LEA-maintained primary school with 300 or more pupils, is eligible to apply for grant-maintained (GM) status, following a ballot of the parents. Where the Secretary of State approves a proposal that a school should become grant-maintained, section 75 of the Act provides that teachers working solely at the school will transfer automatically to the service of the governing body of the GM school, and teachers working partly at the school may be transferred by order. On the transfer date the governing body will be substituted for the former employer in the teacher's contract of employment.

7.28. Since (under Schedule 12 to the Education Reform Act), the Teachers' Pay and Conditions Act 1987 is to apply to GM schools, the Document will need to be amended, so that functions both mandatory and discretionary which are currently allocated to LEAs under the Document will be allocated to governing bodies, in respect of GM schools. We so recommend.

7.29. In their evidence the DES suggest additionally:

i. where a GM school was formerly a voluntary school, a head teacher should carry out his professional duties in accordance with any trust deed applying to the school. This carries forward the provision at 27(4) of the

Document, which applies to heads of voluntary schools.

We agree and recommend that the Document be amended accordingly

7.30. The DES also suggest that:

ii. discretionary salary safeguarding (as set out at paragraph 21(4) of the Document), and discretionary safeguarding of London allowance and social priority allowance (as at 18(4) and 17(1) of the Document, respectively) should apply, in both directions, between a GM school and its former maintaining authority.

7.31. We believe that such salary and allowance safeguarding between GM schools and their former maintaining authority would be valuable for authorities, schools and teachers, though we conclude, on balance that such safeguarding should not be mandatory. (We considered carefully evidence from one of the Head's associations that such safeguarding should be mandatory). We accordingly recommend that the Document be amended to provide for such safeguarding on a discretionary basis. There will need to be a consequential amendment to paragraph 21(5)(ii) of the Document. In addition, it should perhaps be clarified in the new Document that sub-paragraph 30(17) and 4(1) of Appendix I, in the current Document, will not apply in respect of heads of GM Schools.

CHAPTER 8: CONDITIONS OF SERVICE

8.1. The Secretary of State's remit included no specific reference to school teachers' conditions of service, other than the invitation - at sub-paragraph 2vi of the remit - to recommend any amendments, not involving major changes to the Document, which we consider necessary. A number of proposals were put to us under this heading, in particular by some of the unions. They all raised important issues. We have concentrated on three: two involve returning to questions we considered last time but which evidently continue to cause concern (cover, mid-day supervision). As to the third, on administrative and technical support, we offer some thoughts and suggestions on a matter which we believe is of growing importance to the whole question of teachers' performance and motivation.

(a) Cover

8.2. Cover is the provision of a replacement for a teacher who is absent or otherwise unavailable to teach. The system of cover can be used as a means of dealing with vacancies, as well as short-term absences of serving teachers.

8.3. The Pay and Conditions Document currently specifies that colleagues in a school are not normally expected to provide cover beyond three days of a teacher's absence, or at all, if the LEA has had at least two days' notice of a requirement for the teacher to be absent for more than three days. These limits may, however, be exceeded if it is not "reasonably practicable" for the LEA to provide a supply teacher, or if a teacher at the school is either (i) employed wholly or mainly as a supply teacher or (ii) is a full-time

teacher at the school but has been assigned by the head teacher in the timetable to teach or carry out other specified duties (except cover) for less than 75% of the pupil week. The Document specifies that heads should participate to such extent as may be appropriate having regard to their other duties, in the teaching of pupils at the school, including the provision of cover for absent teachers.

8.4. 'Cover' continues to be a source of continuing dissatisfaction among teachers. In primary schools, because class teachers, and many deputies, are rarely free of direct class contact, heads have to make a major contribution to the provision of cover in their schools. There are fears that with the advent of financial delegation in LMS schemes, cover duties may involve an intolerable burden for some primary heads. In secondary schools ordinary teachers can find a significant slice of their free periods (which ideally should be used for lesson preparation, marking and so on) taken up with cover duties. Yet, as they themselves put it, unless they happen to be a specialist in the subject of the covered lesson, they are able to provide little more than a "child-minding" service.

8.5. In our first report we suggested that there should be a detailed national survey of teacher absence so that solutions to the problems of cover might be devised on the basis of more detailed knowledge of the factors which generate the need for cover. Such a survey has not been undertaken.

8.6. We do, however, have the results of the Welsh Primary Staffing Survey (1987) which reported that 24% of schools had vacancies in the week of the survey; and 46% of schools had short-term absences. The survey

shows the arrangements which schools made to cover absences:

	%
Supply teacher brought in	41
Headteacher taught the class	34
Another non-class teacher taught the class	4
Class temporarily amalgamated with another	7
Pupils dispersed to join two or more other classes	8
Other means	6

This survey illustrates the major contribution which the primary Head makes to the overall provision of cover.

8.7. In their evidence to us the DES and NEO said that the cover provisions in the Document provide an appropriate framework for authorities and schools to devise solutions tailored to their particular needs. We have heard of local arrangements which were evidently working effectively, including "cluster formations" whereby a cluster of schools in a particular locality is served by a supply teacher or group of supply teachers under the management of the Head of one of the schools in the cluster.

8.8. The demands which cover impose on the regular staff of a school should, however, be kept under review. There is a particular need to ensure, so far as possible, that Heads of primary schools are not diverted from their new responsibilities by excessive demands to provide cover.

8.9. In any event, the calls upon teachers to provide cover should be kept to a reasonable minimum. To this end, the PAT suggested that before a teacher (other than a teacher described at i and ii in 8.3 above) was called upon to provide cover beyond the normal limits prescribed in paragraph 35 of the Document, the authority (and, when appropriate, governors of schools with delegated

budgets) should have to have "... exhausted all reasonable means of providing a supply teacher and there [is] no realistic possibility of immediate provision". This would replace the current Document wording to the effect that normal limits may be exceeded where "it is not reasonably practicable" for an authority to provide a supply teacher. We recommend that the Document should be amended on this point in the direction of the wording suggested by the PAT.

8.10. Two further points. Firstly, supply teachers are a significant source of cover provision. Their quality is therefore important. They also represent, in many instances, the first step on the return to full-time teaching for those who have taken a career break. We have discussed the pay of supply teachers on short-notice contracts at Chapter 5 above. In addition, we consider it desirable that there should be adequately resourced training for such teachers in particular to keep them abreast of current educational developments.

8.11. Secondly, teachers increasingly need in-service training; particularly, at present, to prepare for the implementation of the National Curriculum, as well as, more generally, to up-date their knowledge and professional skills. Proper cover provision should be made for teachers absent on training courses during the pupil year.

(b) Mid-day supervision

8.12. Under the Pay and Conditions Document teachers are not required to undertake mid-day supervision. Heads (and, by extension, deputies) are, however, under a duty to ensure good order and discipline during the mid-day break as at other times of the school day.

8.13. Authorities now employ mid-day supervisors, who are 'non-teaching' members of the school's staff. Some authorities offer teachers the opportunity to work

as mid-day supervisors, separately from their teaching duties, and on a separate ("non-teaching") contract. Since 1986 Education Support Grant (ESG) has been available to meet 70% of the approved costs of LEAs' mid-day supervision schemes. This ESG scheme is due to expire in March.

8.14. Both DES and the NEO have suggested that the reference to payment for mid-day supervision, at paragraph 23 of the Document, should be deleted on the grounds that it is not relevant to the pay and conditions of teachers qua teachers. Our understanding is that, if the paragraph 23 reference were deleted, it would still be open to authorities to offer mid-day supervision contracts to teachers, since during the period covered by such a contract they would not be operating as teachers. On this understanding, we recommend deletion from the Document of the reference in paragraph 23. (The incidental reference at paragraph 36 (1)(e) would, of course, remain.)

8.15. One of the Heads' associations has, however, expressed concern about the prospective deletion of paragraph 23. In the context of their wider concerns about the mid-day supervision issue, they would be opposed to any change which meant that teachers could not be offered contracts as mid-day supervisors. Our recommendation, above, is made on the understanding that such contracts could still be offered to teachers. It might, however, be helpful if the Circular accompanying the new Document spelt this out.

8.16. Both the Heads' associations have expressed continuing concerns about the numbers of heads and their deputies still involved in physically supervising pupils through the mid-day break - a situation which they largely attribute to inadequacies in some LEAs' mid-day supervision schemes. There is also some apprehension as to the forthcoming expiry of the ESG scheme. This latter point raises the question of the desirability of

supporting essential and continuing expenditure through an avowedly short-term mechanism such as ESG.

8.17. In our first report we observed, in the context of the head's duty to ensure good order and discipline during the mid-day break, that this did not mean that heads also had a duty to carry out supervision themselves. LEAs and, when appropriate, governors of schools with delegated budgets, should therefore take all practicable steps to secure a sufficient supply of mid-day supervisors (whether teachers or non-teachers) of the required quality, so that the burden does not fall unreasonably on those teachers who regularly perform voluntary duties.

(c) Administrative and technical support for teachers

8.18. This issue does not feature in the conditions of service section of the Document. We consider it worthy of comment, however, because the inadequacy of such support featured significantly in some of the evidence we received. In addition, NASUWT cited, in their evidence to us, a survey of its membership about conditions of service, in which both secondary and middle school teachers rated "administrative workload" as the top priority for improvement.

8.19. Teaching is itself a demanding enough job, without teachers being expected to perform a range of administrative and, in the case of some science and technology teachers, technical support tasks. In our judgement relatively modest increases in expenditure on specialist administrative and technical support could both lead to more effective deployment of teachers and raise teacher morale. Freed of frequently routine and administrative and clerical tasks and, in secondary schools, technician tasks (teachers quite often have to prepare laboratories for practical work, for example) teachers should be able to concentrate on teaching. This in turn should mean lower class sizes in secondary

schools: despite a historically low national pupil : teacher ratio of 15.4:1, we still hear of class sizes of over 30. Part of the difference between pupil:teacher ratios at the national level, and those in the classroom, reflects a diversion of teacher effort into non-teaching tasks. In primary schools more ancillary help would lessen the burden on teachers (particularly of the younger ages) imposed by a range of 'non-teaching' tasks such as first aid, mounting of display work, and preparation and clearing of art materials.

8.20. Teachers have also told us that the need to undertake routine clerical and technical tasks is a significant source of dissatisfaction. Performance of such tasks involves a dilution of their professional vocation and underlines the negative aspects of their working environment. Positive action on this front could make a significant contribution to the morale of teachers and hence their motivation.

8.21. The issue of administrative support is an important one for many heads and deputies. In particular, we have been struck by the insufficiency of clerical and secretarial support available to many primary heads. If primary heads had to spend less time on routine administrative tasks they would be able, for example, to have more contact with pupils, as well as having more time to deal with changes flowing from the Education Reform Act.

8.22. We were therefore interested to learn, from the DES, of some of the Government's expenditure plans for 1989-90 allowing for "substantial resources" to assist the implementation of the Education Reform Act. They would allow LEAs to increase spending per pupil on education support staff in schools by one-third in cash between 1986-7 and 1989-90, and on administrative and clerical staff by 40% in cash over the same period.

8.23. We are firmly of the view that Government, LEAs and governing bodies should give significantly higher priority to such expenditure in the future. We also attach importance to the provision of more material resources in the classroom, ranging from books (we have ourselves encountered cases where there are too few for effective teaching) to new technology, including computer-based learning equipment such as interactive video, whose considerable potential as a teaching aid should be more fully exploited.

d) Changes arising from the Education Reform Act

8.24. The reference to education legislation in sub-paragraph 27(1) - regarding 'overriding requirements' in conditions of employment of head teachers - should be updated to include the Education Reform Act 1988, and we so recommend.

8.25. In their evidence, the DES proposed that both heads' and other teachers' conditions of service should be amended to refer explicitly to the Basic (including National) Curriculum, and, in the case of heads, collective worship requirements. We consider the new responsibilities on teachers (including heads and deputies) should be clearly recognized and understood; and therefore recommend that appropriate references to these matters be incorporated in the conditions of service section of the Document.

CHAPTER 9: SUMMARY OF RECOMMENDATIONS

The Committee recommends as follows:

1. The main scale should be increased from 1 April 1989 as displayed in Table 1 (on page -). This represents an increase of 6% to all points on the main scale. Salaries and the scale for unqualified teachers should be increased by the same percentage (paragraph 4.13). We urge the Secretary of State to consider whether, in the light of our conclusions and of his objectives for the teaching profession and education generally, an increase of 6% to the main scale is adequate. (4.14).

2. All Heads' and Deputies' spot salaries should be increased by 7.5% from 1 April 1989. (4.21).

3. The planned number of incentive allowances should, from September 1989 be expanded above currently planned numbers by 9,500 - of which 5,000 should be As; 2,500 Bs; 1,500 Cs; 500 Ds. (4.31 and 4.32).

4. The amount of all rates of incentive allowance should be increased by 7% from 1 April 1989. (The ratio between the various allowances as established last year being left undisturbed). (4.34).

5. Local education authorities should continue to formulate and implement measures to recruit and retain teachers in the light of their particular local needs and circumstances. (5.11.i).

6. Local education authorities should review their present policies on recruitment and retention measures to ensure that these are meeting the needs of their schools. (5.11.ii).

7. All rates of London allowance for teachers should be increased by 5.6%, to take effect from 1 July 1988. (5.16).

8. Teachers returning to regular full-time or part-time teaching should be paid on re-entry at no lower point on the main scale than when last employed as a regular full-time or part-time teacher. (5.21).

9. Contingent upon the enactment of current proposals, there should be discretion to pay licensed teachers as either qualified or unqualified. We emphasise our concern that any such discretion should be exercised with great care, so that proper standards are maintained. (5.26).

10. Local education authorities (and, at the appropriate point, governors of schools with delegated budgets) should be given discretion to accelerate a teacher's progression to the top of the main scale. The relationship between any such discretionary provision and the incentive allowance system would have to be carefully managed and monitored. (5.29).

11. The standard basis on which short notice contract supply teacher is employed should continue to be a day (or part-day) of 6½ hours (to include an allowance for non-contact duties) and the pay divisor should be 1 ÷ 195 of the annual salary. (5.37). (The Committee suggests that short notice contract supply teachers should <u>always</u> be offered the opportunity of involvement in duties additional to teaching pupils. (5.38)).

12. The Pay and Conditions Document should be amended so that, once the necessary regulations under section

218 of the Education Reform Act have been made, a teacher who is awarded Qualified Teacher Status (QTS) retrospectively, should be entitled to receive back pay from any authority he/she has worked for from the date from which his/her qualification runs, to make good any difference between what he/she was actually paid up to the point when QTS was awarded and what he/she would have been entitled to as a qualified teacher. (5.41).

13. Subject to the points made in paragraphs 7.13 and 7.23 of this report and to the exceptions set out in 7.25 and (in partial fashion) 7.26, discretions over pay and conditions currently exercised by LEAs should be transferred to governing bodies of schools with delegated budgets. The discretions involved are listed at Appendix I. (7.24).

14. The functions, both mandatory and discretionary, currently allocated to LEAs under the School Teachers' Pay and Conditions Document should be allocated to governing bodies of Grant-Maintained Schools. (7.28).

15. Where a grant-maintained school was formerly a voluntary school, a Head Teacher should carry out his/her professional duties in accordance with any trust deed applying to the school. (7.29).

16. Salary safeguarding on a discretionary basis (as set out at paragraph 21(4) of the Document) and discretionary safeguarding of London allowance and social priority allowance (as at 18(4) and 17(1) of the Document, respectively) should apply in both directions, between a GM school and its former maintaining authority. (7.31).

17. The provision in relation to cover at sub-paragraph 35(9)(b)(ii) of the School Teachers' Pay and Conditions Document should be amended in the direction of the following: "(the maintaining authority has) exhausted all reasonable means of providing a supply teacher and there is no realistic possibility of immediate provision." (8.9).

18. On the understanding that teachers will continue to be eligible for payment as mid-day supervisors, the reference to payment for mid-day supervision at paragraph 23 of the Document should be deleted. (8.14).

19. The reference to education legislation in the "overriding requirements" section of heads' conditions of employment - paragraph 27(1) of the Document - should be updated to include the Education Reform Act 1988 (8.24).

20. Specific reference should be made in both heads' and school teachers' conditions of service to the Basic (including National) Curriculum, and, in the case of Heads, to the collective worship requirements of the Education Reform Act (8.25).

In addition to the above recommendations, the report includes the following proposals, suggestions and comments by the Committee:

a. The Committee does not see its 1989 recommendations on heads' and deputies' pay as necessarily being a "once for all realignment" of their pay relative to other teachers' pay. Local Management of Schools (LMS) should feature more significantly

in future considerations of head/deputy pay. (4.22).

b. Over the next four years the proportion of regular main scale teachers holding an incentive allowance should move to around two-thirds, compared with the 48% envisaged for 1990, and thereafter, on current plans. (4.30;6.3)

c. The value of incentive allowances relative to the main scale should increase significantly over the years after 1989-90, on the basis of an adequately resourced main scale. (6.2).

d. The Committee commends for consideration the proposal that incremental progression for part-time teachers should be determined by whether service has been undertaken in the six months prior to 1 September each year. (5.33).

e. There should be detailed assessment of the NEO's proposal for salary ranges for Heads and Deputies, perhaps as part of a wider examination of possible future structures for Head and Deputy pay, involving other points made in the course of evidence to the Committee in both 1987 and 1988. (6.11).

f. The arrangements which are to be established by LEAs to monitor the operation of LMS should include a specific focus on the exercise of pay and conditions discretions by governors. (7.12).

g. There should be adequately resourced training for short-notice contract supply teachers in

particular to keep them abreast of current educational developments. (8.10).

h. Proper cover provision should be made for teachers absent on training courses during the pupil year. (8.11).

i. LEAs and, when appropriate, governors of schools with delegated budgets should take all practicable steps to secure a sufficient supply of mid-day supervisors (whether teachers or non-teachers) of the required quality, so that the burden does not fall unreasonably on those teachers who regularly perform voluntary duties. (8.17).

j. Relatively modest increases in expenditure on specialist administrative and technical support could both lead to more effective deployment of teachers and raise teacher morale. In primary schools, more ancillary help would lessen the burden on teachers imposed by a range of 'non-teaching' duties. (8.19). Government, LEAs and governing bodies should give significantly higher priority to such expenditure in the future (8.23).

APPENDIX A

TEACHERS' PAY BILL BASELINE IN FINANCIAL YEAR 1989-90

	£m
Heads' salaries	628
Deputies' salaries	613
Main scale teachers' salaries	5,648
Unqualified teachers' salaries	20
Incentive allowances	330
London allowance	78
Social Priority allowance	9
Non-salary items	74
Total	7,400

Source: DES

APPENDIX B

TEACHERS NUMBERS AND SALARIES

In paragraph 6.6.3 of its first report, the Committee said that there should be available to the parties concerned, inter alia: numbers of teachers in each sector (primary, secondary and special schools) at each scale and salary point; and distribution of incentive allowances by salary point. We are grateful to the Local Authority Conditions of Service Advisory Board (LACSAB) for conducting, in autumn 1988, a survey of teacher numbers and salaries.

Data generated by that survey are displayed in the tables below. In each case, the number of LEA returns (maximum being 104) is shown.

TABLE 5

DISTRIBUTION OF TEACHERS ALONG THE MAIN SCALE.
(FULL-TIME REGULAR TEACHERS)

	% on each Scale Point at September 1988	% of total numbers of each rate of Incentive Allowance held by teachers at each scale point.				
		A	B	C	D	E
	%	%				
1	0.1	0.0	0.0	-	-	-
2	0.6	0.0	0.0	-	-	-
3	0.7	0.3	0.2	-	0.0	-
4	2.7	0.5	0.3	0.0	0.0	-
5	2.4	0.9	0.4	0.0	-	-
6	5.8	5.0	1.4	0.5	-	-
7	6.6	7.9	2.6	1.1	0.0	-
8	7.9	11.6	3.6	2.3	0.2	0.0
9	15.3	19.4	7.9	5.7	0.7	0.3
10	5.8	8.8	4.2	3.7	0.6	1.5
11	52.0	45.6	79.2	86.8	98.5	98.2

Notes: (1) A dash shows no entry.
(2) Figures may not cast due to rounding.

Source: LACSAB

(Based on returns from 64 LEAs)

TABLE 6

SPECIAL SCHOOLS: NUMBERS OF TEACHERS BY MAIN SCALE POINT AND DISTRIBUTION OF INCENTIVE ALLOWANCES BY MAIN SCALE POINT

Pt	Full-Time Regular Teachers						Part-Time Regular Teachers						P.T
	Total	Incentive Allowance					Total	Incentive Allowance					Reg
	Nos.	A	B	C	D	E	Nos.	A	B	C	D	E	Nos
1	9	0	9	0	0	0	7	0	7	0	0	0	13
2	32	0	32	0	0	0	11	0	10	0	0	0	19
3	64	0	64	0	0	0	10	0	9	1	0	0	19
4	129	0	128	1	0	0	11	0	10	0	0	0	22
5	154	0	150	1	0	0	46	0	46	0	0	0	106
6	419	0	409	6	0	0	61	0	60	0	0	0	126
7	613	0	593	18	0	0	80	0	77	2	0	0	162
8	700	0	678	17	0	0	103	0	100	1	0	0	216
9	1498	0	1427	71	4	1	132	0	130	2	0	0	255
10	521	0	486	30	1	0	45	0	44	0	0	0	48
11	4086	0	2975	806	140	53	70	2	60	4	4	1	137
0	8225	0	6951	950	145	54	576	2	553	10	4	1	1123
%		0.2	84.5	11.6	1.8	.7		0.3	96.0	1.7	.7	.2	
Paybill £116.143m Av. Salary £14121							Paybill £7.39m Av. Salary £12831						

Source: LACSAB

(Based on returns from 61 LEAs)

TABLE 7

SECONDARY SCHOOLS: NUMBERS OF TEACHERS BY MAIN SCALE POINT AND DISTRIBUTION OF INCENTIVE ALLOWANCES BY MAIN SCALE POINT

	Full-Time Regular Teachers						Part-Time Regular Teachers						P.T
	Total	Incentive Allowance					Total	Incentive Allowance					Reg
	Nos.	A	B	C	D	E	Nos.	A	B	C	D	E	Nos
1	116	0	1	0	0	0	44	0	1	0	0	0	107
2	453	1	5	0	0	0	45	0	2	0	0	0	93
3	455	9	3	0	2	0	41	0	1	0	0	0	73
4	2285	23	14	0	2	0	88	1	0	0	0	0	171
5	2029	52	34	1	0	0	206	0	0	0	0	0	407
6	5351	343	165	10	0	0	461	1	4	0	0	0	922
7	6090	512	418	22	13	0	651	2	6	0	0	0	1233
8	7041	724	719	56	30	1	1100	9	10	1	0	0	2179
9	12817	1170	1580	134	91	11	1455	9	14	1	1	0	2704
10	7037	636	1097	96	90	67	567	6	12	1	2	0	1010
11	66320	2833	26156	2446	15908	3855	482	12	63	4	13	5	960
0	109994	6303	30192	2765	16136	3934	5140	40	113	7	16	5	9859
%		5.7	27.4	2.5	14.7	3.6		.8	2.2	.1	.3	.1	
Paybill £1540.621m Av. Salary £14006							Paybill £61.021m Av. Salary £11872						

Source: LACSAB

(Based on returns from 61 LEAs)

TABLE 8

PRIMARY SCHOOLS: NUMBERS OF TEACHERS BY MAIN SCALE POINT AND DISTRIBUTION OF INCENTIVE ALLOWANCES BY MAIN SCALE POINT

	Full-Time Regular Teachers						Part-Time Regular Teachers						P.T
	Total	Incentive Allowance					Total	Incentive Allowance					Reg
	Nos.	A	B	C	D	E	Nos.	A	B	C	D	E	Nos
1	179	1	0	0	0	0	41	0	0	0	0	0	98
2	634	0	1	0	0	0	41	0	0	0	0	0	91
3	931	25	9	0	0	0	63	0	0	0	0	0	141
4	2904	47	16	0	0	0	122	0	2	0	0	0	282
5	2714	71	22	0	0	0	359	4	5	0	0	0	831
6	5988	310	87	1	0	0	680	2	3	0	0	0	1558
7	6557	530	145	1	1	0	875	8	7	0	0	0	1923
8	8124	792	287	10	1	0	1219	5	6	0	0	0	2747
9	16367	1385	688	20	1	0	1342	19	13	0	0	0	2659
10	4099	501	356	16	4	0	193	3	4	0	0	0	397
11	33117	3161	8249	267	136	18	206	14	22	3	5	1	413
0	81614	6823	9860	315	143	18	5141	55	62	3	5	1	11140
%		8.4	12.1	.4	.2	.0		1.1	1.2	.1	.1	.0	

Paybill £1029.782m Av. Salary £12618

Paybill £58.821m Av. Salary £11442

Source: LACSAB

(Based on returns from 61 LEAs)

TABLE 9

SALARY LEVELS OF HEADS AND DEPUTY HEADS TEACHERS

Salary group	Total Heads	No. of Deputies	Paybill Heads	Paybill Deputies	TOTAL Paybill	Av. Sal Heads	Av. Sal Deputies
1	1105	125	17,838,432	1,921,875	19,760,307		
2	2066	599	34,421,328	9,209,625	43,630,953		
3/3(S)	1822	2083	31,377,294	32,042,829	63,420,123		
4/4(S)	5454	5480	96,839,820	85,778,880	182,618,700		
5/5(S)	4164	4020	77,455,944	64,545,810	142,001,754		
6/6(S)	2415	2217	48,082,113	36,527,382	84,609,495		
7/7(S)	632	1012	13,343,262	17,316,648	30,659,910		
8/8(S)	333	525	7,455,330	9,373,272	16,828,602		
9/9(S)	406	853	9,638,013	16,032,093	25,670,106		
10/10(S)	815	1855	20,604,606	36,743,178	57,347,784		
11	857	2236	23,199,312	46,420,270	69,229,608		
12	413	1129	11,917,512	24,420,270	36,337,782		
13	114	329	3,415,764	7,329,051	10,744,815		
14	24	70	763,056	1,623,510	2,386,566		
TOTAL	20620	22533	396,351,786	388,894,719	785,246,505	19221.7	17258.9

Source: LACSAB

(Based on returns from 73 LEAs)

APPENDIX C

NATIONAL EMPLOYERS' ORGANISATION (NEO) PROPOSAL FOR SALARY RANGES FOR HEADS AND DEPUTIES

1. The NEO proposal is outlined in paragraph 2.15 of the report. The five factors which the organisation suggest authorities could take into account, (but not exclusively) in selecting salaries are:

i. the responsibility of the post, taking account of special features such as split sites, provision of community education or services provided for other bodies;

ii. the impact of local financial management bearing in mind the timing and degree of delegation;

iii. the social, economic and cultural characteristics of the school catchment area;

iv. the difficulty or otherwise of recruiting and retaining head and deputy head teachers in the school;

v. sustained exceptional personal levels of contribution.

2. The NEO supplied with their evidence the illustrative tables displayed below. These are based on current rates of pay which the NEO said do not pre-empt the rates which will be applicable from 1 April 1989.

SALARY RANGES FOR HEADS AND DEPUTIES. ILLUSTRATIVE RANGES, AS PROVIDED IN NEO EVIDENCE TO THE COMMITTEE

Table 10

Head Teachers

School Group	Minimum[1] £	Maximum proposed £	Range £	Span
1	16,158	16,965	807	5%
2	16,677	17,844	1,167	7%
3	17,199	18,402	1,203	7%
4 3(S)	17,721	18,961	1,240	7%
5 4(S)	18,504	19,984	1,480	8%
6 5(S)	19,803	21,387	1,584	8%
7 6(S)	20,847	22,514	1,667	8%
8 7(S)	22,149	24,031	1,882	8.5%
9 8(S)	23,712	25,727	2,015	8.5%
10 9(S)	25,275	27,423	2,148	8.5%
11 10(S)	27,102	29,405	2,303	8.5%
12	28,926	31,384	2,458	8.5%
13	30,228	32,797	2,569	8.5%
14	31,794	34,496	2,702	8.5%

Deputy Head Teachers

1-3	15,375	15,836	461	3%
4 3(S)	15,636	16,261	625	4%
5 4(S)	16,026	16,667	641	4%
6 5(S)	16,416	17,072	656	4%
7 6(S)	16,938	17,954	1,016	6%
8 7(S)	17,721	18,961	1,240	7%
9 8(S)	18,762	20,075	1,403	7%
10 9(S)	19,803	21,189	1,386	7%
11 10(S)	20,586	22,027	1,441	7%
12	21,630	23,144	1,508	7%
13	22,413	24,093	1,680	7.5%
14	23,193	24,932	1,739	7.5%

[1] Minimum of range is current spot salary as at 1 April 88.

APPENDIX D

DES SURVEY ON RECRUITMENT TO COURSES OF INITIAL TEACHER TRAINING IN ENGLAND AND WALES AUTUMN 1988

Table 11

RECRUITMENT TO ALL COURSES

	Target (T)	Intake (I)	I as % of T
BEd	9,645	9,652	100
PGCE	10,864	10,531	96.9
Total	20,509	20,183	98.4

Table 12

RECRUITMENT TO PRIMARY TEACHER TRAINING

	Target (T)	Intake (I)	I as % of T
BEd	7,008	7,646	109.1
PGCE	3,424	3,727	108.8
Total	10,432	11,373	109

Table 13

RECRUITMENT TO SECONDARY TEACHER TRAINING

	Target (T)	Intake (I)	I as % of T
BEd	2,637	2,006	76
PGCE	7,440	6,804	91.4
Total	10,077	8,810	87.4

TABLE 14

RECRUITMENT TO MATHEMATICS, PHYSICS, CHEMISTRY, CDT AND MODERN LANGUAGES COURSES AUTUMN 1988

	Target (T)	Intake (I)	I as % of T	% shortfall of I below T
Maths				
BEd+	509	276	54.2	45.8
PGCE*	1,063	867	81.6	18.4
Total	1,572	1,143	72.7	27.3
Physics**				
BEd+	79	72	91.1	8.9
PGCE*	516	384	74.4	25.6
Total	595	456	76.6	23.4
Chemistry**				
BEd	79	8	10.1	89.9
PGCE	516	334	64.7	35.3
Total	595	342	57.5	42.5
CDT				
BEd+	632	482	76.3	23.7
PGCE*/ CertEd	346	282	81.5	18.5
Total	978	764	78.1	21.9
Modern Languages***				
PGCE	886	764	86.2	13.8

* Since 1986, students on these courses have been eligible for a DES Bursary.

** No specific target for Physics and Chemistry. In each case notional target is one third of total science target.

*** No specific target for modern languages. Notional target 90% of total languages targets.

\+ Since 1986, students on 2 year BEd courses in maths and physics and CDT (but not those on 3 or 4 year courses) have been eligible for DES Bursary. Recruitment to these courses in autumn 1988 was:

Maths	99
Physics	68
CDT	245

(NB. There are no specific targets for 2 year BEd courses.)

APPENDIX E

EDUCATIONAL ATTAINMENTS OF ENTRANTS TO (1) UNDERGRADUATE AND (2) POSTGRADUATE COURSES OF INITIAL TEACHER TRAINING

Table 15

MEAN 'A' LEVEL SCORES OF ENTRANTS TO UNDERGRADUATE COURSES OF INITIAL TEACHER TRAINING 1979-1987 (UNIVERSITIES AND PUBLIC SECTOR INSTITUTIONS).

	1979	1980	1981	1982	1983	1984	1985	1986	1987
MEAN SCORE									
Public Sector (England only)	5.1	5.1	5.1	5.2	5.4	5.4	5.1 a	5.1 a	5.3 a,b,c
University (England, Wales and Scotland)	6.2	7.1	6.6	7.3	7.8	7.7	8.5	8.4	7.9

Notes

1. Around 93% of entrants to undergraduate teacher training (BEd) courses go to a public sector (polytechnic/college) institution, the remainder go to a university institution.

2. A Grade A at A level scores 5 points, down to a Grade E which scores 1 point.

3. All public sector data, and university figures for 1979-1984 only are from the Further Educational Statistical Record (FESR) and are banded (ie. the data supplied by FESR do not give the exact A level score of each student, but the particular band of scores which they fall into, ie. 8-12 etc).

4. University figures for 1985-87 are from the University Grants Committee.

   a. Unbanded data.

   b. Only covers those aged under 21 who have not previously attended a University.

   c. Provisional.

Table 16

DEGREE CLASS OF THOSE RECRUITED TO POSTGRADUATE (PGCE) COURSES OF INITIAL TEACHER TRAINING IN ENGLAND AND WALES 1984-1987 (UNIVERSITIES ONLY).

	Percentage of total recruitment to PGCE			
	1984	1985	1986	1987
DEGREE CLASS				
Higher (eg M.A, PhD etc)	2.6	3.6	3.0	5.0
1st	4.3	3.9	2.9	3.5
2:i	35.1	33.1	33.2	32.7
2:ii	39.4	40.2	39.2	39.1
2 (undivided)	3.5	3.1	2.5	1.2
3rd	9.0	9.0	9.4	8.3
Pass/ General	5.1	5.4	7.3	8.1
Other	1.9	1.8	2.5	2.0

Source: University Council for the Education of Teachers (UCET).

Note: In any one year, just over half of total numbers of PGCE students are following university courses.

APPENDIX F

RETURNERS AS A PROPORTION OF ALL RECRUITS TO MAINTAINED NURSERY, PRIMARY AND SECONDARY SCHOOLS

Year to March:	Total entrants '000	of whom: Number of returners '000	Returners as a percentage of total entrants
1980	35.2	11.4	32.5
1981	27.8	10.3	37.0
1982	23.8	9.7	40.8
1983	24.8	10.8	43.5
1984	27.1	13.7	50.5
1985	25.7	13.8	53.7
1986	27.1	15.0	55.4

Source: DES

SURVEY OF TEACHER RESIGNATIONS, 1987

The Local Authorities Conditions of Service Advisory Board (LACSAB), has conducted a survey resignations of regular, full-time teachers in calendar year 1987. 100% of secondary, and 33% of primary, schools in England and Wales were included in the survey. The Committee is grateful both to LACSAB, and to the individual LEAs and Heads who have contributed to this survey.

The methodology adopted in the 1987 survey differed in some respects from that employed for the 1985-86 teacher resignation survey, whose results were included in the Committee's first report. Precise comparison between the resignation data included in the Committee's first and second reports is not therefore possible. Tables, 17, 18 and 19, below, provide comparisons between 1985/86 and 1987 on the basis of a common (1987) methodology. Resignations included in the survey are <u>all</u> resignations from a teaching post - regardless of whether the teacher concerned moved to another teaching post (or some other post in education), or out of teaching/education altogether.

TABLE 17

TEACHER RESIGNATION RATES

	1985/86	1987
	% of all teachers	
Primary	10.8	9.0
Secondary	11.1	9.8

TABLE 18

PERCENTAGES OF PRIMARY AND SECONDARY TEACHERS RESIGNING POSTS, BY REGION AND BY OCCUPATIONAL (OR OTHER) DESTINATION

	Education		Non-Educational Employment		Retirement		Other Employment		Not Known		Total (All destinations)	
	1985/86	1987	1985/86	1987	1985/86	1987	1985/86	1987	1985/86	1987	1985/86	1987
	% of all teachers											
North	4.4	3.1	0.4	0.3	4.1	2.7	1.1	0.4	0.1	0.3	10.1	6.8
Yorks and Humberside	4.7	3.7	0.7	0.5	3.5	2.6	1.0	0.4	0.3	0.3	10.0	7.5
North West	4.5	4.1	0.6	0.4	2.8	2.7	0.9	0.4	0.3	0.4	9.0	8.0
East Midlands	5.5	4.1	0.9	0.6	1.9	2.5	1.2	0.5	0.4	0.3	9.9	8.0
West Midlands	4.6	4.8	0.6	0.5	2.1	2.6	1.3	0.5	0.5	0.1	9.1	8.4
East Anglia	5.5	5.4	0.9	1.0	2.3	2.9	1.4	0.5	0.4	0.3	10.5	10.1
Greater London	8.7	9.4	1.6	1.2	2.4	2.2	1.7	1.0	1.3	0.9	15.8	14.7
South East (excl. London)	6.1	5.9	1.4	1.0	3.0	3.2	1.6	0.8	0.5	0.4	12.5	11.2
South West	5.0	4.0	1.0	0.7	3.7	2.9	1.5	0.6	0.2	0.3	11.5	8.5
Wales	2.7	2.8	0.5	0.4	3.0	2.8	0.8	0.2	0.1	0.2	7.1	6.4
England and Wales	5.4	5.1	0.9	0.7	2.8	2.7	1.3	0.6	0.5	0.4	11.0	9.4

Source: LACSAB

TABLE 19

TEACHER RESIGNATIONS BY REGION AND SECTOR (PRIMARY/SECONDARY)

	Primary		Secondary	
	1985/86	1987	1985/86	1987
	% of all teachers			
London Boroughs	16.7	16.9	14.2	13.6
ILEA	17.7	11.4	15.3	16.6
North	10.8	6.5	9.6	7.1
Yorks & Humberside	10.3	7.3	9.9	7.7
North West	8.4	7.5	9.4	8.3
East Midlands	9.4	7.7	10.3	8.3
West Midlands	6.7	7.2	10.9	9.4
East Anglia	8.9	9.7	11.7	10.4
Greater London	17.1	14.6	14.6	14.7
South East (excl London)	12.2	10.5	12.8	11.8
South West	12.1	7.4	11.0	9.4
Wales	7.2	5.6	7.1	7.0
England and Wales	10.8	9.0	11.1	9.8

Source: LACSAB

TABLE 20

SECONDARY TEACHER RESIGNATIONS 1987, BY SUBJECT AND DESTINATION:
NUMERICAL AND PERCENTAGE DISTRIBUTION OF TEACHERS RESIGNING

SUBJECT	DESTINATION					
	Education	Non-Educational employment	Retirement	Other non-employment	Not known	All DESTINATIONS
Mathematics	1184	210	548	117	86	2144
	(55.2%)	(9.8%)	(25.5%)	(5.5%)	(4.0%)	(100.0%)
Computer Studies	238	55	73	14	23	403
	(59.0%)	(13.7%)	(18.0%)	(3.5%)	(5.7%)	(100.0%)
Physics	475	81	135	32	28	750
	(63.2%)	(10.8%)	(18.0%)	(4.3%)	(3.7%)	(100.0%)
Chemistry	433	56	128	23	22	661
	(65.5%)	(8.5%)	(19.3%)	(3.5%)	(3.3%)	(100.0%)
Biology	487	81	201	65	22	855
	(57.0%)	(9.4%)	(23.5%)	(7.6%)	(2.5%)	(100.0%)
Oth.Science	246	52	112	34	21	466
	(52.9%)	(11.1%)	(24.1%)	(7.3%)	(4.6%)	(100.0%)
Foreign Languages	887	136	459	136	62	1681
	(52.8%)	(8.1%)	(27.3%)	(8.1%)	(3.7%)	(100.0%)
English	1427	226	649	152	100	2554
	(55.9%)	(8.8%)	(25.4%)	(6.0%)	(3.9%)	(100.0%)
History	505	85	287	40	30	948
	(53.3%)	(9.0%)	(30.3%)	(4.3%)	(3.2%)	(100.0%)
Social Studies	311	65	81	19	24	500
	(62.1%)	(13.0%)	(16.2%)	(3.9%)	(4.9%)	(100.0%)
Geography	492	97	238	51	38	916
	(53.7%)	(10.6%)	(26.0%)	(5.6%)	(4.1%)	(100.0%)
Religious Education	335	76	192	43	26	673
	(49.8%)	(11.3%)	(28.6%)	(6.4%)	(3.9%)	(100.0%)
Craft, Design & Technology	622	138	383	36	51	1230
	(50.5%)	(11.2%)	(31.2%)	(3.0%)	(4.1%)	(100.0%)
Comm/Business Studies	300	38	164	35	22	558
	(53.7%)	(6.7%)	(29.3%)	(6.3%)	(4.0%)	(100.0%)
Art & Light Craft	396	96	259	69	44	865
	(45.8%)	(11.1%)	(30.0%)	(8.0%)	(5.1%)	(100.0%)
Home Econ/Needlework	437	78	405	87	44	1051
	(41.6%)	(7.4%)	(38.6%)	(8.3%)	(4.2%)	(100.0%)
Music	408	60	144	35	36	682
	(59.8%)	(8.8%)	(21.0%)	(5.1%)	(5.2%)	(100.0%)
Physical Education	806	152	203	85	60	1306
	(61.7%)	(11.7%)	(15.5%)	(6.5%)	(4.6%)	(100.0%)

Remedial	453	47	224	43	27	793
	(57.1%)	(5.9%)	(28.2%)	(5.5%)	(3.3%)	(100.0%)
Other and Combined	435	62	192	43	68	800
	(54.3%)	(7.8%)	(24.0%)	(5.4%)	(8.5%)	(100.0%)
Primary Education	71	10	63	17	37	198
	(36.1%)	(5.0%)	(31.8%)	(8.4%)	(18.8%)	(100.0%)
ALL SUBJECTS	10948	1901	5139	1178	871	20037
	(54.6%)	(9.5%)	(25.6%)	(5.9%)	(4.3%)	(100.0%)

Source: LACSAB

TABLE 21

SECONDARY TEACHER RESIGNATIONS 1987; PERCENTAGES OF SUBJECT TEACHER RESIGNATIONS, BY DESTINATION

	DESTINATION					
	Education	Non-Education employment	Retirement	Other non-employment	Not known	ALL DESTINATIONS
	%	%	%	%	%	%
SUBJECT						
Mathematics	5.1	0.9	2.3	0.5	0.4	9.2
Computer Studies	7.6	1.8	2.3	0.5	0.7	13.0
Physics	6.3	1.1	1.8	0.4	0.4	9.9
Chemistry	5.9	0.8	1.7	0.3	0.3	9.0
Biology	5.7	0.9	2.3	0.8	0.3	9.9
Oth.Science	4.1	0.8	1.8	0.6	0.4	7.7
Foreign Languages	5.4	0.8	2.8	0.8	0.4	10.2
English	5.9	0.9	2.7	0.6	0.4	10.5
History	4.8	0.8	2.7	0.4	0.3	9.0
Social Studies	6.2	1.3	1.6	0.4	0.5	9.9
Geography	4.5	0.9	2.2	0.5	0.3	8.5
Religious Education	5.6	1.3	3.2	0.7	0.4	11.2
Craft, Design & Technology	4.7	1.0	2.9	0.3	0.4	9.3
Comm/Business Studies	6.7	0.8	3.7	0.8	0.5	12.5
Art & Light Craft	4.2	1.0	2.7	0.7	0.5	9.1
Home Econ/Needlework	4.3	0.8	4.0	0.9	0.4	10.4
Music	7.5	1.1	2.7	0.6	0.7	12.6
Physical Education	5.6	1.1	1.4	0.6	0.4	9.1
Remedial	5.8	0.6	2.9	0.6	0.3	10.1
Other & Combined	5.1	0.7	2.2	0.5	0.8	9.3
Primary Education	5.9	0.8	5.2	1.4	3.1	16.4
ALL SUBJECTS	5.4	0.9	2.5	0.6	0.4	9.8

Source: LACSAB

TABLE 22

TEACHER RESIGNATION RATES, 1987, BY SALARY GRADE

	Primary			Secondary		
	Female	Male	Male and Female	Female	Male	Male and Female
SCALE	%	%	%	%	%	%
Scale 1/main scale+ no allowance	16.7	31.5	17.7	17.4	17.8	17.5
Scale 2/main scale+ A allowance	3.9	3.2	3.8	7.0	5.6	6.3
Scale 3,4, Senior Teacher/ main scale+ B,C,D,E allowance	7.5	6.3	7.2	9.3	6.6	7.5
Deputy Head	9.3	6.9	8.3	9.3	7.6	8.2
Head Teacher	6.9	4.7	5.7	4.4	6.7	6.0
ALL SCALES	9.4	7.4	9.0	11.5	8.4	9.8

Note
Restructuring in October 1987 introduced incentive allowances. No comparison between salary structures is implied.

Source: LACSAB

TEACHER VACANCIES

Table 23

UNFILLED TEACHER VACANCIES IN NURSERY AND PRIMARY SCHOOLS TOGETHER BY REGION, ENGLAND AND WALES, JANUARY 1988

REGION	Vacancies	Teachers in Service+ (Nursery & Primary)	Vacancies as % of Teachers in Service
North	25	11,596	0.2
Yorks and Humberside	173	17,531	1.0
North West	231	23,811	1.0
East Midlands	120	13,898	0.9
West Midlands	285	18,975	1.5
East Anglia	44	6,432	0.7
S.E: Gtr London*	988	23,305	4.2
S.E: Other	365	33,149	1.1
South West	169	13,701	1.2
ENGLAND*	2,400	162,398	1.5
WALES	144	11,323	1.3
ENGLAND* AND WALES	2,544	173,721	1.5

\+ Full time teachers including secondments.

* Includes estimated figure for one LEA.

Source: DES

Table 24

UNFILLED TEACHER VACANCIES IN SECONDARY SCHOOLS, BY REGION ENGLAND AND WALES, 1984-1988

	VACANCIES IN JANUARY OF EACH YEAR				JANUARY 1988		
REGIONS	1984	1985	1986	1987	Vacancies	All teachers in service+	%vacancies/ all teachers
North	58	55	93	71	32	14,106	0.2
Yorkshire & Humberside	147	168	188	307	153	23,127	0.7
North West	275	236	252	219	213	28,396	0.8
E. Midlands	181	239	365	235	146	17,477	0.8
W. Midlands	241	180	249	239	193	22,807	0.8
East Anglia	68	85	92	53	49	7,774	0.6
Gtr London*	440	386	511	813	660	24,769	2.7
Other SE	324	375	453	412	409	38,713	1.1
South West	95	173	195	159	140	16,901	0.8
ENGLAND*	1829	1987	2398	2508	1995	194,070	1.0
WALES	118	138	181	69	91	12,855	0.7
ENGLAND* & WALES	1947	2035	2579	2577	2086	206,925	1.0

\+ Full-time teachers including secondments.

* Includes estimated figures for one LEA.

Source: DES

Table 25

UNFILLED VACANCIES IN SECONDARY SCHOOLS BY SUBJECT JANUARY 1984-88

ENGLAND AND WALES	1984[1]	1985	1986	1987	1988[2]	PERCENTAGE VACANCIES[3]
Mathematics	313	304	380	317	211	0.9
Computer Studies	-	53	58	68	47	3.9
Chemistry	43	52	66	62	46	0.8
Physics	98	109	150	120	62	0.9
Biology	48	68	72	62	60	0.8
Other Science	102	108	138	118	109	1.4
French	58	86	90	91	72	}
German	7	16	18	14	20	}
French or German	23	35	40	50	32	} 1.0
Spanish	{	5	7	9	8	}
Other languages	{ 38	33	29	25	32	}
English	207	175	250	248	218	0.9
Drama	-	38	29	41	34	2.5
History	57	45	77	76	46	0.5
Social Studies	19	32	52	40	29	0.7
Geography	59	68	104	97	73	0.7
R.E.	45	56	56	76	56	1.0
CDT	182	159	217	181	111	0.9
Commerce/Business	72	62	80	100	73	2.3
Art/Light Craft	64	54	58	64	59	0.6
Home Econ/Needlework	101	104	99	112	101	1.0
Music	78	91	91	104	85	1.6
P.E.	106	129	174	192	140	1.0
Remedial	71	57	99	110	79	1.3
Careers	11	7	11	13	9	1.3
Other main subjects	81	43	49	82	61	}
Combined subjects	64	46	85	105	49	} 2.2
TOTAL	1947	2035	2579	2577	1922	1.0

Head vacancies	54
Deputy Head vacancies	110
TOTAL VACANCIES	2086

Source: DES

[1] In 1984 other main subjects include computer studies and drama.

[2] Separately identified figures for heads and deputies were collected for first time in 1988 possibly resulting in some undercounting in the totals in previous years. But to the extent that they were recorded before 1988 they will have been allocated to a teaching subject, slightly inflating the number of vacancies in individual subjects relative to their 1988 values. The 1988 figures include an estimate for one LEA.

[3] Percentage vacancy estimates derived from data on split of secondary teachers in each subject in 1984 Secondary School Staffing Survey.

APPENDIX I

DISCRETIONS RECOMMENDED FOR TRANSFER TO THE GOVERNORS OF SCHOOLS WITH DELEGATED BUDGETS

Paragraph references are to the School Teachers' Pay and Conditions Document 1988. Asterisks indicate discretions which are already in the hands of the governors of all aided schools.

(a)	Main Section of Pay and Conditions Document
4(2)	Discretion to pay higher salary to head teachers.
5(2)	Discretion to pay higher salary to deputy head teachers.
7(2)	Discretion to pay an incentive allowance to a teacher in an ordinary school.
7(4)	Discretion to pay an incentive allowance to a part-time or short notice teacher.
7(5)	*Requirement for employer to be satisfied that a teacher fulfils at least one criterion for an incentive allowance before such an allowance is paid.
9(2)	Discretion to pay allowance to unqualified teacher in charge of special class.
11	Discretion to pay additional allowance to unqualified teacher.
19(1)	Discretion to pay allowance to teacher carrying out duties of head or deputy for prolonged period.
19(2)	Discretion to pay temporary incentive allowance to teacher taking on extra responsibility for prolonged period.
23	Discretion on pay for residential duties.
27(b)	*Discretion to lay down rules, regulations and policies which head teacher must follow in carrying out his professional duties, with the exception of staff development where head must follow LEA policies - paragraph 30(8)(b) of the Document refers.
32(3)	Discretion to decide how far deputy head should carry out head's duties in head's absence, where head himself does not decide this.

(b) APPENDIX I of Pay and Conditions Document

1.	Discretion to determine number of teachers appropriate for staffing of school.
3(1)	Discretion to decide number of pupils expected to be on register of new school not less than four years from the date of opening. (It would be appropriate for the governing body to decide this after consultation with the LEA).
3(3)(b)	Discretion to count extra units for statemented pupils not in special classes.
3(4)(a)	Discretion as to timing of calculations of unit total.
3(5)	Discretion to assign school to a higher group when pupil numbers are expected to rise. (It would be appropriate for the governing body to decide this after consultation with the LEA).
3(6)	Duty to revise assignation of new school as expectations change. (It would be appropriate for the governing body to decide this after consultation with the LEA).
4(2)	Discretion within limits over number of deputy heads.
5(1)	Discretion within limits over number of teachers paid a particular level of incentive allowance.
5(2)	Discretion within limits over total number of teachers paid incentive allowances.
5(3)	Discretion to leave teachers of special classes out of account when counting number of teachers with incentive allowances.
5(4)	Requirement to have regard to likely change in pupil numbers and ages in deciding how many incentive allowances shall be paid.
5(5)	Discretion to go outside limits for allowances, except Rate A.
5(6)	Discretion to pay allowance at a rate not normally available in the school in specified circumstances.
5(8)	Discretion to overstep limits for allowances to maintain staffing arrangements at the school at 30 September 1987.
5(9)	Discretion to award Rate A allowances up to the maximum for the school even if this exceeds the overall limit.

(c) APPENDIX II of Pay and Conditions Document

1(2)	Discretion to appointment a qualified teacher aged 23 or over higher up the main scale.
1(4)	Discretion to pay extra increments to qualified teacher taking up post in urban area.
2	Discretion on entry point for unqualified teachers.
3	Discretion on starting point for teacher who becomes qualified while in service.
4(5)	Discretion to withhold increment for unsatisfactory service.

ly proud of the proportion of "good" and "excellent" work achieved by first year practitioners, as recorded in the HMI report on "New Teachers in School".

3.41. On the other hand, as some of the unions have told us, there are grounds for concern. These include the worryingly high (though currently unquantified) number of teachers taking classes for subjects in which they are not adequately qualified. There is also the issue of the effectiveness with which teachers are prepared for the classroom through initial teacher training. We understand that the Secretary of State is currently reviewing the criteria for the approval of ITT courses (as set out in DES Circular 3/84), and that he intends to consult widely on this issue in the spring.

3.42. School teacher appraisal is also important in the context of teacher quality. Appraisal should help LEAs to plan teachers' professional development, including in-service training; and should help teachers to clarify their objectives and enhance their performance. We therefore welcome the Government's intention to require LEAs to implement appraisal schemes covering all the teachers in their areas, within three or four years from September this year.

CHAPTER 4: SALARIES AND INCENTIVE ALLOWANCES, 1989-90

4.1. In considering our recommendations on salary and incentive allowance increases for 1989-90, we have had particular regard to the Secretary of State's own objectives of recruitment, retention, motivation and quality.

4.2. The evidence on these objectives, and our conclusions thereon, have been set out in Chapter 3. On none of them are there grounds for complacency. While some features of current teacher recruitment appear reasonably encouraging, the position on a number of key secondary subjects is worrying. Retention rates improved between 1985/6 and 1987, but in some areas of the country, particularly in parts of Greater London, they cause concern. While quality eludes systematic objective assessment, some of those giving evidence to us were this year notably more prepared to voice concern about a possible decline in overall teacher quality.

4.3. Our principal concern has been about motivation. As we have argued in Chapter 3, a high level of teacher motivation is a pre-requisite for the successful implementation of the new educational reforms. But motivation is threatened by low teacher morale- to which pay is a critical contributory factor.

4.4. In this context, we have found the £385m limit on the Committee's pay recommendations for 1989-90 to be gravely constraining. In our report last year we said:

> "We believe that, even with implementation of our recommendations ...., there is still some doubt that teachers' motivation will be assured. Within

our remit, we have no power to resolve that problem and can do no more than urge the Secretary of State to consider further how much he is prepared to make available to secure the willing co-operation of all teachers."

4.5. Our considered assessment is that the position this year is even more serious. The £385m constraint implies an average pay increase significantly below both likely increases in many other occupations, and the probable rate of inflation in April. We cannot predict the course of inflation during 1989-90. We would, however, observe that the average pay increase implied by the financial constraint of £300m in our remit for 1988-89 was higher than the rate of inflation at the beginning of the current financial year, but has now fallen significantly below it. Some teachers (including heads and deputies) will consequently be worse off at the end of March 1989 than they were in March 1988. There is a serious prospect that by the end of March 1990 some teachers' living standards will have fallen still further.

4.6. We do not take the view that teachers, any more than other occupational groups, can always be shielded from the effects of inflation. Nor should the salaries of a particular occupational group necessarily be tied permanently to a particular point on the earnings index; relative earnings changes, up or down, can occur for a variety of good reasons.

4.7. That said, if an occupational group's pay increases begin to fall significantly below both the rate of inflation and, without evident justification, increases awarded to other groups seen as comparable, then lower morale - with potential damage to motivation - is the probable result. We have heard much from teachers on our

school visits, as well as in evidence from the unions, about the onset of another 'cycle of erosion' in teachers' pay. The creation and regular usage of this phrase will itself reinforce those elements in teacher attitudes which are inimical to high morale and continuing commitment.

4.8. We set out below our recommendations for 1989-90. These are to be read against the background of our serious concerns about teacher motivation and recruitment of teachers in key subjects; and in the context of our suggestions regarding longer-term change, which are described in Chapter 6.

a) Main Scale

4.9. Some 385,000 teachers - around 85% of the total teacher force - are on the main scale. Teachers on this scale include senior teachers with responsibilities just below those of Heads and Deputies, as well as those who have recently entered the profession. A 'good honours' graduate, entering at age 22, normally takes just seven years to reach the top of the scale: in September 1988, about half of main scale teachers were on the top point (11) of the scale. Even for an incentive allowance holder, the main scale forms by far the greater element of salary. (The top (E) allowance accounts for 24% of a teacher's salary, if he/she is on the top point of the main scale).

4.10. We have already made clear our concern about the effects on motivation of the financial constraint on our recommendations. On the basis of that assessment, we take the view that it would be counterproductive if any group of teachers were to receive less than the 5.1%

increase which the £385m constraint has been widely interpreted as implying.

4.11. In their written evidence to us, the DES suggested a 'stretching of differentials', which, they argued, would be assisted if the percentage increase were lower for the lower points on the main scale. The DES said that this could be a sensible means of creating a more attractive salary progression than currently exists. Our conclusion, however, after careful examination of this proposition, is that such a policy would not be appropriate, since "stretching" to any marked degree would almost certainly mean that some of the lower scale points would receive an increase significantly below 5%. This would not only be seriously damaging to motivation, in our view, but could send entirely the wrong message to those considering teaching as a career.

4.12. Within an extremely constrained financial position, we believe it right to attach priority to the enhancement of opportunities for advancement through an expanded Incentive Allowance system, with more allowances of relatively greater value (as set out in paragraphs 4.24 to 4.35 below). We believe that such a policy is more likely to secure motivational and recruitment benefits.

4.13. Our recommendation on the main scale increase is displayed at Table 1 below, which illustrates the consequential changes to each point on the main scale. This represents an increase of 6% to all points. We also recommend that the salaries and scale for unqualified teachers should be increased by the same percentage as the main scale.

4.18. The planning and management of the implementation of the National Curriculum involve a range of responsibilities for heads, supported by their deputies. Among these responsibilities are planning the inclusion of all foundation subjects within the school's general policy for the curriculum; identification of their staff's training needs; and arranging for the provision of information to parents about the work of the school and (in due course) their child's progress. Some heads will be teaching to the National Curriculum as well as managing its introduction. In addition, the Education Reform Act places new responsibilities on heads regarding the provision and organisation of collective worship.

4.19. After careful consideration of all the evidence presented to us on this matter, our judgement is that the jobs of heads and deputies are being significantly enlarged as a result of recent reforms. While these reforms will impact on all teachers, we believe they will impact particularly heavily on heads and their deputies.

4.20. Turning to the 1989-90 pay implications, we have been warned by some that a differentially favourable increase for heads and deputies would be divisive. Some of the heads and deputies whom we met on our school visits were themselves concerned about the implications of their receiving a higher percentage increase, given the very tight financial constraint. Great weight must be attached to such considerations. They have to be balanced, however, against the risk that the leadership of schools at this vital time will suffer - through lower motivation of existing postholders and difficulties of recruitment - if some recognition is not accorded through the pay system to the increased responsibilities of heads and their deputies.

4.21. Our conclusion, not reached without difficulty, is that the 'spot' salaries of heads and deputies should be increased by a higher percentage than other

salaries and allowances to reflect their increased responsibilities. The financial constraints upon us mean that the differential rate of increase cannot be other than modest. We accordingly recommend that all head and deputy salaries should be increased by 7.5%. The recommended salaries are displayed in Table 2 below.

TABLE 2

HEAD TEACHERS

School Group		Annual salary from 1.4.88 £	Recommended salary from 1.4.89 £
1		16158	17370
2		16677	17928
3		17199	18489
4	3(S)	17721	19050
5	4(S)	18504	19893
6	5(S)	19803	21288
7	6(S)	20847	22410
8	7(S)	22149	23811
9	8(S)	23712	25491
10	9(S)	25275	27171
11	10(S)	27102	29136
12		28926	31095
13		30228	32496
14		31794	34179

DEPUTY HEAD TEACHERS

School Group		Annual salary from 1.4.88 £	Recommended salary from 1.4.89 £
1-3		15375	16527
4	3(S)	15636	16809
5	4(S)	16026	17229
6	5(S)	16416	17646
7	6(S)	16938	18207
8	7(S)	17721	19050
9	8(S)	18762	20169
10	9(S)	19803	21288
11	10(S)	20586	22131
12		21630	23253
13		22413	24093
14		23193	24933

Note: (S) indicates Special School Group.

TABLE 1

MAIN SCALE FOR ALL TEACHERS EXCEPT HEADS AND DEPUTIES

Incremental point	Annual salary from 1.4.88 £	Recommended salary from 1.4.89 £
1	7920	8394
2	8235	8730
3	8547	9060
4	8859	9390
5	9591	10167
6	10422	11046
7	11049	11712
8	11673	12372
9	12351	13092
10	13134	13923
11	13863	14694

4.14. We cannot be sure that such an increase to the main scale will secure the requisite degree of motivation among the generality of teachers at this crucial time. We are convinced that anything less than our recommendation will not. Nor can we be certain that the recommended increase will sustain even the current recruitment position. A minority of the Committee considered that the general increase to the main scale should be 5.1%, holding the view that any extension to the £385m constraint should be used in order to increase the flexibility of the payment structure and to raise the differentials of heads and deputies. The majority, however, took the view that there should be, on the basis of a further extension beyond the £385m constraint, a distribution which, while recognizing the significance of heads' and deputies' salaries and incentive allowances, recognized also the importance of the main scale. We therefore urge the Secretary of

State to consider whether, in the light of our conclusions and of his objectives for the teaching profession and education generally, an increase of 6% to the main scale is adequate.

b) Heads and Deputies

4.15. In last year's report, we said:

> ".... if and when certain of the reforms now before Parliament are implemented, we would expect the responsibilities of Heads and Deputies to increase further, to the point where they may not be able to cope without some expert assistance. At that point it will be necessary to re-evaluate the job done by Heads and Deputies, and to adjust salary levels if appropriate."

4.16. Sub-paragraph 2ii of the Secretary of State's 1989-90 remit directed us in particular to a consideration of the implications of Local Management of Schools (LMS) for heads' and deputies' pay. Approved schemes of local management, and the associated delegation of budgets to the majority of ordinary schools will begin to come into operation from 1 April 1990. This reform will involve significant additional responsibilities for heads and their deputies, which will need to be reflected in pay. In the meantime, however, heads and deputies will be centrally involved in preparatory work for LMS during 1989-90.

4.17. Other developments are already having an impact on heads and deputies. These include, in particular, the duty which the Education Reform Act places upon heads to secure the implementation in the school of the National Curriculum and the associated testing and assessment arrangements. The first stages of the National Curriculum are to be introduced from next autumn.

CABINET OFFICE

R.T.J. Wilson

RA

Mr Sorry.

You will wish to be aware.

The implication appears to be that the IAC will simply exceed its agreed remit.

RTJ.

7/2

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CONFIDENTIAL

R Wilson Esq
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6 February 1989

Dear Richard

SCHOOL TEACHER PAY: REPORT OF THE INTERIM ADVISORY COMMITTEE

The secretary of the IAC outlined verbally to me on Friday, in strict confidence, the main recommendations the Committee seems likely to make. The report has not yet been finally agreed by the Committee, but it seems clear that all the major issues have been settled. Lord Chilver has an appointment to present his recommendations to our Secretary of State on Wednesday. We do not expect the final report to be delivered until Friday.

The recommendations on pay are likely to be as follows:

England and Wales	Increase	Costs (FY 1989/90)
Heads and deputies	7.5%	£93.1m
Main scale and unqualified teachers	6.0%	£340.1m
Incentive allowances	7.0%	£23.1m
9,500 extra incentive allowances above current plans		£8.8m (£15m for a full year)
London weighting (backdated to 1 July 1988	5.6%	£4.4m

The total cost of this package in 1989-90 is £469m, an increase of 6.3% over what the pay bill would have been next year if this year's rates of salary had been maintained. The Government's remit invited the Committee to contain their recommendations within a total of £385m, or 5.2% of the pay bill. The remit also invited them to consider modifications to the pay of heads and deputies, taking into account in particular the introduction of local management schemes for schools; and what further increase should be made to the proportion of the pay bill devoted to incentive allowances.

The increase in the number of incentive allowances in 1989-90 will be a firm recommendation. The Committee is not empowered to make recommendations for the longer term but it is likely to suggest that additional allowances be phased in over the academic years 1990-91 to 1993-94. The effect would be that some 65% of teachers would be in promoted posts (heads or deputies, or in receipt of an allowance) by September 1993. On present plans the figure would be about 55%.

As you know, the Committee's remit includes teachers' conditions of employment as well as pay. Although I do not yet have the full picture, we expect quite a large number of recommendations in this area which will require examination in detail. But these will be in the nature of technical adjustments, for example amendments to the statutory pay and conditions document in consequence of the new policies introduced by the Education Reform Act 1988. I have no reason to expect major changes in conditions: and none of these recommendations, including those on recruitment difficulties in high cost housing areas, is likely to have significant consequences for expenditure.

We are working on the basis that the Secretary of State will circulate the report on 10 February, the day he receives it, together with his proposals for handling its recommendations, to those colleagues who will be attending the Prime Minister's meeting on 14 February. The handling of the Review Body's reports may be germane to our Secretary of State's response to the IAC's recommendations. As time is very short, I shall telephone with a view to arranging some discussion just as soon as we can manage it.

A copy of this letter goes to Chris Kelly (Treasury). At DES, John Wiggins, Tony Clark (our PFO) and Wyn Davies in this Branch have copies of it.

Yours sincerely
Robert Horne

R D HORNE
Teachers' Pay and General Branch

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

RA

Paul Gray Esq
Private Secretary
10 Downing Street
London SW1A

19 April 1988

Dear Paul

Your letter of 18 April conveyed the Prime Minister's agreement to the broad character and timing of an announcement on Teachers' Pay. I now attach for information a copy of the Written Answer which my Secretary of State will be giving this afternoon.

I am copying this letter to the Private Secretaries of E(EP) Ministers and to Sir Robin Butler.

Yours.

Tom.

T B JEFFERY
Private Secretary

PQ ON THE IAC REPORT

Question: To ask the Secretary of State for Education and Science when the report of the Interim Advisory Committee on School Teachers' Pay and Conditions will be published.

Answer: The report of the Interim Advisory Committee on School Teachers' Pay and Conditions is being published today. I am also initiating the consultation required by Section 3(1) of the School Teachers' Pay and Conditions Act 1987 by writing today to the relevant local authority associations, teacher unions and bodies representing the interests of the governors of voluntary schools setting out my proposals. The text of the letter is as follows:

'[text of consultation letter]'

TEXT OF LETTER OF 19 APRIL FROM THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE TO THE RELEVANT LOCAL AUTHORITY ASSOCIATIONS, TEACHER UNIONS AND BODIES REPRESENTING THE INTERESTS OF THE GOVERNORS OF VOLUNTARY SCHOOLS

TEACHERS' PAY AND CONDITIONS OF EMPLOYMENT

1. On 27 October 1987 I asked the Interim Advisory Committee on School Teachers' Pay and Conditions to examine and report to me on certain issues. I enclose a copy of the Committee's report which is being published today. The Committee's recommendations are summarised in Chapter 7 of its report. I propose to make an Order giving effect to the recommendations referred to in paragraphs 2 to 6 below. But before I take a decision on what provision I should make, I invite your views. This letter therefore initiates the consultation required by Section 3(1) of the School Teachers' Pay and Conditions Act 1987.

2. I propose to accept the Committee's recommendation that the salaries of all qualified teachers should be raised by a uniform percentage to the figures set out at paragraph 4.4.1 of the Committee's report with effect from 1 April 1988. As a result of accepting the recommendation in paragraph 4.1.16 about the distribution of the £300m, the salaries and allowances for unqualified teachers and the allowance for teachers of the visually impaired and hearing impaired would be increased by the same percentage as for qualified teachers.

3. I propose to accept the recommendation in paragraph 5.3.6 that the rates of the London area allowances should be increased by 7.5% with effect from 1 July 1987.

4. I propose to accept the recommended increases in the value of the incentive allowances (paragraphs 4.3.9, 4.3.11 and 4.3.12) to the following annual amounts with effect from 1 April 1988.

Rate	Annual Amount (£)
A	800
B	1200
C	2400
D	3200
E	4400

5. I see advantages in the Committee's recommendation in paragraph 4.3.7 that the programme of introduction of the A allowances should be accelerated. I had been envisaging that there would be a further 12,000 A allowances from September 1988 with additions of a similar number in each of the two subsequent Septembers. In the light of the Committee's recommendations about accelerating the introduction of A allowances I believe that this further expansion of 36,000 A allowances should be spread over two years rather than three, with 18,000 further A allowances from September 1988 and a further 18,000 from September 1989. This will mean some revisions to the limits relating to incentive allowance A in Annex A to Appendix I of the 'School Teachers' Pay and Conditions Document 1987'.

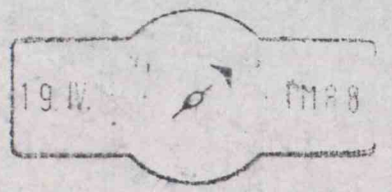
6. I propose to accept the Committee's recommendation in paragraph 5.4.11 about the social priority allowance.

7. The Order I propose to make to give effect to all of the above would do so by bringing into effect a new School Teachers' Pay and Conditions Document. The Committee's remaining recommendations do not require other changes to this year's revision of the Document: I do not therefore propose to change the Document in response to these recommendations. Nor is it intended to revise the RSG settlements for 1988-89 on account of the proposals set out in paragraphs 2 to 6 above.

8. Any comments on the proposals set out above and on any other matters raised in the report are invited by 10 May. If you would like to express your views in a meeting would you let my office know of this as soon as possible so that any meetings with myself or officials can take place by 13 May at the latest.

9. Following these consultations a revised version of the Teachers' Pay and Conditions Document will be prepared. There will then be opportunity to comment on the precise wording of the amendments to the Document prior to the publication of the new Document and the laying before Parliament of an Order which will give effect to the provisions in the revised Document.

10. The Interim Advisory Committee say that they hope it will be possible for a copy of the report to be seen by teachers in every maintained school. Enough copies of the report are being sent to each local education authority for a copy to be circulated to each school.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1988

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20/4

Prime Minister

REPORT OF THE INTERIM ADVISORY COMMITTEE ON SCHOOL TEACHERS' PAY AND CONDITIONS

I have seen Kenneth Baker's paper E(EP)(88). The IAC were asked to advise on a remit which provided an additional £300m in England and Wales for teachers' pay in 1988/89. The RSG settlement was made on this basis. It is disappointing that the IAC have chosen to go beyond their remit and recommend a settlement costing about £30 million more in England; it is also disappointing that they have not made recommendations which would have introduced some geographical variation in pay.

Kenneth proposes that this additional expenditure should not be taken into account in the RSG settlement through additional provision and grant. The cost of this expenditure for English education authorities will be about £45 million, taking into account the block grant consequences. Authorities have now of course set their rates and will need to accommodate the extra expenditure in other ways.

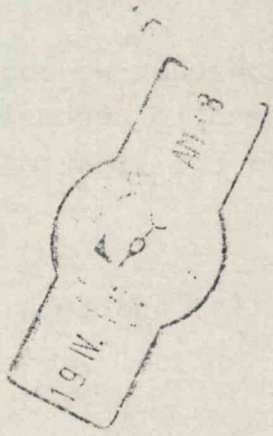
There are seven local education authorities which are rate limited - ILEA, Ealing, Haringey, Waltham Forest, Liverpool, Manchester and Newcastle. These authorities will face particular difficulties. I cannot rule out the possibility of a successful legal challenge if an authority could demonstrate that the decision not to amend the RSG settlement imposed an additional burden which it could not reasonably be expected to cover from its existing budget. This is more likely to come from a rate limited authority where the financial position is necessarily tighter. The possibility of higher expenditure on teachers' pay was not something we took into account when the rate limits were set.

I am prepared to accept Kenneth's recommendation that we consult on the basis of the IAC's report, but we may need to reconsider our decision not to amend the RSG settlement in the light of the response to that consultation.

I am copying this letter to other members of E(EP) and to Sir Robin Butler.

N R

April 1988



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PRIME MINISTER

TEACHERS' PAY

I have seen Kenneth Baker's paper which was to have been discussed at E(EP) today. with PR (E(EP)(88)8)

I support Kenneth's view that there is a great deal to be gained in terms of public support from accepting the Committee's recommendations in their entirety. Although implementing the recommendations would involve a marginally higher cost than the £300 million which the Committee were given as a ceiling, the overall cost of the settlement would still be considerably less than has been allowed for other groups; and the additional £32 million element is targetted as we would want to see it - as an incentive to good teachers.

I am copying this to members of E(EP).

P W

Approved by the Secretary of State
and signed in his absence

19 April 1988


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02/4212

CONFIDENTIAL

NBPM
RRCG
2014

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

18th April 1988

Dear Secretary of State,

INTERIM ADVISORY COMMITTEE RECOMMENDATIONS

I have read your paper for E(EP) on the IAC's recommendations for school teachers' pay. I am content with the line you propose to take, subject to a few minor reservations. If these are acceptable, I see no need to discuss the paper at E(EP) unless colleagues wish to.

I note that you propose to enter the statutory consultations on the basis that the Government does not intend to revise the RSG settlement. I understand that this form of words has been chosen for legal reasons. But I must emphasise that I can only agree to your proposals provided that there is no question of re-opening the rate limits which have already been set; and that in no circumstances will there be any increase in Exchequer payments to Local Authorities to fund any of the £32 million by which the IAC have exceeded their remit.

Making local authorities find the additional cost of the IAC's recommendations over and above the £300 million in the remit will send a clear signal that the central Government will not provide more than it has specified. This is important if the IAC is to be used again next year. We will also need to tighten up the remit to prevent them exceeding it for a second time.

CONFIDENTIAL

Lastly, I am concerned that the consultations associated with the Green Paper are put in hand soon once the IAC consultations are out of the way. Although it is some way off, we need to have the Teacher's Negotiating Group in place for the 1990 settlement.

I am copying this letter to the Prime Minister, other members of E(EP) and to Sir Robin Butler.

Yours sincerely,

pp JOHN MAJOR

(Approved by the Chief Secretary and signed in his absence)

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 April 1988

Dear Tom,

TEACHERS PAY

The Prime Minister has seen your Secretary of State's paper E(EP)(88)8 in which he set out his proposals for the implementation of the Report of the Interim Advisory Committee on School Teachers' Pay and Conditions. She is content for him to proceed on the basis of the conclusions set out in paragraph 13. Unless any other colleagues see any objection to the proposals, the Prime Minister sees no need for an E(EP) meeting on this subject. She would also be content for your Secretary of State to announce his proposals tomorrow, Tuesday 19 April.

I am copying this letter to the Private Secretaries of members of E(EP) and Sir Robin Butler.

Yours,
Paul

(PAUL GRAY)

Tom Jeffery, Esq.,
Department of Education and Science.

CONFIDENTIAL

CONFIDENTIAL

Original at ECON PO: TSRB 149

cc 13G

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

SIR ROBIN BUTLER

TEACHERS PAY AND REVIEW BODY REPORTS

The Prime Minister has seen your minute to Nigel Wicks of 15 April. She is content for you to arrange for a DES official to be briefed on the basis set out in paragraph 2 of your minute. She does not think, however, it is necessary for Mr. Baker to be invited to the meeting of Ministers to consider the review body reports on 20 April.

(PAUL GRAY)
18 April 1988

CONFIDENTIAL

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PRIME MINISTER

THE REPORT OF THE INTERIM ADVISORY COMMITTEE ON SCHOOL TEACHERS' PAY AND CONDITIONS

[E(EP)(88)8]

DECISIONS

Mr Baker seeks agreement to respond to the Interim Advisory Committee's (IAC's) recommendations for the 1988/89 teachers' pay settlement as follows:

i. to accept the recommendation that the £300m which they were directed to distribute should be used in two ways:

Lord Chilver said that with substantial increases from last year's settlement, most teachers would get a lot more than 4.2%

a. to increase all rates by 4.235% from 1 April 1988 (£290m);

b. to increase London weighting by 7.5% from 1 July 1987 (£10m);

ii. to accept further proposals, which the IAC "commend" to the Government, to increase the value of the five incentive allowances (£29m in 1988/89) and to accelerate the programme for introducing the lowest A allowances (£3m in 1988/89);

iii. to consult on the basis that the Government does not intend to revise the rate support grant (RSG) settlement for 1988/89 to reflect the additional cost in excess of the £300m already allowed;

iv. to publish the report and his proposals for implementation very shortly after 19 April.

CONFIDENTIAL

The total cost of this package is £332m in 1988/89, rising to £343m after September 1990 when the incentive allowance system is fully in place.

2. The key issue is whether to accept the full package put forward by the IAC. Although they try to make a distinction between what they "recommend" and what they "commend", the fact is that they have exceeded the financial constraint of £300m in their remit. This increases the cost and could create an unfortunate precedent. On the other hand, the extra £32m is a modest addition: the pay bill effect is still only 4.73%, below the average level of settlements in the current round. It is also directed entirely at strengthening the incentive allowance system, which fits well with the Government's priorities. E(EP) will want to consider whether these advantages are sufficient to justify accepting the recommendations in full.

3. Whatever you decide, you will also want to consider the timing of publication of the IAC's report (which is required by statute) and of the Government's proposals, in relation to the publication of the Review Bodies' reports.

BACKGROUND

4. E(EP) considered the remit to be given to the IAC on 10 September (E(EP)(87)5th Meeting, Item 1) and 26 October (E(EP)-(87)7th Meeting, Item 2). Mr Baker originally wanted to draft the financial constraint in the remit in general terms, referring only to "what local authorities could afford and the Government's plans for local authority expenditure". But E(EP) decided that these should be a firm, quantified constraint. The IAC was therefore asked to make recommendations which cost no more than £300m in either 1988/89 or subsequent years. This was equivalent to an increase of slightly more than 4% in the overall pay bill.

5. The IAC were asked to report on the following main issues:

i. the changes to be made in salaries and allowances;

ii. the need for changes in differentials, particularly for heads and deputy heads;

iii. the need for changes in teachers' duties;

iv. the need for changes in London allowances or for other regional pay variations;

v. whether the social priority allowance was still appropriate.

IAC RECOMMENDATIONS

6. The IAC recommend that the first priority for the use of the £300m should be a general increase in all pay rates which at least maintains those rates in real terms. Their view is that any lesser increase would sacrifice any improvement in teacher motivation stemming from the 1987 pay increases. They therefore recommend general increases equivalent to 4.235% (costing £290m) and a 7.5% increase in London allowance (in line with similar increases elsewhere and costing £10m). They do not recommend any changes in differentials for heads, but propose that the SPA should be phased out.

7. These recommendations would do nothing to respond to problems of recruitment and retention in particular regions, or to further increase incentives. The IAC's view is that these issues are best tackled by the flexible use of the existing pay structure, and particularly the use of the 5 levels of incentive allowance. They do not however think that the lowest A allowances (£501 at present) are sufficiently large or numerous to act as a real

incentive. They therefore commend an increase to £800 and an accelerated programme to introduce this allowance. They propose smaller increases in the four higher allowances. These changes would cost £32m in 1988/89 and £43m when the incentive allowance system is fully in place after September 1990.

MAIN ISSUES

8. The IAC have effectively exceeded the financial constraint in the remit they were given. If their full proposals are accepted, the cost to local education authorities (LEAs) will be higher than has been allowed for in the RSG settlement. This could also set an unfortunate precedent for future years: the IAC might feel free to exceed their remit in future years, and possibly by much more than £32m.

9. On the other hand, the cost of their extra proposals is fairly modest. The pay bill effect is only 4.73%, below the current average level of settlements in either the public or private sectors, and less than the 6% deal recently concluded by the local authorities with Scottish teachers. The increase on basis rates is only 4.235%. The increase in incentive allowances which accounts for the extra £32m cost is entirely in line with the Government's objectives, which are helpfully endorsed by the IAC's report.

10. Mr Baker therefore believes that the political and presentational advantages of accepting the proposals outweigh the extra cost. E(EP) will want to consider whether they agree. You will however want to read carefully paragraph 4.1.17 of the Report, which says

> "We believe that, even with implementation of our recommendations above, there is still some doubt that teachers' motivation will be assured. Within our remit, we have no power to resolve that problem and can do no more than urge the Secretary of State to consider further how much he is prepared to make available to secure the willing co-operation of all teachers."

This suggests that the Government may not escape controversy even if the IAC's specific recommendations are accepted in full.

Implications for RSG

11. If the Government accept the full IAC package, the local authority associations can be expected to press for the extra £32m to be reflected in increased rate support grant, either in full (since they will argue that LEAs have all set their budgets and rates for 1988/89) or at the Exchequer grant percentage (46.2% in 1988/89). Rate capped authorities including the ILEA, may be particularly vociferous. Mr Baker believes that he can successfully resist such pressure, on the grounds that the extra increase in the salary bill will be small in relation to total education spending (about £15 billion) and that there are other elements within the total where net savings now seem possible (eg fees and charges). This will be crucial to acceptance of the proposed package by Treasury Ministers. E(EP) will probably therefore want to endorse the proposal that no revisions be made to the RSG settlement.

Timing of publication

12. You will want to discuss the best way of handling the IAC report in relation to the Review body reports. The Teachers Pay and Conditions Act 1987 requires Mr Baker to publish the IAC's report, and to issue his own proposals for consultation. He proposes to do that immediately after 19 April, and before the publication of the Review Body (RB) reports. This approach would keep teachers' pay separate from the RB groups. But this seems unlikely to prevent comparisons being drawn, [especially if the RB reports are published on 21 April as is now proposed].

VIEWS OF OTHER MINISTERS

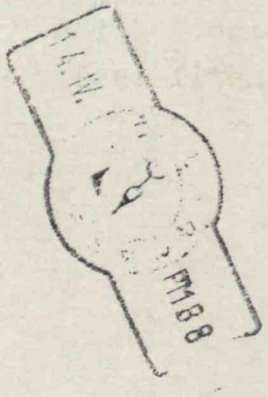
13. I understand that the Chief Secretary, Treasury has considered Treasury advice on Mr Baker's proposals, and is

prepared to accept them, on the firm understanding that no additional money will be made available through RSG. The Secretary of State for Wales (who cannot attend the meeting) will be advised to accept the proposals. The Environment Secretary will also be advised to agree.

HANDLING

14. You will want to ask the Environment Secretary to introduce his paper. The Chief Secretary, Treasury will wish to comment. The Environment Secretary may wish to comment on the implications for local authority spending.

R T J WILSON
Cabinet Office
15 April 1988



ORIGINAL on: ECON for TRRB PV9

CONFIDENTIAL

RA

Ref. A088/1191

MR WICKS

Teachers' Pay and Review Body Reports

I discussed with the Prime Minister this morning the mechanics for considering the Review Body Reports. I mentioned that there is the prospect of an agreed recommendation on the handling of the Report of the Advisory Committee on Teachers' Pay, which could pave the way for an announcement by the Secretary of State for Education early next week, ahead of the announcements of the other decisions on the Review Body Reports. The DES have not been involved in consideration of the Review Body Reports and neither they nor Mr Baker are aware of the Review Body recommendations or the approaches which the Government are considering. I think that the decision on teachers' pay can be made without the DES being involved in consideration of the Review Body Reports; but DES have put it to me that, for purposes of presentation of the decision on teachers, Mr Baker needs to be aware of what is in prospect for the Review Body groups.

2. I think that this is a reasonable point. If the Prime Minister is content, I will arrange for one DES official (either Sir David Hancock or Mr Halsey) to be briefed on Monday - when we have the Prime Minister's reaction to the draft paper on the Review Body reports, which we are putting in over the weekend - both about the Review Body recommendations and the options which the Government are considering for dealing with them. The understanding will be that this official can brief Mr Baker personally, but with no wider access within DES. Would the Prime Minister be content for me to make this arrangement?

Yes

3. There is also the question whether Mr Baker should be invited to the meeting of Ministers on Wednesday to consider the Review Body Reports, in view of their inter-action this year with teachers' pay. I do not think that there is any formal need for this since the decision on teachers' pay will have been made, and probably announced. But I should be grateful if you could ask the Prime Minister whether she would like Mr Baker to be included in the meeting of Ministers on Wednesday.

Not necessary

H.E.R.B.

ROBIN BUTLER

15 April 1988

ORIGINAL ON: ~~EDUCATION: Teachers' Pay~~ ECON POL: TSRB Pt 9

SECRET

PRIME MINISTER

PAY REVIEW BODIES AND TEACHERS' PAY

The attached daunting pile of paper pulls together the issues of the Pay Review Bodies, teachers' pay and a separate TSRB Report on the Parliamentary ~~Patients~~ Pensions Scheme and other matters. Since these issues inter-relate - at any rate in terms of handling - you may want to look at all the papers together.

Robin Butler's note at Flag A pulls together the position on the Pay Review Bodies, and provides a first draft of the paper for next week's Ministerial meetings. Do you want anything further added to this paper before the first meeting on Tuesday with the Chancellor and the Chief Secretary? (Cabinet Office already plan to let you have a draft Written Answer on Monday).

At Flag B are the five Reports from the Pay Review Bodies. You have already seen the Armed Forces and Doctors' and Dentists' Reports. You will want to look particularly at the Nurses' Report and perhaps also the TSRB Report. I suggest the Professions Allied to Medicine should be at the bottom of your reading priorities.

At Flag C is a meeting folder for E(EP) next Tuesday which is scheduled to take teachers' pay. Mr. Baker's paper - E(EP)(88)8 - summarises his proposals and attaches a full report from the Interim Advisory Committee. You may like to flip through the full report which I have highlighted; and the folder also includes a Cabinet Office brief and a note from Robin Butler discussing the links between the handling of teachers' pay and the Review Bodies.

The IAC's proposals on teachers' pay are surprisingly modest, and they have only marginally exceeded the monetary limits they were set. Indeed, I wonder whether it is necessary to have the full E(EP) meeting; the Chief Secretary is content with Mr. Baker's proposals and I expect to hear on Monday morning that Mr. Ridley is similarly content. If so:

(i) Are you content to dispense with the E(EP) meeting and agree the proposals in correspondence? Yes

(ii) Do you agree that the teachers' package should be announced on either Tuesday or Wednesday, i.e. in advance of the Pay Review Bodies' announcement on Thursday? Yes - Tuesday

(iii) Are you content for DES to be told about the position on the Pay Review Bodies on the basis Robin Butler proposes?

(iv) Do you want Mr. Baker to attend Wednesday's Review Body meeting?

At Flag D is a minute from the Lord President covering the separate TSRB Report on the Parliamentary Pensions Scheme; the pensions of the Prime Minister, Speaker and the Lord Chancellor; and Ministerial severance pay. You will see that, inter alia, the Report proposes that the pension entitlement of "current and future" Prime Ministers should rise by thirty-three-and-a-third per cent.

The immediate issue on the separate TSRB Report is whether to publish it in parallel with the Pay Review Bodies on 21 April. You might want to consider the alternative the Lord President puts forward of deferring its publication until he is in a position to make an announcement about increased financial assistance to Opposition Parties. This is an issue you could discuss at Monday's meeting with colleagues.

RRCG.

PAUL GRAY
15 April 1988

cc BG

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-273.....
Switchboard 01-273 3000 GTN Code 273
Facsimile 01-273 5465 Telex 915564

The Rt Hon John Major MP
Chief Secretary
H M Treasury
Treasury Chambers
Parliament Street
London
SW1

NBPM
RRC6
7/4

April 6

Dear John.

TEACHERS' PAY 1988-89

top enc.

Thank you for copying me your letter of 22 March to Malcolm Rifkind, in reply to his of 16 March, about the 6% pay settlement for teachers in Scotland. I share the concerns both about the level of this increase and the present unsatisfactory negotiating machinery.

I fully support your proposal that future arrangements for Scottish teachers' pay should be modelled on the proposed Teachers' Negotiating Group for England and Wales. I hope it will be possible for the legislative changes affecting all three countries to march in step so as to avoid the risk of our opponents playing off one set of negotiations against the other.

I am copying this to the Prime Minister, Kenneth Baker, Malcolm Rifkind, Peter Walker, Tom King, Nicholas Ridley and to Sir Robin Butler.

Yours ever Norman

NORMAN FOWLER

EDUCATION: Teachers Pay

P+H

015/3298

CONFIDENTIAL

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU

NBPM at Min stage.

PREG
23/3

22 March 1988

Dear Malcolm,

TEACHERS' PAY 1988-89

Thank you for your letter of ~~16~~ March about the Scottish teachers' pay settlement.

I agree with you that it is much too high, and is bound to have undesirable repercussions for the settlements in England and Wales. But regrettably, as you say, we do not have the means to overturn it. You have already made it clear to local authorities that the extra cost this year will have to be made at the expense of their other services if the rate payers are not to be penalised, but we should also make it clear that the continuing cost of this settlement in later years will add to Community Charges in Scotland, and will not be funded by grant.

The main lesson we must draw from this episode is to prevent a similarly unacceptable settlement in 1989. If we are to do this the legislation you have for the next session must put the new negotiating machinery in place for 1989, rather than 1990 as originally planned. I also consider that the legislation for Scotland should be in line with the proposals we have in mind for England and Wales, otherwise there may be scope for our opponents to exploit differences between Scotland and England as they have done on this occasion. Subject to the views of colleagues I suggest that the model for the

new arrangements should be the Teachers' Negotiating Group described in the Green Paper. This would give us not only a majority on the management side, but also the power to impose a settlement should this be necessary.

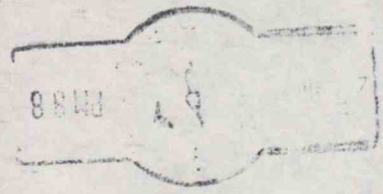
I am copying this letter to the Prime Minister, Kenneth Baker, Norman Fowler, Peter Walker, Tom King, Nicholas Ridley and to Sir Robin Butler.

Yours Ever,

John

JOHN MAJOR

EDUCATION: Teachers Pay Bill.



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cc BG

PA

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Prime Minister

Most unfortunate.

Very sad

RECG
18/3

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

16 March 1988

Dear John,

TEACHERS' PAY 1988/89

I am writing to report to you on the outcome of a meeting held yesterday of the Scottish Joint Negotiating Committee (SJNC), which is the body responsible for determining the levels of teachers' pay and their conditions of service. The conclusion of this meeting was the offer and acceptance of a 6% pay increase for school teachers in Scotland across all salary points with effect from 1 April 1988.

At the first meeting of the SJNC to negotiate this year's pay settlement the Teachers' Side presented a claim for 4% plus a fixed sum of £600 for all teachers; this package in total would have increased the pay bill by some 8½%. It was presented as being in line with the movement of average earnings. The 12 Scottish education authorities were then invited to comment on the teachers' claim. From their written responses, it is clear that the largest authorities - Strathclyde, Lothian, Tayside, Central and Fife - were in favour of making an offer of about 4% across the board. One or two of the smaller authorities suggested 4½%-5% might be acceptable. Against this background, it was expected that, as has been the normal course of these negotiations, we would see the formulation of an opening offer of 4% from the Management Side, with an eye to an eventual settlement in the region of perhaps 5%-5½%, and the presentation of this offer to the Teachers' Side.

In the event it became clear that the Chairman of the Management Side (Councillor Green of Strathclyde) had had private exchanges with the dominant union (EIS) beforehand to agree that a 6% increase across the board offered at this meeting would be accepted forthwith. He then made successful efforts to bring the Management Side round to accepting this proposition, sounding out Council leaders by telephone. Despite considerable misgivings by many of the councillors present, outright opposition to a 6% offer was confined in the end to a minority of those present and the offer went ahead.

My officials have 2 places on the Management Side of this organisation, and I have no power to intervene in its procedures or to set any limit on its negotiations. They had written to the Management Side beforehand to stress the current low levels of inflation and to underline the basis of the RSG settlement for 1988/89. These factors pointed to a settlement at

around 4%. They also expressed the Department's outright opposition to the payment of any part of an award in the form of a fixed sum because this would close differentials between headteachers and other senior staff and the bulk of teachers. In the course of yesterday's meeting, they argued strongly that an increase of 4% was appropriate against the background of the major reconstruction of teachers' pay in 1987; that an award of 6% would be expensive to local authorities requiring resources to be drawn from provision for other services if expenditure was to stay within guidelines; and that an award of 6% would be indefensible against the lower award which was to be expected for teachers in England and Wales. My officials insisted on a vote within the Management Side to ensure that individual councillors were seen to answer clearly for their authorities; the final outcome was a vote of 5 for the 6% increase, 3 for a 5% increase and only the 2 departmental votes opposed to going beyond 4%.

The 6% offer was of course quickly accepted by the Teachers' Side who in effect were asked to give nothing in return for what in the circumstances was a generous offer.

It seems clear that the unions in Scotland came away from their original bid for an 8½% package in the hope that an early settlement would prevent employing authorities holding them closer to any lower level of increase which might emerge from the recommendations of the Interim Advisory Committee in England and Wales. I am however aware that a 6% settlement may make it difficult to hold the award in England to the limit of 4%+ under which the IAC has been asked to operate, and may therefore be awkward and embarrassing for Kenneth Baker. This outcome reinforces the case for legislation to enable me to take control of the negotiation of teachers' pay and, as you know, the legislative programme we have agreed for next year allows a space for me to introduce such legislation. Meantime I have issued a statement making clear that the settlement cannot be justified. I have also made it clear - and will continue to do so - that the Government will not fund the settlement beyond the 4% already provided for in the RSG settlement for 1988/89.

I am copying this to the Prime Minister, the Secretaries of State for Education, Employment, Wales, Northern Ireland, the Environment and to Sir Robin Butler.

Yours ever,

MALCOLM RIFKIND


17.III
AM88

Ref. A087/3001

PRIME MINISTER

Teachers' Pay

You have queried whether an increase in teachers' pay need be subject to Parliamentary approval.

2. What distinguishes civil servants and National Health Service staff from other public sector groups such as police and teachers is that in the case of the Civil Service and the NHS the Government is itself the paying authority, whereas in the case of police and teachers, local authorities are the paying authorities.

3. Where the Government is not itself the paying authority but wishes (or may wish in certain circumstances) to impose a decision on the paying authority concerned, it is likely to need some form of direction which has the force of law. It is difficult to see what form such a direction could take other than that of a statutory order made under powers derived from primary legislation. It seems unlikely that Parliament would confer such powers on the Government unless their exercise was made subject to Parliamentary approval at least by the Negative Resolution Procedure.

RA

ROBERT ARMSTRONG

26 October 1987



CONFIDENTIAL

cc CPS

PRIME MINISTER

23 October 1987

E(EP) Meeting - Monday 26 October

Item 2: Remit to the Interim Advisory Committee

The Treasury are surely right to insist on specifying a cash increase rather than the total paybill.

If we were to publish the total paybill, the teacher unions would immediately deduce an average increase of 4% - just as they would if we publish the cash increase.

What therefore is the advantage to the IAC of publishing this total paybill? They do not employ teachers, so a trade-off between numbers and salary increases is not an option they should be asked to consider.

The real reason for wanting to publish the total paybill and then consider trade-offs between numbers of teachers and pay increases is to fudge the issue of the pay increase. The most probable result is that teachers pay would rise faster than otherwise.

Recommendations

(a) The DES proposal should be rejected;

(b) Instead of the Secretary of State immediately concluding that the £284m cash increase equals an increase of 4% for all, why not get him to be more

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positive and put greater emphasis on the ways in which the Committee could suggest allocating these funds?

Item 3: Financial Delegation to Schools

The most important change in the proposals following consultation is to do with staffing.

The LEAs (including Tory) are clearly upset at the proposed transfer of power from themselves to governing bodies. This however is not something on which we should easily make concessions.

No one can possibly object to the governing bodies of schools drawing on the professional expertise of the education service. But I am nervous that

"this will help the LEA to maintain a constructive role in the development of the local school system".

Our aim should be to ensure that the governing bodies of all state schools have the same degree of freedom in making staff appointments as voluntary aided schools have at present.

In voluntary aided schools the individual school advertises the job, receives the applications, interviews the candidates and then makes the appointment. It is convention for an LEA adviser to sit in on the interviews and to comment but not to have the vote.

By contrast in non-voluntary maintained schools the LEA advertises, receives the applications, interviews and then appoints.

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If we wish to extend the practice of voluntary schools throughout the system, it is unnecessary for us to specify that the governing body must take into account the views of the Chief Education Officer. The CEO will be able to do this in any case. But if we include an explicit proviso, it gives the LEA far too much potential power. My fear would be that if we were to do so, the LEA would do their best to keep as much of the existing system as possible, and in practice the LEA would continue to appoint staff by the back door.

Recommendation

Reject the proposed change in this area but accept the others.

Brian Griffiths

BRIAN GRIFFITHS

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P 02883

PRIME MINISTER

GREEN PAPER ON FUTURE MACHINERY FOR TEACHERS' PAY AND CONDITIONS

DECISIONS

You will wish the Sub-Committee to decide whether a negative resolution procedure is necessary if the Government has to promulgate an Order imposing a teachers' pay settlement.

BACKGROUND

2. The draft Green Paper originally circulated by Mr Baker proposed that an Order imposing a settlement on teachers' pay and conditions when the Teachers' Negotiating Group (TNG) failed to agree would be subject to the affirmative resolution procedure. In response to a letter from your Private Office (Mr Norgrove of 12 October) Mr Baker substituted a requirement for the negative resolution procedure (draft circulated on 15 October, paragraphs 7.23 and 7.45). You questioned whether any resolution at all should be required. (Mr Norgrove's letter of 22 October).

DISCUSSION

3 It seems clear that it would be preferable to avoid having any resolution procedure. The Committee earlier thought, when discussing a Joint National Council, that if a power of override were made subject to the affirmative resolution procedure it would be virtually unusable. The issue now concerns the procedure when the TNG fails to agree and the Government is imposing a settlement; but the arguments are similar. Negative resolution procedure is of course a little better but would still in practice allow the unions to get a disagreed settlement referred to Parliament for approval. The problem is greater in that any procedure would apply in the Lords as well as the Commons.

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4. But the Committee will also want to consider the best tactics on the Education Bill. Mr Baker may argue that to refuse any Parliamentary procedure would be very controversial. The Government will for example be faced with the argument that a negative resolution procedure applies in similar circumstances to police pay and conditions, and come under heavy pressure to make a concession. The questions for the Committee are perhaps:

a. Does it think that there will be heavy pressure to concede some Parliamentary procedure?

b. Would conceding negative procedure at the outset head off such pressure, or would it mean that the Government, having gone half way to the affirmative procedure, would then be more easily pressed to go all the way?

c. Even if the Government were minded as a last resort to concede the negative resolution procedure, would it not be better to keep this concession up its sleeve and see how the Bill goes?

HANDLING

5. This issue is very much one of political judgment especially about the best way of handling the Bill. You will wish to invite the Education and Science Secretary to put his case. You may then wish to ask the Lord President of the Council and the Lord Privy Seal for their views on business management aspects and the Chancellor to comment from the pay angle. Other Ministers may wish to contribute to the discussion.

R T J WILSON
Cabinet Office
23 October 1987

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P 02882

PRIME MINISTER

REMIT TO INTERIM ADVISORY COMMITTEE (IAC) ON TEACHERS' PAY

DECISIONS

You will wish the Sub-Committee to resolve a dispute between Mr Baker on the one hand and the Chancellor of the Exchequer and Mr Ridley on the other, about how the limit on the cost of the IAC's recommendations for the April 1988 teachers' pay settlement should be expressed. The choice is between setting the Interim Advisory Committee (IAC) either:

£7.3 billion

a. a maximum figure of £7296 million for the total size of the teachers' pay bill for 1988/89 (as Mr Baker proposes); or

b. a maximum figure of £284 million for the additional cost of the Committee's recommendations in 1988-89 (as the Chancellor of the Exchequer and Mr Ridley propose).

2. On timing, Mr Baker believes an urgent decision is necessary because the IAC is due to meet on Wednesday 28 October. He wishes to publish the remit to the IAC on Tuesday 27 October.

BACKGROUND

3. On 10 September E(EP) agreed that the remit given to the IAC should place a quantifiable and unambiguous ceiling on the cost of their recommendations: (E(EP)(87) 5th Meeting. The Sub-Committee identified several possible ways of achieving this: by specifying a precise percentage ceiling; by referring to the increase in the retail price index; or by specifying a cash limit (which the Sub-Committee found attractive, on the ground that a percentage increase could become a norm for all teachers, whereas the Government wanted to see variations in the percentage increases awarded to different groups of staff). The Sub-Committee invited

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the Education and Science Secretary and the Chancellor of the Exchequer to reach agreement on the exact ceiling to be adopted, on the basis that it should place a firm calculable constraint on the cost of their recommendations.

DISCUSSION

4. Mr Baker is likely to put the following arguments in favour of his proposal:-

a. if the IAC were set a figure of £284 million for the increase in 1988-89, this would quickly be seen as an average 4% increase; an overall figure would, on the other hand, enable the Government to deny that the permitted average pay increase would necessarily be 4% precisely;

b. Sir Henry Chilver, chairman of the IAC, judges that it would be harder to keep the Committee together if the remit obviously amounted to a precise percentage increase, and that resignations from the IAC would bring Government policy into disrepute.

5. The Chancellor of the Exchequer and the Environment Secretary are likely to put the following arguments in favour of their proposal:-

a. there is no presentational advantage in setting an overall figure as this would quickly be seen through by the IAC and others (DES officials privately concede this, though they still believe it would take longer before it became apparent);

b. an overall figure would, in practice, give the IAC more latitude on the rates to be offered to teachers. If the IAC assumed 1% fewer teachers, this would give them another £70 million for distribution and enable them to offer pay increases of 5%, rather than 4%. But no reduction in teacher numbers assumed by the IAC could in practice be enforceable on

the local authorities; and in the meantime the pass would have been sold on the pay increase.

6. Mr Baker's minute to you of 22 October sets out (in paragraph 8) alternative texts for the remit, depending on whether E(EP) opts for his proposal, or for that of Mr Lawson and Mr Ridley.

7. In terms of substance, the Chancellor's proposal seems to offer the better prospect of keeping the recommendations low, since it would prevent the Committee making use of an assumption about falling numbers to justify recommending higher rates. The Chancellor's proposal also better reflects Ministers' original decision in setting up the IAC that the Government would direct the Committee on the amount available for a pay increase, and E(EP)'s decision on 11 September that the remit to IAC should put a qualified and unambiguous ceiling on the cost of their recommendations. Mr Baker's main argument is the danger of resignation from the IAC. If such resignations happened, they would complicate further the handling of the Education Bill. But you may want to ask how likely they are. What is Mr Baker's evidence for fearing resignation?

HAMDLING

8. You will wish to invite the Education and Science Secretary, followed by the Chancellor of the Exchequer and the Environment Secretary to put their views to the Sub-Committee. Other Ministers may wish to contribute to the discussion.

R T J WILSON
Cabinet Office
23 October 1987

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cc BG
RB/MP

Prime Minister

GREEN PAPER: FUTURE MACHINERY FOR TEACHERS' PAY AND CONDITIONS
REMIT FOR THE INTERIM ADVISORY COMMITTEE

1. Since I am unable to be present for Monday's E(EP) meeting at which the above subjects are to be discussed it may be helpful if I record my views on the 2 principal points at issue.

2. The first point concerns the procedure to be adopted when the Management Side implement its proposals for a settlement in the absence of agreement within the TNG. It seems to me that where the Government have given themselves power to impose a pay settlement on a group of staff who are not in fact their own employees and on the employers of those staff there will be a general expectation from the public and from Parliament itself that there should be some degree of Parliamentary oversight over what is done. If we do not offer at least the limited possibility of scrutiny and restraint which negative resolution procedure affords we will call down upon Kenneth's proposals an unnecessary amount of extra trouble, including the possibility of intense opposition in the House of Lords. I would therefore prefer to stick to Kenneth's present draft.

3. On the question of the terms in which Kenneth should express the resource constraints on next year's settlement in the remit of the Chilver Committee I fully understand Nigel Lawson's concern. We must however ensure that the Committee's work carries some credibility with the public at large and I fear that to adopt Nigel's approach might seriously undermine that credibility, especially if a number of members of the Committee were to resign. As Kenneth points out we are not bound to the Committee's recommendations; and I am sure that he and his officials will do their best to steer the members towards an acceptable result.

4. I am sending a copy of this minute to other members of E(EP) and to Sir Robert Armstrong

M R

23 October 1987



ps2/67R

CONFIDENTIAL

LBG
BUP

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PRIME MINISTER

REMIT FOR THE INTERIM ADVISORY COMMITTEE

As you know, the remit for the Interim Advisory Committee (IAC) on teachers' pay is to be discussed again at E(EP) on Monday. Kenneth Baker will be arguing in favour of letting the IAC consider the distribution of teachers' **total paybill.** I think this would be extremely unwise. It would be much better to restrict their deliberations to the amount we have planned to spend on teachers' **pay increases.**

At E(LA) provision for education expenditure in England was decided on the basis of a Treasury paper which assumed a 4 per cent pay award for teachers. At E(EP) it was agreed that the IAC remit should place a quantified and unambiguous cash ceiling on the cost of their recommendations. I think these decisions should be implemented.

Kenneth is afraid that the IAC will resign. He feels that giving them the total paybill (£7296 million according to the most recent DES estimates) may prevent this, because, as he admitted in his letter of 14 October, it gives them room to consider a trade off between the number of teachers and the level of their remuneration. But, as I said in my reply, neither he, nor the IAC, have any control over teacher numbers. This is in the hands of the local authorities, and is totally unenforceable. But they could make an assumption about those numbers designed to give headroom within the paybill for a larger pay increase. This would therefore allow scope for a fudge which would give teachers significantly more than 4 per cent (the likely increase in the RPI next March).

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We cannot risk further damagingly high increases for individual teachers, especially after the 1986-87 increases. If we give the IAC the cash increase (£284 million according to DES estimates) they cannot finance significantly higher pay increases by "assuming" fewer teachers. If they are given the total paybill they have only to "assume" as little as 1 per cent fewer teachers to give themselves another £73 million to distribute; ie a 5 per cent increase rather than 4 per cent. In other words, there would be no effective constraints on the size of pay increases for teachers.

I therefore think that it is essential to stick with the maximum cash increase. It is unambiguous, and not greatly affected by small variations in teacher numbers.

... I am sending copies attaching the latest exchange of correspondence between Kenneth and myself to the other members of E(EP), and to Sir Robert Armstrong.

Cathy Ryding

pp **N.L.**
23 October 1987

(Approved by the Chancellor and signed in his absence.)

CONFIDENTIAL

PRIME MINISTER

REMIT TO THE INTERIM ADVISORY COMMITTEE ON SCHOOL ~~TEACHERS' PAY AND~~ CONDITIONS

At E(EP) on 11 September it was concluded that the Interim Advisory Committee should be given a firm, calculable limit on the cost of its recommendations for the April 1988 teachers' pay settlement. It was left to Nigel Lawson and me to agree a revised version of the remit for the Interim Advisory Committee. We have not been able to reach agreement on one critical aspect of the remit. I have therefore asked if we could have a brief discussion on this issue at E(EP) on Monday 26 October.

2. Attached is a copy of the remit that I propose to send to Lord Chilver, the Chairman of the Interim Advisory Committee. The remit includes a number of detailed amendments arising from suggestions which Nigel Lawson has made: the amendments have been discussed with Treasury officials and are unlikely to be controversial. The unresolved issue concerns paragraph 6(ii) which deals with the financial constraint.

3. At E(EP) we considered the possibility of setting a constraint for the IAC in terms of a percentage increase. Various objections were made to this approach: for example the figure could easily be seen as a norm for all teachers, whereas the Government would want to see variations in the percentage increase awarded to different groups of teachers, and it might also be seen as a norm for other groups of public sector employees.

4. Our preference is to set the constraint in terms of a cash figure. The choice is between a figure of £7296m for the total size of the teachers' pay bill for 1988-89 or £284m for the increase in 1988-89 commensurate with an average 4% increase in pay from April 1988 (including £3m on account of the adjustment to be expected in the London allowances).

5. The overall figure does provide a bit more flexibility than does the increase figure. If we give the Interim Advisory Committee an increase figure of £284m it will very quickly be identified as meaning an average 4% increase. There would be no real scope for arguing otherwise. The advantage of the overall figure is that it makes it possible for the Government to deny that the permitted average pay increase will necessarily be precisely 4%. In practice the scope for any departure from 4% will be limited. This latter approach seems to be more in line with the Government's approach to cash planning. It also reduces,

to some degree, the criticism that the Government is setting a pay norm of 4%.

6. I have spoken to Henry Chilver who intends to be very firm with his Committee. He is prepared to see a cash ceiling and has been endeavouring to prepare the way with his Committee for a cash constraint. But his very clear view is that he would have difficulty holding the Committee together if we gave them a remit which too obviously amounted to a precise percentage increase. In his view if the remit is expressed in terms of a cash increase that figure would be quickly and easily translated into a percentage uplift. He felt it important that the Committee should, in principle, have some room for manoeuvre in the trade-off between the number of teachers and the level of remuneration.

7. Whichever figure we include in the remit there is a danger of resignations. I judge it is significantly greater if we give an increase figure. If there are any resignations, the Government's policy of setting up an Interim Advisory Committee through the Teachers' Pay and Conditions Act will have been called into question and more than one resignation will bring it into severe disrepute. Whatever the remit given to the IAC we are not bound to accept its recommendations about pay increases if we have good reason to think they are incompatible with the financial constraint we shall be imposing.

8. I would be grateful if a decision could be reached in E(EP) about the nature of the financial constraint as the Interim Advisory Committee is due to meet on Wednesday 28 October and I would like to publish the remit on Tuesday 27 October. I would prefer paragraph 6(ii) of the remit to read as follows:

> 'The recommendations of the Committee should be such that the costs of employing school teachers in the financial year 1988-89 are not greater than the total provision to be made for this purpose within the Government's plans for expenditure by local authorities in England and Wales and should not result in higher costs in later years. The relevant figure for the 1988-89 financial year is £7296m.'

If the Chancellor's preference were accepted the relevant sentence would need to be on the following lines

> 'The recommendations of the Committee should be such that they do not cost more than an additional £284m in the 1988-89 financial year or in later years.'

9. This minute is copied to the Chancellor, all other members of E(EP) and Sir Robert Armstrong.

KB

K B
Department of Education and Science

22 October 1987

CONFIDENTIAL

DRAFT LETTER FROM THE SECRETARY OF STATE TO LORD CHILVER, CHAIRMAN OF THE INTERIM ADVISORY COMMITTEE

1. I am grateful to you and your colleagues for agreeing to be members of the Interim Advisory Committee. The purpose of this letter is to set out the issues on which the Government now seeks the Committee's advice.

2. As you know, the Committee has a statutory basis. Sub-sections (1) and (4) of Section 2 of the Teachers' Pay and Conditions Act provide that:

> "The Secretary of State shall appoint an Interim Advisory Committee on School Teachers' Pay and Conditions to examine and report to him on such matters relating to the remuneration and other conditions of employment of school teachers in England and Wales as he may refer to them."
>
> "The Secretary of State may give directions to the Committee with respect to matters referred to them as to considerations to which they are to have regard and financial or other constraints to which their recommendations are to be subject, and as to the time within which they are to report to him."

3. Sub-section (5) of Section 2 provides that the Committee shall give notice of matters referred to the Committee and of any relevant directions to the appropriate associations of local education authorities and any individual local education authority with whom consultation appears desirable, bodies representing the interests of governors of voluntary schools and organisations representing school teachers, so as to afford them a reasonable opportunity of submitting evidence and representations.

4. In accordance with Section 2 of the Teachers' Pay and Conditions Act 1987 I invite the Interim Advisory Committee to examine and report on the following matters subject to the considerations in paragraph 5 and to the constraints in paragraph 6.

i. What changes should be made in the figures for salaries and allowances, and other details, set out in the Pay section of the School Teachers' Pay and Conditions Document 1987?

ii. Should there be any modifications to the provision for differentials within the pay structure? In particular do the differentials between heads' salaries and deputies' salaries and between heads' and deputies' salaries on the one hand, and other teachers' salaries on the other, reflect appropriately the responsibilities of heads and deputies in primary and secondary schools (including special schools)?

iii. In the light of the operation of the arrangements in the Teachers' Pay and Conditions Document 1987 should there be any modifications to the provisions relating to teachers' duties?

iv. Should there be any change in London area allowances, and should any other regional variations in salaries be introduced taking account of shortages of teachers in particular areas and of particular skills?

v. Is the existing social priority allowance still appropriate?

5. In considering these matters I direct the Committee under sub-section (4) of Section 2 to have regard to the following considerations.

i. The Government's view is that school teachers' pay and conditions of service should be such as to enable the maintained school system to recruit, retain and motivate sufficient teachers of the required quality both nationally and at local level within what can be offorded.

ii. The School Teachers' Pay and Conditions Document 1987 sets out a new pay structure and a new definition of teachers' duties and working time. It was prepared taking account of work undertaken during the long period of discussions between the local authority associations and the teachers' unions with the assistance of ACAS, the recommendations in the Main Report, and views expressed in consultations with local education authority associations, teacher unions and bodies representing the interests of governors of voluntary schools. The Government does not intend to make major changes to the pay structure consisting of a main professional scale and five rates of incentive allowances or to the provisions relating to teachers' duties and working time for 1988-89.

6. I further direct under sub-section (4) of Section 2 that the Committee recommendation are to be subject to the following constraints.

i. The rates of salaries and allowances to be recommended by the Committee shall be in respect of the period 1 April 1988 to 31 March 1989. The Committee may also consider and make recommendations about the London area allowances from 1 July 1987.

ii. The recommendations of the Committee should be such that the costs of employing school teachers in the financial year 1988-89 are not greater than the total provision to be made for this purpose within the Government's plans for expenditure by local authorities in England and Wales and should not result in higher costs in later years. The relevant figure for the 1988-89 financial year is £7296m.

7. My Department will in due course place evidence before the Committee in relation to these matters.

8. I further direct the Committee to report to me the results of their examination of these matters, with their recommendations and such other advice relating to these matters as they think fit, by 31 March 1988. Sub-section 7 of Section 2 of the Act requires me to arrange for your report to be published.

CONFIDENTIAL

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

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

20 October 1987

Dear Nigel.

REMIT FOR THE INTERIM ADVISORY COMMITTEE

Thank you for your letter of 16 October. I am grateful to know that you agree that there would be presentational advantage in issuing the remit to the Interim Advisory Committee on the same day that we publish the Green Paper on future machinery for school teachers' pay and conditions.

Attached to your letter of 6 October were a number of drafting suggestions. Our officials have been discussing your suggestions: I understand that they are making useful progress in trying to reach agreement on the details of the remit letter.

The critical issue concerns the nature of the financial constraint. Now that discussions have taken place at official level with the local authority associations about teacher numbers in 1988/89 I am in a position to define the relevant figures as £7296m for the total size of the teachers' pay bill for 1988-89 and £281m for the increase in 1988-89 commensurate with an average 4% increase in pay from April 1988. These figures include provision for teachers in Wales as the IAC remit extends to Wales: they are therefore rather bigger than the figures which you quote in your letter.

I continue to think that we should set the financial constraint as the total for the pay bill and not as a cash increase. If we give the Interim Advisory Committee an increase figure of £281m it will very quickly be identified as meaning an average 4% increase. There would be no real scope for arguing otherwise. The advantage of the overall figure is that it makes it possible for the Government to deny that the permitted average pay increase will necessarily be precisely 4%: although I readily acknowledge that in practice the scope for any departure from 4% will be limited. This seems to me more in line with the Government's approach to cash planning.

We cannot ignore Henry Chilver's view that he would have difficulty holding the Committee together if we gave them a remit which too obviously amounted to a percentage increase. My letter of 14 October made clear his view that if the remit was expressed in terms of a cash increase that figure would be quickly and easily translated into a percentage uplift. He felt it important that the Committee should, in principle, have some room for manoeuvre in the trade-off between the number of teachers and the level of remuneration.

CONFIDENTIAL

Whatever figure we include in the remit there is a danger of resignations. I judge it is significantly greater if we give an increase figure. If there are any resignations the Government's policy of setting up an Interim Advisory Committee through the Teachers' Pay and Conditions Act will have been called into question and more than one resignation will bring it into severe disrepute. But whatever the remit given to the IAC we are not bound to accept its recommendations about pay increases if we have good reason to think they are incompatible with the financial constraint we shall be imposing. For this reason I think the fears in the third and fourth paragraphs of your letter are misplaced.

In view of the potential repercussions of the decision about the financial constraint I believe that we ought to make a decision at E(EP) at its next meeting on Monday 26 October. I shall therefore minute the Prime Minister, copying to the other members of E(EP), setting out the background in advance of that meeting. As the Interim Advisory Committee is to meet on Wednesday 28 October my intention would then be to publish both the Green Paper and the remit on Tuesday 27 October.

This letter is copied to the Prime Minister, Willie Whitelaw, Nicholas Ridley and Sir Robert Armstrong.

ps2/45R

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

16 October 1987

The Rt Hon Kenneth Baker MP
Secretary of State for Education and
Science
Department of Education and Science
Elizabeth House
39 York Road
LONDON
SE1 7PH

REMIT FOR THE INTERIM ADVISORY COMMITTEE

Thank you for your letter of 14 October. I welcome your decision to include the financial constraints in the IAC's remit, and to issue it soon. I understand that you are considering issuing it on the same day as the Green Paper. This would certainly help the presentation.

However, I continue to share Nicholas Ridley's profound reservations about giving the IAC the teachers' total paybill in their remit ie about £7 billion in 1988-89 rather than specifying the cash increase - £270 million. At best, it is a flimsy presentational device: it will not take the IAC or others very long to see through it. Moreover, there is too much scope for a fudge which would give teachers significantly more than 4 per cent (the likely increase in the RPI next March). We cannot risk damagingly high percentage rises for individuals, especially after the very big 1986-87 increases.

In your letter you admit that if the IAC is given the total paybill they are likely to want to consider the trade-off between the number of teachers and the level of their remuneration. That is a further reason why such an approach is unacceptable.

The IAC have only to "assume" 1 per cent fewer teachers and they would have another £70 million available for distribution: 5 per cent, rather than 4 per cent. The plain fact is that neither you, nor still less the IAC, have any control over teacher numbers. This is in the hands of local authorities: any "assumed" reduction

in numbers is totally unenforceable. This is scarcely the firm calculable limit which E(EP) agreed they should have on their remit.

Finally, the estimate of the teachers' pay bill is based on a variety of sources. I understand that these agree pretty closely but inevitably there is a margin of uncertainty. If the IAC were given a global figure for the paybill which was too high it would be extremely difficult to revise it downwards later on.

For these reasons I consider it essential that we stick to a maximum cash increase of £270 million. It is unambiguous and not much affected by small variations in teachers' numbers. If it is necessary to have a meeting can I suggest that we have it as soon as possible?

I am copying this to the Prime Minister, Willie Whitelaw and Nicholas Ridley.

NIGEL LAWSON

CONFIDENTIAL

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

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

14 October 1987

Dear Nigel

REMIT FOR THE INTERIM ADVISORY COMMITTEE

Thank you for your letter of 6 October, with which you enclosed some proposed amendments to the remit to be given to the Interim Advisory Committee, and for your further letter of 13 October. As my officials have explained to yours, I could not accept all your proposed amendments as they stand; when we have reached agreement on the question of the form of the financial constraint our officials will need to settle the detailed points you raise on the other parts of the remit.

As to the form of that constraint, I continue to think it is important that we should take into account the view of Henry Chilver. I know we can rely on him to do his best to deliver what the Government needs, and that his doing so will represent a major achievement on our behalf. But as he has indicated to me following the IAC's first and preliminary meeting, it is clear that he would be faced with difficulties with at least one or two members of the Committee if we gave a remit that too obviously amounts to a percentage limit. He was quite clear that we should definitely not express the constraint in terms of a specific percentage. He was also concerned that if the remit was expressed in terms of a cash increase, that figure would be quickly and easily translated into a percentage uplift on a defined base. Accordingly he would much prefer to have a total cash sum for teachers' pay for 1988-89. This he feels is important for the way in which the Committee will work, since it gives them room to consider the trade off between the number of teachers and the level of their remuneration. In substance there is very little difference between a total cash figure and a figure for the cash increase, but Henry feels there is an important presentational advantage in setting the constraint in the terms he prefers, so as to ensure the smooth working of his Committee.

There remains the question of the timing of the remit. I agree with you that we should give the Committee their full instructions, including the quantified financial constraint, at the outset. I do not think we should keep them hanging on much longer before we give them some instructions. In view of this I would hope that those of us most closely concerned might meet early next week to resolve the outstanding issue about the form of the cash constraint.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw and Nicholas Ridley.

Yours ever Kenneth

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for E(EP) folder.
cc B/UP
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PRIME MINISTER

REMIT TO THE INTERIM ADVISORY COMMITTEE ON SCHOOL TEACHERS' PAY AND CONDITIONS

At E(EP) on 11 September it was concluded that the Interim Advisory Committee should be given a firm, calculable limit on the cost of its recommendations for the April 1988 teachers' pay settlement. It was left to Nigel Lawson and me to agree a revised version of the remit for the Interim Advisory Committee. We have not been able to reach agreement on one critical aspect of the remit. I have therefore asked if we could have a brief discussion on this issue at E(EP) on Monday 26 October.

2. Attached is a copy of the remit that I propose to send to Lord Chilver, the Chairman of the Interim Advisory Committee. The remit includes a number of detailed amendments arising from suggestions which Nigel Lawson has made: the amendments have been discussed with Treasury officials and are unlikely to be controversial. The unresolved issue concerns paragraph 6(ii) which deals with the financial constraint.

3. At E(EP) we considered the possibility of setting a constraint for the IAC in terms of a percentage increase. Various objections were made to this approach: for example the figure could easily be seen as a norm for all teachers, whereas the Government would want to see variations in the percentage increase awarded to different groups of teachers, and it might also be seen as a norm for other groups of public sector employees.

7.3

4. Our preference is to set the constraint in terms of a cash figure. The choice is between a figure of £7296m for the total size of the teachers' pay bill for 1988-89 or £284m for the increase in 1988-89 commensurate with an average 4% increase in pay from April 1988 (including £3m on account of the adjustment to be expected in the London allowances).

5. The overall figure does provide a bit more flexibility than does the increase figure. If we give the Interim Advisory Committee an increase figure of £284m it will very quickly be identified as meaning an average 4% increase. There would be no real scope for arguing otherwise. The advantage of the overall figure is that it makes it possible for the Government to deny that the permitted average pay increase will necessarily be precisely 4%. In practice the scope for any departure from 4% will be limited. This latter approach seems to be more in line with the Government's approach to cash planning. It also reduces,

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7012

to some degree, the criticism that the Government is setting a pay norm of 4%.

6. I have spoken to Henry Chilver who intends to be very firm with his Committee. He is prepared to see a cash ceiling and has been endeavouring to prepare the way with his Committee for a cash constraint. But his very clear view is that he would have difficulty holding the Committee together if we gave them a remit which too obviously amounted to a precise percentage increase. In his view if the remit is expressed in terms of a cash increase that figure would be quickly and easily translated into a percentage uplift. He felt it important that the Committee should, in principle, have some room for manoeuvre in the trade-off between the number of teachers and the level of remuneration.

7. Whichever figure we include in the remit there is a danger of resignations. I judge it is significantly greater if we give an increase figure. If there are any resignations, the Government's policy of setting up an Interim Advisory Committee through the Teachers' Pay and Conditions Act will have been called into question and more than one resignation will bring it into severe disrepute. Whatever the remit given to the IAC we are not bound to accept its recommendations about pay increases if we have good reason to think they are incompatible with the financial constraint we shall be imposing.

8. I would be grateful if a decision could be reached in E(EP) about the nature of the financial constraint as the Interim Advisory Committee is due to meet on Wednesday 28 October and I would like to publish the remit on Tuesday 27 October. I would prefer paragraph 6(ii) of the remit to read as follows:

> 'The recommendations of the Committee should be such that the costs of employing school teachers in the financial year 1988-89 are not greater than the total provision to be made for this purpose within the Government's plans for expenditure by local authorities in England and Wales and should not result in higher costs in later years. The relevant figure for the 1988-89 financial year is £7296m.'

If the Chancellor's preference were accepted the relevant sentence would need to be on the following lines

> 'The recommendations of the Committee should be such that they do not cost more than an additional £284m in the 1988-89 financial year or in later years.'

9. This minute is copied to the Chancellor, all other members of E(EP) and Sir Robert Armstrong.

KB

K B
Department of Education and Science

22 October 1987

CONFIDENTIAL

DRAFT LETTER FROM THE SECRETARY OF STATE TO LORD CHILVER, CHAIRMAN OF THE INTERIM ADVISORY COMMITTEE

1. I am grateful to you and your colleagues for agreeing to be members of the Interim Advisory Committee. The purpose of this letter is to set out the issues on which the Government now seeks the Committee's advice.

2. As you know, the Committee has a statutory basis. Sub-sections (1) and (4) of Section 2 of the Teachers' Pay and Conditions Act provide that:

> "The Secretary of State shall appoint an Interim Advisory Committee on School Teachers' Pay and Conditions to examine and report to him on such matters relating to the remuneration and other conditions of employment of school teachers in England and Wales as he may refer to them."

> "The Secretary of State may give directions to the Committee with respect to matters referred to them as to considerations to which they are to have regard and financial or other constraints to which their recommendations are to be subject, and as to the time within which they are to report to him."

3. Sub-section (5) of Section 2 provides that the Committee shall give notice of matters referred to the Committee and of any relevant directions to the appropriate associations of local education authorities and any individual local education authority with whom consultation appears desirable, bodies representing the interests of governors of voluntary schools and organisations representing school teachers, so as to afford them a reasonable opportunity of submitting evidence and representations.

4. In accordance with Section 2 of the Teachers' Pay and Conditions Act 1987 I invite the Interim Advisory Committee to examine and report on the following matters subject to the considerations in paragraph 5 and to the constraints in paragraph 6.

i. What changes should be made in the figures for salaries and allowances, and other details, set out in the Pay section of the School Teachers' Pay and Conditions Document 1987?

ii. Should there be any modifications to the provision for differentials within the pay structure? In particular do the differentials between heads' salaries and deputies' salaries and between heads' and deputies' salaries on the one hand, and other teachers' salaries on the other, reflect appropriately the responsibilities of heads and deputies in primary and secondary schools (including special schools)?

iii. In the light of the operation of the arrangements in the Teachers' Pay and Conditions Document 1987 should there be any modifications to the provisions relating to teachers' duties?

iv. Should there be any change in London area allowances, and should any other regional variations in salaries be introduced taking account of shortages of teachers in particular areas and of particular skills?

v. Is the existing social priority allowance still appropriate?

5. In considering these matters I direct the Committee under sub-section (4) of Section 2 to have regard to the following considerations.

i. The Government's view is that school teachers' pay and conditions of service should be such as to enable the maintained school system to recruit, retain and motivate sufficient teachers of the required quality both nationally and at local level within what can be offorded.

ii. The School Teachers' Pay and Conditions Document 1987 sets out a new pay structure and a new definition of teachers' duties and working time. It was prepared taking account of work undertaken during the long period of discussions between the local authority associations and the teachers' unions with the assistance of ACAS, the recommendations in the Main Report, and views expressed in consultations with local education authority associations, teacher unions and bodies representing the interests of governors of voluntary schools. The Government does not intend to make major changes to the pay structure consisting of a main professional scale and five rates of incentive allowances or to the provisions relating to teachers' duties and working time for 1988-89.

6. I further direct under sub-section (4) of Section 2 that the Committee recommendations are to be subject to the following constraints.

i. The rates of salaries and allowances to be recommended by the Committee shall be in respect of the period 1 April 1988 to 31 March 1989. The Committee may also consider and make recommendations about the London area allowances from 1 July 1987.

ii. The recommendations of the Committee should be such that the costs of employing school teachers in the financial year 1988-89 are not greater than the total provision to be made for this purpose within the Government's plans for expenditure by local authorities in England and Wales and should not result in higher costs in later years. The relevant figure for the 1988-89 financial year is £7296m.

7. My Department will in due course place evidence before the Committee in relation to these matters.

8. I further direct the Committee to report to me the results of their examination of these matters, with their recommendations and such other advice relating to these matters as they think fit, by 31 March 1988. Sub-section 7 of Section 2 of the Act requires me to arrange for your report to be published.

SLH

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bc BG

for E(EP) back-up.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 October 1987

Dear Tom,

THE GREEN PAPER ON FUTURE MACHINERY FOR TEACHERS' PAY AND CONDITIONS

The Prime Minister has seen the revised draft of the Green Paper on teachers' pay which was circulated with your Secretary of State's minute of 15 October.

The draft has been amended (paragraphs 7.23 and 7.45) so that a negative resolution rather than an affirmative resolution would now be required to apply pay settlements across the country. This amendment was made in response to my letter of 12 October which recorded the Prime Minister's arguments against the use of an affirmative resolution procedure. My letter was not as clear as it might have been: the Prime Minister was in fact questioning whether any resolution should be required.

The Prime Minister believes this to be a point of sufficient importance to warrant further discussion and she would like to add it to the agenda for E(EP) on Monday 26 October.

I am copying this letter to the Private Secretaries to members of E(EP) and Trevor Woolley (Cabinet Office).

In fact I think it was fairly clear that you did not want any resolution.

Yours,

David.

DAVID NORGROVE

Tom Jeffery, Esq.,
Department of Education and Science

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Reference no: E 0429

MR NORGROVE

Interim Advisory committee on Teachers' Pay

In case I appeared unusually stupid when we spoke at lunchtime, perhaps I should explain myself rather better on the difference between the Chancellor's and Mr Baker's versions of the IAC remit.

2. I presume that the objective is to tie the IAC down on the rates they can recommend. They must not be able to assume a fall in teacher numbers, which might or might not take place, to justify a high recommendation on rates.

3. This is not achieved simply by prescribing the increase in the pay bill between 1987-88 and 1988-89. Clearly, any figure for this increase implies a single figure for the total cost, and vice versa, and it makes no difference which is prescribed. Either figure can be achieved by an infinite number of combinations of rate and manpower changes.

4. You can tie the IAC down only by prescribing the increase in the pay bill in 1988-89 to be allowed on a specified assumption on the change in numbers, most simply an assumption of no change. That isolates the effect on rates.

5. You could achieve the same result by applying such an assumption to the total permissible figure for the pay bill in 1988-89, although it may be that the fit is not so natural.

6. I do not know whether the Treasury's formula takes account of this complication. We have not seen the Chancellor's letter of 16 October, which might make it clear.

G W MONGER

Cabinet Office,
21 October, 1987


20. X.
PM 7

PRIME MINISTER

TEACHERS PAY

You asked about the arrangements for overturning a recommendation by the Nurses or Doctors and Dentists Review Bodies. The answer is that the Government has to consult the Review Bodies if it decides not to accept their recommendations, but this amounts only to asking them to check the arithmetic for example when an award is staged. There is no requirement to consult Parliament.

DES would no doubt argue that the position of the Teachers' Negotiating Group is different, both in the sense that it is not a Review Body and because central Government does not employ the teachers. The first of these arguments seems thin to me but the second has greater validity: it is likely to be difficult for a Secretary of State to impose a pay settlement over the heads of the local authority employers and Parliamentary endorsement would help there. (The last pay settlement - post Main - was put into effect through primary legislation followed by a debate after a negative resolution had been prayed against.) Against this, it will seldom be easy for the Government to take an order through Parliament which imposes a settlement on teachers.

Do you wish to allow the negative resolution procedure to appear in the Green Paper or would you like this to be discussed at E(EP) on Monday?

Discussed at E(EP) on

DN

David Norgrove
21 October 1987

JA1BMU

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CC/BA

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

NBM.

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

20 October 1987

Dear Nigel.

REMIT FOR THE INTERIM ADVISORY COMMITTEE

Thank you for your letter of 16 October. I am grateful to know that you agree that there would be presentational advantage in issuing the remit to the Interim Advisory Committee on the same day that we publish the Green Paper on future machinery for school teachers' pay and conditions.

Attached to your letter of 6 October were a number of drafting suggestions. Our officials have been discussing your suggestions: I understand that they are making useful progress in trying to reach agreement on the details of the remit letter.

The critical issue concerns the nature of the financial constraint. Now that discussions have taken place at official level with the local authority associations about teacher numbers in 1988/89 I am in a position to define the relevant figures as £7296m for the total size of the teachers' pay bill for 1988-89 and £281m for the increase in 1988-89 commensurate with an average 4% increase in pay from April 1988. These figures include provision for teachers in Wales as the IAC remit extends to Wales: they are therefore rather bigger than the figures which you quote in your letter.

I continue to think that we should set the financial constraint as the total for the pay bill and not as a cash increase. If we give the Interim Advisory Committee an increase figure of £281m it will very quickly be identified as meaning an average 4% increase. There would be no real scope for arguing otherwise. The advantage of the overall figure is that it makes it possible for the Government to deny that the permitted average pay increase will necessarily be precisely 4%: although I readily acknowledge that in practice the scope for any departure from 4% will be limited. This seems to me more in line with the Government's approach to cash planning.

We cannot ignore Henry Chilver's view that he would have difficulty holding the Committee together if we gave them a remit which too obviously amounted to a percentage increase. My letter of 14 October made clear his view that if the remit was expressed in terms of a cash increase that figure would be quickly and easily translated into a percentage uplift. He felt it important that the Committee should, in principle, have some room for manoeuvre in the trade-off between the number of teachers and the level of remuneration.

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Whichever figure we include in the remit there is a danger of resignations. I judge it is significantly greater if we give an increase figure. If there are any resignations the Government's policy of setting up an Interim Advisory Committee through the Teachers' Pay and Conditions Act will have been called into question and more than one resignation will bring it into severe disrepute. But whatever the remit given to the IAC we are not bound to accept its recommendations about pay increases if we have good reason to think they are incompatible with the financial constraint we shall be imposing. For this reason I think the fears in the third and fourth paragraphs of your letter are misplaced.

In view of the potential repercussions of the decision about the financial constraint I believe that we ought to make a decision at E(EP) at its next meeting on Monday 26 October. I shall therefore minute the Prime Minister, copying to the other members of E(EP), setting out the background in advance of that meeting. As the Interim Advisory Committee is to meet on Wednesday 28 October my intention would then be to publish both the Green Paper and the remit on Tuesday 27 October.

This letter is copied to the Prime Minister, Willie Whitelaw, Nicholas Ridley and Sir Robert Armstrong.

EDUCATION: Teachers' Pay PIII.



What is the position on Nurses and Doctors? MT

PRIME MINISTER

TEACHERS' PAY

DES have provided a further draft of the Green Paper on Teachers' Pay.

Generally speaking this seems adequate, though not ideal. There remains however one outstanding point. You commented that you would want the Secretary of State to have power to impose a settlement without an affirmative resolution. This now appears in the Green Paper (paragraph 7.45) in the form that:

> "To ensure application of the outcomes across the whole country changes in pay and conditions should be promulgated through an Order. Any such Order would be placed before Parliament and would be subject to the negative resolution procedure."

This does not of course meet your wish: a negative resolution could be prayed against, there would be a debate, and the Government would be just as reluctant to seek such an Order as it would be if it were an affirmative Order.

Mr. Baker and the DES are very concerned at the thought that the Secretary of State might be asked to impose a pay settlement on people he does not employ with no reference to Parliament, probably against the will both of many of the employers and of nearly all the teachers. They feel very strongly that Parliamentary blessing would be needed to help secure even grudging acceptance of the Government's preferred settlement.

Do you wish to go back to Mr. Baker on this? If so, I recommend that you should see him.

I might add that there is a continuing wrangle between Mr. Baker and the Chancellor about the remit for the Interim

Advisory Committee. The Chancellor wants to specify the cash increase in the pay bill which the Committee can then distribute. Mr. Baker wishes to specify the total pay bill so that the Committee can trade teacher numbers against pay. The Chancellor of course fears that the Committee would use this to give further very large increases and that the reductions in numbers would not in fact be delivered. Mr. Baker fears resignations from the Advisory Committee if the Chancellor's option is chosen. This is likely to come to E(EP) next week.

DAVID NORGROVE
20 October 1987

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ps2/45R

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CCG

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

16 October 1987

The Rt Hon Kenneth Baker MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
39 York Road
LONDON
SE1 7PH

NBPR at this stage.

REMIT FOR THE INTERIM ADVISORY COMMITTEE

FILG WITH DN

Thank you for your letter of ~~14~~ October. I welcome your decision to include the financial constraints in the IAC's remit, and to issue it soon. I understand that you are considering issuing it on the same day as the Green Paper. This would certainly help the presentation.

However, I continue to share Nicholas Ridley's profound reservations about giving the IAC the teachers' total paybill in their remit ie about £7 billion in 1988-89 rather than specifying the cash increase - £270 million. At best, it is a flimsy presentational device: it will not take the IAC or others very long to see through it. Moreover, there is too much scope for a fudge which would give teachers significantly more than 4 per cent (the likely increase in the RPI next March). We cannot risk damagingly high percentage rises for individuals, especially after the very big 1986-87 increases.

In your letter you admit that if the IAC is given the total paybill they are likely to want to consider the trade-off between the number of teachers and the level of their remuneration. That is a further reason why such an approach is unacceptable.

The IAC have only to "assume" 1 per cent fewer teachers and they would have another £70 million available for distribution: 5 per cent, rather than 4 per cent. The plain fact is that neither you, nor still less the IAC, have any control over teacher numbers. This is in the hands of local authorities: any "assumed" reduction

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in numbers is totally unenforceable. This is scarcely the firm calculable limit which E(EP) agreed they should have on their remit.

Finally, the estimate of the teachers' pay bill is based on a variety of sources. I understand that these agree pretty closely but inevitably there is a margin of uncertainty. If the IAC were given a global figure for the paybill which was too high it would be extremely difficult to revise it downwards later on.

For these reasons I consider it essential that we stick to a maximum cash increase of £270 million. It is unambiguous and not much affected by small variations in teachers' numbers. If it is necessary to have a meeting can I suggest that we have it as soon as possible?

I am copying this to the Prime Minister, Willie Whitelaw and Nicholas Ridley.

NIGEL LAWSON

EDUCATION: Teachers' Pay PT1



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PRIME MINISTER

GREEN PAPER ON FUTURE MACHINERY FOR SCHOOL TEACHERS' PAY AND CONDITIONS

1. I attach an amended draft of the Green Paper. The text has been amended to take account of all the comments recorded in your Private Secretary's letter of 12 October. The text also incorporates all the amendments listed in the attachment to Nigel Lawson's letter of 12 October. Nicholas Ridley's letter of 14 October said that his officials would be letting mine have some amendments to the paragraphs in Chapter 7 which deal with the justification for the Government majority on the Teachers' Negotiating Group. These paragraphs (7.19 to 7.22) have now been amended following discussion between DES and DoE officials: I believe that the amended paragraphs should be acceptable to Nicholas Ridley. In the light of the Chancellor's comments the text of paragraph 7.24 has also been amended to leave more open the possibility of introducing the Teachers' Negotiating Group before April 1990.

2. As the local authority associations and four of the teacher unions are announcing today their proposals for a National Joint Council the Green Paper needs to be published without delay. I therefore aim to publish the Green Paper on Friday 23 October or Monday 26 October.

3. A copy of this minute goes to all members of E(EP) and to Sir Robert Armstrong.

K B

15 October 1987

Department of Education and Science

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DETERMINING TEACHERS' PAY

A Consultative Document

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CHAPTER 1: INTRODUCTION

1.1 During recent years it was increasingly recognised that the Burnham arrangements for determining pay and conditions for school teachers in England and Wales needed to be replaced. Settlements were rarely reached by agreement of all parties and there was repeated disruption of children's education.

1.2 The Teachers' Pay and Conditions Act 1987 provided for interim arrangements. The Secretary of State has used his powers under this Act to define a clear set of teachers' duties and to increase average teachers' pay by 16.4 per cent in two stages in January and October 1987. On average, teachers' pay has now increased by 25 per cent between March 1986 and October 1987. The Secretary of State has also appointed an Interim Advisory Committee on school teachers' pay and conditions. It will advise on the April 1988 pay settlement.

1.3 The Government intends to move to permanent arrangements, following consultations with the interested parties. This Green Paper provides a basis for those consultations. Part I sets out the history of pay determination arrangements for school teachers. Part II discusses requirements for the future in chapter 4, the wide range of different interests in chapter 5, the changing context in chapter 6, and alternative new arrangements in chapter 7.

1.4 Two main alternative types of arrangements have been proposed during recent months - negotiating groups and review bodies. The Government considers that the proposals have not so far taken sufficient account of the recent serious disruption of schools and the reasons why the Burnham Committee needed to be replaced. Chapter 7 therefore also sets out the form of negotiating group it believes to be appropriate. Within that context the chapter sets out a range of issues to be addressed and alternative ways of dealing with them. The intention is that these issues should be carefully considered during the breathing space provided by the Interim Advisory Committee, with the aim of developing a long-term solution that is fair to teachers, parents, national and local taxpayers and the children.

PART I: HISTORY OF TEACHERS' PAY ARRANGEMENTS IN ENGLAND AND WALES

CHAPTER 2: PAY MACHINERY SINCE 1919

2.1 In considering future arrangements for determining teachers' pay and conditions of employment, it is important to look at past arrangements. This Chapter summarises the development of teachers' pay machinery from 1919.

NEGOTIATING MACHINERY

2.2 In 1919, against a background of threatened local strike action, a Standing Joint Committee (SJC) was set up, chaired by Lord Burnham, bringing together representatives of the local authorities and elementary (primary) school teachers in a national forum. The next year a second SJC was set up covering secondary schools. The SJCs were non-statutory bodies and their reports were voluntary agreements.

2.3 At later dates further committees were set up to deal with teachers in Technical Schools, Colleges of Education and Agricultural Institutes. These later became the Burnham Further Education Committee. This chapter deals only with developments in the primary and secondary committees. In 1938 the Committees formally changed their names to the Burnham Committees in memory of their first chairman.

2.4 From 1919 onwards, the committees had separate management and teachers' panels. Each panel spoke with a single voice reflecting the panel's majority view. Negotiations were conducted under an independent Chairman, and any settlement had to have the agreement of both panels.

2.5 The Elementary SJC made a Provisional Minimum Scales Report in 1919. The scales agreed became standard scales in 1920, and in the same year standard scales were agreed for secondary schools. These scales remained in force with minor changes until 1945.

2.6 Section 89 of the Education Act 1944 gave the Burnham Committees a statutory basis. The Act required the Committees to submit to the Minister of Education "such scales of remuneration for teachers as they consider suitable". The Minister was empowered to implement their recommendations by Order if he approved. No provision was made for the Minister to modify the Committees' recommendations before implementation; nor was any procedure established for resolving disagreements between any of the Committees and the Minister.

2.7 In 1944, the two school Committees were combined to recognise changes in the education system following from the 1944 Education Act, particularly the need for a closer integration of the teaching profession, and in order to simplify the Burnham system.

2.8 The limitations of the 1944 Act became clear in 1959 when the Minister did not at first approve the Committee's recommendations. On this occasion he did decide at a later stage to approve its recommendations. In 1961, there was another disagreement, and the Committee eventually submitted a revised report which was accepted. However, in 1963, the Committee's report, which benefited teachers at the bottom of the basic scale at the expense of better qualified and more experienced teachers, was rejected by the Minister and it proved impossible to agree a compromise.

2.9 The Government decided to introduce legislation to put into effect the pay structure it favoured and the result was the Remuneration of Teachers Act 1963. This Act was a temporary measure giving the Minister powers to introduce his own salary scales by Order but only until March 1965.

2.10 In 1965, Section 89 of the 1944 Act was replaced by the Remuneration of Teachers Act 1965. Under this legislation the Secretary of State was represented directly on the Burnham Committee for the first time and agreements reached in the Committee came into effect without further opportunity for Government intervention. The Secretary of State was obliged to implement the Committee's recommendations, which then became binding on local education authorities. The Act also required the Secretary of State to make arrangements for arbitration following consultation with the bodies represented on the Committee. The arrangements then made provided that where an agreement

could not be reached, and one panel so requested, the matter was to be referred to arbitration, if the independent Chairman considered that there had been full opportunity for discussion.

2.11 Under the 1965 Act, the arbitrators' recommendations were treated as if they were recommendations of the Committee and implemented unless both Houses of Parliament resolved that national economic circumstances required that they should not be put into effect. Only then was the Secretary of State, after consultation with the Committee, empowered to make his own determination. In 1981, the Secretary of State, after consultation, changed the arrangements for arbitration so that arbitration was available only when both panels agreed to such a reference.

ROLE OF GOVERNMENT, LOCAL AUTHORITIES AND TEACHERS

2.12 Since 1919, the arrangements for determining teachers' pay have recognised the role of three parties: the Government, the local authorities, and the teachers. There has also been an independent Chairman.

The Government

2.13 Until 1944, the role of the Government was restricted to the acceptance, for the purposes of grant support, of expenditure by local authorities on teachers' salaries not exceeding that resulting from the application of Burnham scales. The effect of this was to discourage payments to teachers above the Burnham scales, but also to encourage local authorities to bring pay up to the Burnham rates.

2.14 Under the 1944 Education Act, the Minister of Education was empowered to make Orders requiring local authorities to pay teachers according to Burnham scales, but the Government had no representation on the Burnham Committee. The Minister could only put into effect the recommendations of the Committee as they were reported, or decline to do so.

2.15 For a short period following the Remuneration of Teachers Act 1963, the Minister was able to introduce new salary scales without recommendations from the Committee. Under the Remuneration of Teachers Act 1965 the Government was represented on the Committee. The Secretary of State had the duty of determining which local authority and teachers' bodies would be represented on the Committee, and by how many representatives. The Secretary of State also had a duty to publish a document setting out the scales and provisions resulting from the Committee's agreed recommendations, and to make an Order directing that the document be brought into effect.

2.16 The Secretary of State was also required to make arrangements for arbitration. The Act provided for the appointment of arbitrators by the Minister of Labour, which was subsequently changed in 1975 to appointment by the Advisory, Conciliation and Arbitration Service (ACAS). The Secretary of State was required to treat the recommendations of arbitrators as if they were recommendations of the Committee, unless both Houses of Parliament resolved that national economic circumstances required that they should not be put into effect.

2.17 No limitation was placed by the Act on the number of representatives whom the Secretary of State could appoint to represent him. From 1965, he appointed two people to represent him on the management panel of the Committee. However, an agreement, called the 'concordat', was made between the local authorities and the Government under which no claim could be accepted or offer made if the Secretary of State objected to the total cost involved, it being understood that the Secretary of State would not determine any limit of total cost at the outset of negotiations. The concordat provided that the Secretary of State's representatives had a weighted vote of fifteen on other matters. The weighted vote was not a majority (see table A below) and the Government's views could not prevail in the management panel unless it had the support of some of the local authority members.

2.18 The importance of the Government having control of the global cost of any agreement was recognised by the major political parties. Before the Remuneration of Teachers Act 1965 received Royal Assent the then Secretary of State for Education said in Parliament, on 20 November 1964 during the Committee

stage consideration, "I doubt whether any Government in any set of circumstances could put itself in a position where it could hand over the power on the global sum to someone other than itself."

2.19 The details of the concordat were discussed openly in Parliament during the passage of the 1965 Act. There were indeed suggestions that the concordat should have been written into the Act. However, it was decided that it should be a voluntary agreement so that if both the Government and the local authority associations wanted to alter it at a subsequent date they could do so without new legislation. But in 1985 a majority of local authority representatives decided to end the concordat without the Government's agreement.

Local Authorities

2.20 Until 1965, local authority representatives formed the whole of the management side. In 1965 the local authority representatives were joined on the management panel by the representatives of the Secretary of State. The bodies represented from 1919 on both the primary and secondary Committees were the County Councils Association (which became the Association of County Councils following local government reorganisation in 1974); the Association of Municipal Corporations and the London County Council (from 1965 the Inner London Education Authority: these were both subsumed in the Association of Metropolitan Authorities in 1974); and the Association of Education Committees. In 1944, when the primary and secondary committees were combined, the Federation of Education Committees (Wales and Monmouthshire) - later the Welsh Joint Education Committee - also gained representation. From 1974, the Association of Education Committees ceased to be in membership of the management panel, and the Inner London Education Authority ceased to have separate representation. These changes followed from the reorganisation of local government referred to above.

2.21 Table A shows the distribution of seats and votes on the management panel from 1944 to 1985. The names shown are those used in the 1980s. In 1974, the relative voting strengths of the local authority bodies represented was determined by reference to the population covered by the constituent authorities: there was no subsequent change in the number of seats on the panel or their distribution.

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TABLE A: REPRESENTATION ON MANAGEMENT PANEL OF BURNHAM PRIMARY AND SECONDARY COMMITTEE, 1944 TO 1985

	1944	1965	1974
Association of County Councils	9	9	13
Association of Metropolitan Authorities	6	6	10
Association of Education Committees	6	6	-
Inner London Education Authority	3	3	-
Welsh Joint Education Committee	2	2	2
Department of Education and Science(1)	-	2(15)	2(15)
TOTAL (2)	26	28(41)	27(40)

Notes: (1) Figures in brackets show DES weighted vote under the concordat
(2) Figures in brackets show total of votes available under the concordat

2.22 Over time, differences of view between the ACC and AMA became less important than the political make-up of the management panel. In 1985, following the local government elections, a change in the political balance of the local authority representatives was followed by the unilateral ending of the concordat.

Teachers

2.23 The make-up of the teachers' panel on the Committee changed more over the years. In 1919, the National Union of Teachers were the sole representatives of teachers on the primary Committee, while on the secondary Committee representation was divided between the NUT, which held five seats, and the four secondary unions, known as the 'Joint Four', which held twenty seats between them. The Joint Four were eventually superseded by the Secondary Heads Association and the Assistant Masters and Mistresses Association.

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2.24 In 1944, when the primary and secondary Committees were combined, the NUT was given sixteen representatives, a majority of the teachers' panel. The Association of Teachers in Technical Institutions (later NATFHE) had four representatives. The Joint Four were given six representatives and thus lost much of the influence on secondary teachers' pay which they had held when the Committees were separate.

2.25 The following table shows the distribution of seats on the teachers' panel from 1944 to 1985. The names shown are those used in the 1980s. The years shown are the only years in which changes were made to the composition of the panel.

TABLE B: REPRESENTATION ON TEACHERS' PANEL OF BURNHAM PRIMARY AND SECONDARY COMMITTEE, 1944 to 1985.

	1944	1962	1963	1980	1981	1985
National Union of Teachers	16	16	16	16	16	13
Secondary Heads Association	2	2	2	1	1	1
Assistant Masters and Mistresses Association	4	4	4	4	4	4
National Association of Teachers in Further and Higher Education	4	4	2	1	1	-
National Association of Head Teachers	-	1	1	2	2	2
National Association of School-masters/Union of Women Teachers	-	2	3	6	7	7
Professional Association of Teachers	-	-	-	-	1	1
TOTAL	26	29	28	30	32	28

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2.26 Under the 1944 Act, the membership of the Committee was subject to the approval of the Minister. The National Association of Schoolmasters had been campaigning since the 1920s for representation but this was not given in 1944. However, their membership continued to grow and in 1962 they gained two seats on the teachers' panel. At the same time, the National Association of Head Teachers, another growing organisation, gained one seat.

2.27 Almost immediately, the NAS challenged the voluntary agreement later written into the Committee's "Rules of Procedure" that the two panels of Burnham each spoke with a single voice, claiming that the views of minorities were not heard. In 1963, the NAS gained a further seat on the panel.

2.28 The 1965 Act required the Secretary of State to determine the bodies represented on the Committee and the number of representatives which they should have, and enabled him to vary the membership from time to time. For a number of years no changes were made but more recently the make-up of the teachers' panel of the Committee was significantly changed (see Table B).

2.29 In reviewing the make-up of the teachers' panel, the major considerations were the number of members which the organisations had whose pay was covered by the Burnham primary and secondary arrangements, and the representation of distinct interests, such as head teachers. The reviews which led to the decisions summarised below were all based on detailed examination of membership numbers.

2.30 Following a review completed in 1980, the NAHT gained one additional member. The NAS had amalgamated with the Union of Women Teachers in 1978 and the new union gained an additional three seats. At the same time NATFHE lost one of its two seats.

2.31 In 1981, the Secretary of State made two further changes. The NAS/UWT gained a seventh seat, and the Professional Association of Teachers was given one seat.

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2.32 Following this change, the NUT had exactly half the seats on the panel rather than an overall majority. In 1985, a further review was carried out and two more changes were made to the panel. First, NATFHE lost its remaining seat on the grounds that its membership did not include teachers whose salaries were negotiated in the Committee. Second the NUT was found to have relatively fewer members among teachers and its seats were reduced to thirteen of the new total panel of 28.

Abolition of Burnham

2.33 There has long been dissatisfaction with the Burnham arrangements. As early as 1968, just three years after the Remuneration of Teachers Act was passed, the NUT called for a review of the Act, complaining both that the Government had too much power and about the arbitration arrangements. The NAHT also expressed dissatisfaction quite soon after the Act was passed and called for separate negotiating arrangements for head teachers' pay. NAS/UWT said in 1981 that they would prefer non-statutory machinery to deal with both pay and conditions and would accept arrangements which dealt with pay and conditions together.

2.34 In 1979, the local authority associations called for the repeal of the 1965 Act, complaining about the rigidity of the negotiating system, the lack of a single body to discuss both pay and conditions and the Government's control over the total cost, since they considered that the Government had given itself greater influence over total local authority expenditure through the Rate Support Grant mechanisms. In 1980, the Government announced that it was willing to consider reform of the arrangements so that negotiations would cover both pay and conditions, and opened consultations in 1981 on what should replace Burnham. There was a fairly widespread view then that Burnham did not work, but no consensus on what should replace it. In 1982, the Secretary of State announced that the Government had no plans for legislation to amend or repeal the 1965 Act at that time.

2.35 The widespread failure of Burnham and the need for its replacement were also recognised by outside bodies. For example, the Audit Commission, in its report "Towards Better Management of Secondary Education", published in May 1986, said:

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"There is clearly something seriously wrong with the way in which teachers' pay and conditions are determined. The difficulties in reaching a pay settlement for 1985 and the associated disagreements about conditions of service are but the most recent and damaging of a number of failures of the process."

Negotiating Machinery on Conditions of Service

2.36 From 1944 until the reorganisation of local government in 1974, conditions of service were negotiated in a Working Group on Teacher/Employer Relations. This made recommendations which were not binding on local education authorities. In 1974, the Council of Local Education Authorities (CLEA) decided to set up a Schools Consultative Committee to carry on the work of the earlier Working Group. This became known as CLEA/ST. The membership of this group included the local authority associations and all the unions represented on the Burnham Committee except the PAT. The Government was not represented.

2.37 Individual local authorities in membership of CLEA are expected to honour agreements reached in CLEA/ST with respect to teachers employed in their schools. Agreements do not cover teachers in voluntary aided schools. The agreements have since 1978 been codified in a document known as the "Burgundy Book". This document sets out agreements on

- Terms of appointment
- Grievance and disciplinary procedures
- Dismissal
- Leave of absence
- Medical fitness for teaching
- Insurance for the teacher
- Travelling allowances

It does not include any agreement on the definition of teachers' duties and working time.

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CHAPTER 3: PAY OUTCOMES SINCE 1974

3.1 Table C below shows briefly the pay outcomes from 1974 to 1986. The following paragraphs give more detail of pay negotiations over these years.

TABLE C: OUTCOME OF PAY NEGOTIATIONS, 1974 to 1986

DATE OF SETTLEMENT	INCREASE %	TYPE OF SETTLEMENT
1 April 1974	8.00	Negotiated settlement
24 May 1974	27.00	Houghton award
1 April 1975	22.30	Arbitration award
1 April 1976	8.30	Arranged under pay policy
1 April 1977	3.80	Arranged under pay policy
1 April 1978	9.90	Arranged under pay policy
1 April 1979	9.30	Referred to Clegg Commission
1 January 1980	8.95	First half of 'Clegg' award
1 April 1980	12.00	Arbitration award
1 September 1980	8.95	Second half of 'Clegg' award
	2.50 to 4.00	Arbitration award
1 April 1981	7.50	Negotiated settlement
1 April 1982	6.00	Arbitration award
1 April 1983	4.98	Negotiated settlement
1 April 1984	5.10	Arbitration award
1 April 1985	6.90	ACAS intervention
31 March 1986	1.60	ACAS intervention
1 April 1986	5.70	Negotiated interim settlement

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3.2 In 1974, a settlement giving an average increase of 8 per cent was negotiated. Later that year the Houghton Committee was appointed and a retrospective increase worth 27 per cent was awarded from 24 May that year. The Houghton award included changes to the pay structure, which restored differentials for heads and deputies, merged the then Scales 2 and 3, rationalised incremental steps, and provided for a greater number of promoted posts in primary and middle schools.

3.3 In 1975, no agreement could be reached, and an increase of 22.3 per cent was awarded under arbitration. From 1976 to 1978, teachers' pay increases were governed by the Government's pay policies.

3.4 In 1979, some of the teacher unions took industrial action which they described as withdrawing goodwill and a 9.3 per cent increase was accepted on condition that pay would be referred to the Standing Commission on Pay Comparability. Against the wishes of the teacher unions, the Government invited the Commission, which was chaired by Professor Hugh Clegg, to undertake a study of teachers' pay in the light of their terms and conditions of service. In 1980, teachers received their 'Clegg' award and adjustments agreed by arbitration to account for the fact that the Commission's award was calculated on April 1979 salaries.

3.5 In 1981, there was a negotiated 7.5 per cent settlement. It was also agreed to set up a committee, called the Joint Salary Structure Working Party, which would examine (but not negotiate about) a full range of data relevant to teachers' salary negotiations.

3.6 In 1982, the teachers' panel rejected an offer of 3.4 per cent and again some of the unions withdrew goodwill until the settlement was referred to arbitration. A 6 per cent increase was awarded. In 1983, there was a negotiated 4.98 per cent settlement.

3.7 In 1984, negotiations failed to yield a settlement. Some teachers again withdrew goodwill. The employers suggested that negotiations should be linked to discussion in the Joint Salary Structure Working Party and that a new structure and improved promotion prospects could be agreed in return for an

obligation for teachers to spend specific amounts of time preparing and marking work, and to undertake various non-teaching activities. This was unacceptable to the teachers' panel and the negotiations were again referred to arbitration. The arbitrators were asked only to make recommendations on a pay increase and not on teachers' salary structure or responsibilities. An award of 5.1 per cent, only 0.6 per cent higher than the employers' last offer, was made.

3.8 In October 1984, the teachers' panel submitted their claim for 1985. It called for a minimum increase of £1,200, estimated to add 12 or 13 per cent to the pay bill, and a new simplified main scale of up to £15,250 plus responsibility allowances which would provide up to £2,400 on top of the basic scale. The NUT and NAS/UWT made it clear that they would be ready to take industrial action if satisfactory progress was not made on the claim.

3.9 In November, the employers responded in the Joint Salary Structure Working Party with a proposal including a new basic salary scale rising to £11,800, and contracts which would stipulate a maximum working year and obligations on teachers to undertake lunchtime supervision to provide cover for absent colleagues, and to participate in an appraisal system. Discussions broke down when the NUT walked out in December 1984.

3.10 A further meeting of Burnham was arranged for 11 February 1985. On 6 February the NUT withdrew goodwill and cover for absence. The teachers' panel proposed that pay and conditions be discussed in separate forums. This was rejected by the employers who offered 4 per cent and arbitration. Following a ballot, the NUT began 3-day strikes on 26 February. The NAS/UWT called a half-day strike on the same day, withdrew goodwill, and began selective strike action from 4 March.

3.11 On 20 February, the management panel repeated their suggestion of arbitration on a 4 per cent pay offer. On 28 February, both panels accepted an invitation from ACAS to informal talks. The management panel decided to seek informal discussions about a further meeting of Burnham and the teachers agreed. The Committee met on 15 May but no clear progress was made.

3.12 The Government said on 21 May that no additional money was available that year but that extra money would be available in 1986 if an agreement in principle could be reached by October 1985 on progress towards the Government's objectives. The Government envisaged an agreement requiring local authorities to promote more teachers to the higher salary scales in the light of the quality of teachers' work and the demand for their skills and qualifications elsewhere. The Government also said that it would be helpful if there were a generally accepted view about what should be regarded as the extent of teachers' contractual responsibilities and that additional resources for midday supervision costs could be made available for 1986. The Burnham Committee resumed talks on 23 May and the management panel offered 5 per cent and arbitration, but the unions rejected both.

3.13 Following the local government elections of May 1985, the political balance of the local authority representatives changed, and in July the concordat was unilaterally ended by the local authority associations. The management panel made an offer of 5 per cent backdated to April plus an additional 1 per cent in November coupled with the merging of the two lowest scales. The offer was conditional on acceptance by the unions of future discussions on a new salary structure including the merging of Scales 1 and 2 and reformed conditions of service. This was rejected, and the NUT warned that strikes would continue in the Autumn term.

3.14 The management panel again improved their 1985 offer to include an additional increment for all teachers on the top of their scale at the end of March 1986. This was also rejected and the unions resumed strike action. In August the Secretary of State announced that the additional money which was conditionally made available amounted to £1,250 million, spread over the 4 years from April 1986. He also repeated that the money was available only in return for acceptable progress towards the Government's objectives, namely a clear definition of the range of teachers' duties linked to their contracts of employment; and a pay structure providing substantially more promotion opportunities for the better teachers to higher scales than were then 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.

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3.15 In September, following this announcement, the management panel presented further proposals which as well as the pay offer detailed in paragraphs 3.13 and 3.14 above included the introduction of a scheme to pay teachers or others to undertake midday supervision, and a revised career structure. This included a 2 year entry grade, a teacher grade with a maximum salary of £10,509, and 2 promoted posts of senior teacher and principal teacher with maxima of £12,087 and £14,658 respectively. Each grade was linked to specific duties which teachers in that grade would be expected to undertake. In addition, there were to be additional allowances available for senior and principal teachers for specific management duties.

3.16 In October, the management panel made a revised offer of 6.9 per cent without prejudice to future discussions on conditions of service and a new salary structure. The offer of 6.9 per cent was rejected by the teachers' panel because it did not include a commitment to restore Houghton levels of pay. The offer was withdrawn.

3.17 In November, the membership of the teachers' panel was revised, and the NUT lost its majority. On 5 December the teachers' panel decided to return to negotiations.

3.18 The management panel reinstated their 6.9 per cent offer, and the teachers' panel entered a claim for 9.9 per cent. Once again ACAS invited the two sides to talks and on 24 January 1986, a provisional agreement was reached on a pay increase of 6.9 per cent with an additional 1.6 per cent from 31 March 1986. The agreement also included an undertaking to take immediate steps to end industrial action and return to normal duties, and the appointment of an independent panel by ACAS to supervise talks about restructuring which was to report in 6 months. The NUT withdrew from the ACAS talks because it did not wish pay and conditions to be considered together. It balloted its members on further industrial action.

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3.19 Discussions with the independent panel began in March 1986. The NUT was initially involved, but the management side requested that it be excluded from the talks in April because of continued industrial action. The ACAS panel agreed. The other unions and the management side agreed to set up four working groups to consider pay and pay structures, duties and working time, appraisal and negotiating machinery. Soon afterwards, the NUT tried to negotiate a return to the discussions in return for an end to disruption provided that teachers were given an interim pay award. On 9 May, an interim settlement was reached in Burnham worth 5.7 per cent on average earnings. The NUT were readmitted to the four working groups after giving an assurance that their disruption would be ended.

3.20 Reports from the working groups were discussed at ACAS on 9 July. Agreement had been reached in principle on appraisal, but not much progress had been made on the other issues. The local authorities brought new proposals forward in July and a partial agreement, which was known as "the heads of agreement", was reached at the end of July in Coventry with all the unions except NAS/UWT. However, a range of issues remained to be resolved.

3.21 In October 1986, the report of the Main Inquiry into Scottish teachers' pay was published recommending pay increases averaging 16.4 per cent. It proposed a salary structure with maxima of £12,500 for primary teachers and £12,900 for secondary teachers on the basic scale, greater differentials for promoted staff than the Coventry "heads of agreement", and a clear definition of duties.

3.22 At the end of October, the Government accepted the Main Inquiry recommendations, subject to the staging of the pay increase. The Secretary of State for Education and Science announced that the Coventry "heads of agreement" were not acceptable to the Government because the proposed salary structure compressed differentials, cut back on promotion opportunities and failed to provide sufficient flexibility for management, and because of lack of progress on defining conditions of service.

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3.23 The Government therefore put forward its own proposals based on the Main recommendations. These included a basic scale of up to £12,700 for primary and secondary teachers and five allowances for promoted teachers. They were also linked to a new definition of teachers' duties based on those drafted in the ACAS working group. The Government offered to make provision for additional expenditure of £118 million in 1986-87 and £490 million in 1987-88 to finance either its own proposals, or a Burnham agreement on pay based on the relevant Main recommendations. The Government made clear that such an agreement would have to be within the 16.4 per cent cost envelope of the Main Report, for implementation in two equal stages on 1 January 1987 and 1 October 1987 respectively, and that a satisfactory parallel agreement on conditions of service would have to be concluded in CLEA/ST, within the same cost envelope.

3.24 Neither the local authorities nor the unions were prepared to accept the Government's proposals when they met in November in Nottingham. After lengthy negotiations, revised proposals emerged on 15 November which were conditional on the Government providing still more money. These proposals included a basic scale of up to £15,058 plus two responsibility allowances above the main scale of £799 and £2077 respectively as well as provisions on cover, class size and future negotiating machinery. The NAHT and NAS/UWT did not sign them.

3.25 The Government did not accept the Nottingham proposals because they did not sufficiently reward responsibility and experience, because they cost too much overall, and because the proposed new negotiating arrangements were not an acceptable replacement for Burnham. In particular, the Secretary of State was concerned that a new structure should recruit, retain and motivate sufficient teachers of the quality needed in the schools.

3.26 The Secretary of State introduced a Bill in Parliament at the end of November to allow him to determine teachers' pay and conditions for 1987, to abolish the Burnham Committee and to set up an Interim Advisory Committee to advise him on further settlements up to March 1990. He said that he was very willing to see the local authorities and the unions about pay and conditions. However, they made no changes to their own proposals. Two of the unions which had signed the provisional proposals in Nottingham did not continue to endorse them after consulting their members.

3.27 The Bill was enacted on 2 March 1987. The Government announced revised proposals on pay which included an increase in the maximum of the main scale to £13,300. This reflected decisions in Scotland consequential to consideration of the Main Committee's proposals. On the same day the Secretary of State published a draft Order for consultation to put into effect the first part of the pay award and to introduce a clear definition of teachers' duties and working time into their conditions of employment. The conditions in the Order were similar to those which emerged from the ACAS - led negotiations. The Order was made on 6 April and came into force on 30 April.

3.28 The main difference between the Government's proposals on pay and the proposals developed under the auspices of ACAS was that whereas the ACAS proposals provided higher salaries for teachers on the basic scale, they restricted promotion opportunities by providing only two levels of promoted posts with allowances of £799 and £2077 above the basic scale.

3.29 The Government's proposals included five allowances above the basic scale ranging from £500 to £4,200 to be awarded in recognition of one or more - in any combination - of the following factors:

- responsibilities beyond those common to the majority of teachers;
- outstanding classroom teaching;
- shortage skills; or
- recruitment to posts difficult to fill

and allowed for more promoted posts than the ACAS proposals as shown by table D below.

TABLE D: NUMBERS OF PROMOTED POSTS UNDER ACAS PROPOSALS (NOVEMBER 1986) AND GOVERNMENT PROPOSALS (EXCLUDING HEADS AND DEPUTIES)

	ACAS PROPOSALS 1987	EXISTING SCALE 3 AND ABOVE 1986	GOVERNMENT PROPOSALS Oct 1987	GOVERNMENT PROPOSALS Sept 1990
Promoted Teachers	80,000	105,000	129,000	165,000
Percentage of Teaching Force	20%	26%	33%	41%

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3.30 The Government published a second draft Order on 26 June 1987 together with a draft Document which contained provisions completing the introduction of the new pay structure and providing for the second stage of the pay award. The Document was revised following consultation and published in August. It was entitled "School Teachers' Pay and Conditions Document 1987" and replaced the Burnham Document from 1 October 1987.

3.31 The Government announced the membership of the Interim Advisory Committee on School Teachers' Pay and Conditions on 22 July 1987. The Committee's Chairman is Lord Chilver and its members come from a variety of backgrounds including teaching. The Committee's first main task will be to advise on the April 1988 pay settlement.

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CHAPTER 4: REQUIREMENTS FOR THE FUTURE

4.1 The education service is vital to the nation's future. The nation's children pass through our primary and secondary schools, and the quality of education that they will receive there will in great measure determine their future development. The quality of education is in turn largely dependent on the work done by teachers. So the nation requires that the teacher force be adequate in numbers, well qualified and well motivated.

4.2 This Chapter sets out three key principles relevant to the establishment of new machinery for determining school teachers' pay and conditions. Action consistent with these principles is in the interests of the education service and of the nation as a whole.

1: Manpower

4.3 As in all sectors of employment, it is important that sufficient staff of the right quality are attracted to our schools. The first principle for any new machinery is therefore that it should be designed to provide that settlements have due regard to the need to recruit, retain and motivate sufficient teachers of the right quality. Flexibility to provide incentives for recruiting and retaining staff in shortage subjects and posts difficult to fill is clearly important. Recruiting and retaining sufficient teachers is more difficult in some parts of the country than in others: this has always been recognised through the use of London Weighting. New machinery should be capable of addressing these issues and ensure value for money.

2: Management

4.4 The education service will not prove adequate to the nation's future needs unless it is well managed and effectively delivered. The second principle for any new machinery is therefore that it must ensure that settlements support effective management of the schools and provide for proper career-long development and incentives for teachers. One element in promoting effective management is bound to be simultaneous consideration of teachers' pay and other conditions of employment. The determination of teachers' pay must be matched by consideration of the work for which they are paid.

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3: Affordability

4.5 School education currently costs more than £10 billion a year, or about 2½ per cent of the country's Gross Domestic Product. This represents some 7 per cent of the Government's total public expenditure programme. Teachers' pay accounts for about two thirds of the total cost of school education. Priorities need to be decided both as between education and other public services and as between public spending as a whole and private consumption. The third principle for any new machinery is therefore that it should be designed to ensure that settlements have due regard to affordability and to the needs of the national economy.

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CHAPTER 5: DIFFERENT INTERESTS

5.1 Because education is an important national service, many bodies and groups have a legitimate interest in its provision and effectiveness. The consideration of future machinery for determining school teachers' pay and conditions of service needs to take account of the responsibilities and concerns of these wider interests. This Chapter considers the interest in the matter of various bodies and groups.

A: Parliament

5.2 Parliament approves the plans for public expenditure set out in successive Public Expenditure White Papers. It votes the money spent directly by Government, including Rate Support Grant to local authorities. It also approves the Government's plans for taxation. Because school teachers' pay is such a substantial element in public expenditure, the Teachers' Pay and Conditions Act 1987 provides for Orders on teachers' pay and conditions to be laid before Parliament and to be subject to votes of both Houses.

5.3 Parliament also has a wider policy interest in education. The quality of education is substantially dependent on teachers and what they do, so Parliament also has a concern with teachers' duties and other conditions of employment. The provision for laying Orders before Parliament in the Teachers' Pay and Conditions Act 1987 also recognised this aspect.

B: Government

5.4 The Secretary of State is charged under statute - Section 1 of the Education Act 1944 - with promoting the education of the people of England and Wales and the progressive development of institutions devoted to that purpose and securing the effective execution by local authorities, under his control and direction, of the national policy for providing a varied and comprehensive educational service in every area. He is therefore bound to be concerned with the quality of education and with the quality, deployment and morale of the teacher force as affected by teachers' pay and conditions of service.

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5.5 The Secretary of State gives directions as to the number of students to be admitted to courses of initial teacher training and is responsible for securing the availability of sufficient facilities for the training of teachers. The supply of people coming forward to teacher training is inevitably affected by the levels of teachers' pay and by how the teacher's job is perceived. Demand is also affected by pay and conditions of employment. If pay levels do not retain and motivate teachers, wastage rates will increase and more new teachers will be needed to make up for those who have left. If conditions of employment place unjustified restrictions on class sizes or on class contact hours, more teachers may well be needed. The Secretary of State thus has a very strong interest in decisions both on pay and conditions of service stemming from his responsibilities for teacher supply.

5.6 The Government has responsibility for planning public expenditure and laying plans before Parliament. Teachers' pay is a very substantial part of local authority expenditure and therefore relevant to the Government's consideration both of the aggregate total of that expenditure and the appropriate division between services. The Government's responsibility for teachers is different from its responsibilities for other local authority employees because of the duties outlined above placed on the Secretary of State under statute for the education service generally and for the supply and training of teachers. The nature of this responsibility is such that the Government's interest has to extend to the salary structure as well as to the total pay bill.

C: Local Authorities

5.7 Local education authorities (LEAs) are responsible for securing the provision of education within their area. In England and Wales, county councils, metropolitan districts, outer London boroughs and the Inner London Education Authority have this function. LEAs employ about 80 per cent of the teachers in maintained schools and pay the salaries of the remaining 20 per cent in voluntary aided schools. LEAs are also responsible for setting a complement of teacher numbers in all maintained schools. Local authorities raise funds from those who live within their areas and from commercial undertakings through rates or by precepting on other authorities. LEAs and therefore involved as

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employers, as bodies charged with providing education and as raisers of money from ratepayers. In the last capacity they must be concerned with the amount which must be raised by rates and precepts towards teachers' salaries and with value for money.

D: Churches and other Religious Bodies

5.8 Almost a third of all schools are voluntary schools. The great majority of these are associated with a religious denomination. In voluntary controlled and special agreement schools the teachers are employed by LEAs but in voluntary aided schools teachers are employed by the governors. Most voluntary aided schools are Church of England or Roman Catholic. But other Christian denominations and Jewish organisations also have various interests in voluntary schools.

5.9 The Churches provide guidance to schools of their denomination on matters of employment. They have a particular concern with teachers engaged in religious education, including "reserved teachers" in voluntary controlled schools. But they are also concerned with the provision by teachers generally of an effective education within the framework of the particular denomination.

E: School Governors

5.10 School governors employ the teachers in voluntary aided schools - some 20 per cent of all teachers in maintained schools. In all schools, governors are concerned with the standard of education provided. They wish to see education provided efficiently and effectively. They are thus concerned that schools have adequate and suitable teaching staffs; and their interest must extend to the quality of the work done by teachers and their conditions of employment.

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F: Head Teachers

5.11 Head teachers are the managers of the other teachers in their schools. They want to see pay levels that will recruit, retain and motivate teachers, and a pay structure that will enable them to reward and promote teachers who do well. They want to see conditions of service that enable them to direct teachers to carry out their professional duties in such a way as to make their schools a success. So they have a vital interest in the days and hours to be worked by teachers and the duties which they can be asked to carry out.

5.12 At the same time, head teachers are employees and are concerned with their own pay and conditions of service. For these purposes they may choose to be represented by a trade union. So head teachers have a dual role as managers and employees, and in both capacities they have an interest in teachers' pay and conditions.

5.13 Similar considerations apply to deputy head teachers who assist the head teacher in the management of the school as well as fulfilling their role as employees. In recent years the two associations concerned specifically with head teachers have admitted deputy heads to membership.

G: Teachers

5.14 Teachers have a very important interest in their own pay. They have a concern for the profession's pay structure, which will affect both their career prospects and the effectiveness of the managerial structure in a school. They are also concerned about the future needs of children and the effect of pay levels and the pay structure on the recruitment of new teachers of the right quality.

5.15 Teachers also have a very important interest in the duties which they may be required to perform, their working time and other conditions of employment. Teachers have demonstrated over many years a commitment to the quality of education and the highest standards of teaching. For the majority of teachers, teaching has been a vocation into which they have put much time, energy and commitment.

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5.16 Most teachers belong to one or other of the unions formerly represented on the Burnham Committee. Teachers expect those representing them to make an effective and responsible contribution to both professional and organisational changes as well as in matters concerning pay and conditions.

H: Parents

5.17 Parents' concern is primarily on their children's behalf. They wish to ensure that their children receive a good education which will prepare them for further educational progression and for adult life. It is therefore important to them that the teaching force should be well-motivated and effective.

5.18 Parents are particularly concerned that their children's education should not be interrupted or disrupted through industrial action. As taxpayers and ratepayers they also have an interest in the funding of education and ensuring value for money. Thus they have a major stake in both the effectiveness and the efficiency of schools.

5.19 Parents have always had a crucial role in the education of their children and the 1944 Act placed a clear statutory duty on parents to secure suitable full-time education for their children. In recent years their role has become increasingly recognised in other ways, in particular through the appointment of parents to governing bodies. The Government's proposals for reforms of the school system will further strengthen the powers and responsibilities of parents as members of school governing bodies.

I: Employers

5.20 Manufacturing and service industries and the public services will always require well-educated recruits. The availability of such recruits is essential to the future performance of the British economy, and so to the standard of living of the British people. Employers thus have a vital direct concern that children should receive effective and continuous education from well-motivated teachers of good quality.

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J: National and Local Taxpayers

5.21 National and local taxpayers provide the resources for all public services, including school education. They have a right to see that money is well spent with due regard to economy. But the community at large also have a wider interest in the quality and effectiveness of school education: the benefits of education do not accrue only to its recipients. It is in all our interests that our fellow-citizens should be competent and responsible people, ready to play their full part in maintaining the health of British society.

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CHAPTER 6: THE CHANGING CONTEXT

6.1 Important changes are planned affecting schools and their financing. The future machinery for determining school teachers' pay and conditions needs to be considered in the context of the Government's proposals both for local government finance and various aspects of schools policy.

LOCAL GOVERNMENT FINANCE

6.2 Significant changes are planned from 1990 to the way resources are provided to local authorities to pay for education and other services. Domestic rates will be abolished and will be replaced by a community charge payable by all adults. In England there will be a transition period before this change is fully introduced but in Wales domestic rates will no longer exist from 1990. Non-domestic rates will remain but there will be one uniform rate poundage set for businesses in England and one set for businesses in Wales. The year on year increase in the rate poundage will be statutorily linked to changes in the retail price index. Government grants to local authorities will be simplified.

6.3 A primary aim of these proposed changes is to make local authorities more accountable to the people who live in their areas. The cost of paying for local services will be shared out more fairly than it is at present between individual members of the community. A £1 per adult rise in local spending will mean a £1 increase in the community charge. Every local elector will have a clear incentive to consider the costs, as well as the benefits, of extra local spending.

6.4 At present taking England and Wales together, about half of local authorities' current expenditure is covered by central government grant and about half is raised directly by local authorities. With the introduction of the community charge about 25 per cent of total local authority revenue will be raised at the discretion of local authorities.

6.5 These changes represent a major reform in local authority funding arrangements.

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FINANCIAL DELEGATION TO SCHOOLS

6.6 The Government proposes to introduce in a Bill this Autumn measures that will require local education authorities to delegate responsibility for their budget to all secondary schools and to primary schools with more than 200 pupils. LEAs would set an overall budget for each school and the school governors would decide spending priorities within this, drawing upon the advice of the head teacher. LEAs would continue to be the employers of the staff of their schools, except at voluntary aided schools where the governors already employ their staff, but governors would have more powers in relation to the appointment and dismissal of staff.

6.7 It is proposed that local authorities should be required to submit schemes for financial delegation by September 1989: the schemes could include a transition period of 3 to 4 years for implementing financial delegation.

6.8 The delegation of budgetary responsibility will give governors, staff and parents a greater interest in all items of expenditure. The Teachers' Pay and Conditions Act 1987 and the Teachers' Pay and Conditions Document 1987 place responsibilities on local education authorities which are now to be delegated to governors. Within the national framework for arrangements covering pay and conditions of employment, financial delegation will mean greater responsibilities for governors in such areas as the allocation of incentive allowances.

GRANT-MAINTAINED SCHOOLS

6.9 The Government proposes to include in the same legislation proposals to allow schools to seek direct funding from the Government and cease to be maintained by LEAs. An application for grant-maintained status would have to come from the governors and the school, backed by a majority of the parents voting in a secret ballot. If the application were successful, the school would receive Government grant at a level comparable to the funding which the school would have received had it remained with its LEA.

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6.10 The governors of grant-maintained schools would be the employers of the teaching staff and would have a clear interest in the pay and conditions of service in their schools. It is envisaged that national arrangements covering pay and conditions of service should apply equally to grant maintained schools and LEA maintained schools.

NATIONAL CURRICULUM

6.11 The Bill will also include the provisions setting out a framework for the national curriculum. This development will have important consequences for local education authorities, governors and head teachers. Each will have an important role to play. The arrangements for determining pay and conditions will need to be compatible with ensuring the delivery of the national curriculum.

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CHAPTER 7: PROPOSALS FOR NEW MACHINERY

7.1 The description of the history of pay determination arrangements and the chapters on the different interests and the changing context demonstrate the wide range of interests involved and therefore the potential for an almost infinite variety of pay determination arrangements. Consideration of future permanent arrangements raises a large number of issues. Four major issues are set out below.

7.2 The first issue is which parties are to be involved. Central government, 105 local authorities, the governors of 5,000 voluntary aided schools, future governors of grant-maintained schools and school teachers represented by at least 6 teacher unions all have a strong case for representation in new machinery. However, their interests are diverse. The absence of a single employer and paymaster and of a single body representing teachers means that there are inevitable complexities in any pay determination arrangements as well as a great many possible degrees of involvement of the different parties. It is acknowledged by all parties that central government has an important role to play.

7.3 The second major issue is the level at which matters of pay and conditions of employment are resolved. Negotiations on teachers' pay have long been conducted at national level. Negotiations on conditions of service have, however, often been conducted at LEA level as well as at national level: and there is often consultation with unions about working practices in individual schools. Once financial delegation has been brought into place it is arguable that schools which are responsible for their budgets should also have the responsibility for setting teachers' pay and conditions of service at school level. Needs will vary from school to school. Teachers will be more, or less, difficult to recruit and retain. Another possibility is that decisions should be taken at LEA level since LEAs continue to be responsible for setting the budgets of schools with financial delegation.

7.4 A third possibility is for the main arrangements for pay and conditions of service to be determined at a national level covering England and Wales, producing standardised rates of pay and a framework for conditions of

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employment. A national framework can allow local needs to be reflected as has been done through many years through the payment of London allowance and through flexibility in the number of teachers permitted to be paid on higher scales or to be in receipt of incentive allowances. Most of the interested parties appear to favour a national framework but some may wish to advocate more localised arrangements.

7.5 A third issue is the extent to which new arrangements are set in a statutory framework. Most parties appear to favour a statutory framework for the pay arrangements. A statutory framework for conditions of service has produced more controversy. Related to this issue is the involvement of Parliament. A statutory framework would provide a means for Parliament to exercise a measure of supervision over changes in arrangements covering pay and conditions.

7.6 A fourth issue is whether there should be any independent element. The Burnham Committee had an independent chairman and there was provision for reference to arbitration. Over the history of pay determination arrangements three independent committees have had an important influence. These were chaired by Lord Houghton, Professor Hugh Clegg and Sir Peter Main. The Interim Advisory Committee is an independent body established under statute with a careful definition of its role in relation to the various interested parties. Inevitably the larger is the role for an independent element the smaller is the role for any negotiations. Some have suggested that any future arrangements should involve both negotiation and a major role for an independent element, although such proposals would inevitably be complex because of the range of interests involved.

7.7 Out of the huge range of potential different arrangements for determining pay and conditions, the main focus of interested parties has been on either a new negotiating body or the establishment of an independent review body. This Chapter considers in turn these two main variants, identifying the shape of the main proposals already put forward and the reasons why the Government does not think it right to accept either of them. The Chapter goes on to set out proposals for new machinery which the Government believes most readily will meet the needs of the 1990s and sets out a series of detailed issues about the arrangements for new machinery.

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NATIONAL JOINT COUNCIL

7.8 While the Teachers' Pay and Conditions Bill was going through Parliament, there were discussions between the local authority associations and the teacher associations about setting up a National Joint Council. Proposals for such a Council were put forward as amendments to the Bill in the House of Lords. These proposals would have reintroduced many of the features of the Burnham Committee. The main amendment was defeated in the House of Lords by a substantial majority.

7.9 Since then there have been extensive discussions between representatives of the local authority associations and the teacher associations. A memorandum with further proposals was recently put to the Secretary of State by the local authority associations and four teacher associations. These proposals are not supported by the National Association of Head Teachers or the Professional Association of Teachers.

7.10 The Government welcomes certain aspects of these proposals. The suggested Council would deal with both pay and conditions of employment. The recognition of the need to consider pay and conditions together is a major step forward. The Government notes that both the local authority associations and the four teacher associations believe that there should be appropriate involvement and recognition of the role of central government. In their memorandum to the Secretary of State they have said that the Secretary of State would have a major role to play in their proposed new machinery for the determination of the pay and conditions of school teachers. This is expressed in their proposals as votes for the Secretary of State's representatives within the management side and the possibility of a statutory power for the Secretary of State to seek Parliamentary approval to declare pay agreements null and void in exceptional circumstances.

7.11 The Government welcomes the attention given by the local authority associations and the teacher associations to the position of heads and deputies. It notes with interest the proposal for considering the salaries and conditions of employment of heads and deputy heads through a sub-committee, and that this proposal is qualified by a Memorandum of Understanding. The Government

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understands, however, that the NAHT, which represents more heads and deputies than any other single union, does not regard these arrangements as satisfactory.

7.12 While recognising the effort that has gone into the preparation of the proposals for a National Joint Council, the Government does not regard these proposals as an adequate basis for new permanent machinery. Although smaller and covering conditions of employment as well as pay, it would be likely to give rise to some of the same problems as the discredited Burnham Committee. Chapters 2 and 3 brought out clearly the discord and disruption resulting from the Burnham arrangements.

7.13 One difficulty reproduced from Burnham would be the conflict of interest within both the management and the teachers' sides. Within the management side there would be no provision to ensure that constraints on the resources available to the public sector will be taken properly into account, except possibly a power of Parliamentary override that could very rarely be used.

7.14 A further difficulty would be the problem of overcoming deadlock as experienced in Burnham. Changes to pay or conditions could be made only by agreement. Such agreements could be difficult to achieve. There is a proposal for arbitration but arbitration can result in excessive costs leading to excessive demands on national and local taxpayers. The management side needs a power to resolve deadlock without this risk: this is not effectively provided for in the proposals for a National Joint Council.

7.15 The Government considers that the difficulties faced by the teacher associations in reaching an agreement on outline proposals for a new Council does not provide encouragement that these new proposals, if implemented, would operate in the interests of efficient and effective school education. The arrangements for heads and deputies could be subject to different interpretations and therefore would not necessarily work smoothly: they are hardly a secure basis for permanent arrangements.

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REVIEW BODY

7.16 When the Teachers' Pay and Conditions Bill was going through Parliament there was more support in the House of Lords for arrangements involving an independent review body than for a National Joint Council. The National Confederation of Parent Teacher Associations (NCPTA) have suggested that an independent review body should be established. In their view the Burnham Committee had shown itself incapable of producing agreements on pay which were accepted by all teachers. They welcomed the abolition of the Burnham Committee because any group of teachers which disagreed could cause unacceptable disruption in schools and because no union regarded itself as morally bound by agreements to which the majority had set their hands.

7.17 The PAT recently declared its support for a review body. In a unanimous resolution of the PAT Council it was agreed 'that in the consideration of possible alternatives the Association would particularly wish regard to be given to the advantages which might well arise from the establishment of a genuinely independent pay review body'. The PAT have also emphasised the merits of no strike agreements.

7.18 Review bodies presently operate for doctors and dentists, nurses, the Armed Forces and senior public servants. These review bodies are non-statutory advisory bodies which make recommendations about pay - not conditions of service -to the Government. For all these groups the Government is the employer or direct paymaster. Because of the nature of their responsibilities these groups do not take industrial action, although only the Armed Forces are prohibited from doing so. They are thus in a different relationship with their employer from other groups where the possibility of industrial action has to be taken into account in negotiations about pay and conditions. This difference is recognised through the establishment and continuation of the review body arrangements whereby for these groups pay is determined in the light of the recommendations of an independent body. The Government does not consider that it would be appropriate to establish a permanent independent review body for teachers' pay and conditions, as there is no evidence that the teacher

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associations representing the majority of teachers would be prepared to commit themselves to abandoning the use of industrial action. In this respect they are unlike those professions for which review bodies currently operate.

TEACHERS' NEGOTIATING GROUP

7.19 The earlier paragraphs of this Chapter have discussed the two main approaches which have been suggested so far. Because of the difficulties with both approaches, the Government now proposes the establishment of a Teachers' Negotiating Group (TNG) which would provide for future negotiations for teachers' pay and conditions. This group would have to be structured so as to meet the requirements identified in Chapter 4.

7.20 Paragraph 4.3 emphasised the requirement that settlements should have due regard to the need to recruit, retain and motivate sufficient teachers of the right quality. As noted in paragraph 5.5 the Secretary of State has the statutory responsibility to ensure that there is an adequate supply of teachers: pay and career prospects are both factors affecting supply. Paragraph 4.4 stressed that settlements should support effective management of the schools and provide for proper career-long development and incentives for teachers. The achievement of better management in schools is a matter of high priority for the Government because of the urgent need to increase further the benefits accruing from the enormous public investments in education. Key elements of the Government's wider educational proposals, like financial delegation, are directed to this end.

7.21 Paragraph 4.5 focussed on the requirement that settlements must have regard to affordability and to the needs of the national economy. Affordability effects both local and national taxpayers. The size of the teachers' pay bill is too large for local taxpayers to finance on their own. Because expenditure on teachers is so great, more central government funds go to support it than go to support any other aspect of local government expenditure. This will remain the position under the new local finance arrangements planned for 1990, when local authorities, on average, will raise just 25% of their expenditure from local taxpayers with the balance coming from the Exchequer and business rate payers nationally. In practice, therefore, a larger part of the teachers' pay bill will, in effect, from 1990 be funded by central grant rather than by locally-determined taxation.

7.22 These considerations taken together lead the Government to conclude that the Secretary of State's representatives should have a majority of votes on the management side of the Teachers' Negotiating Group.

7.23 The Teachers' Negotiating Group would be charged with conducting negotiations on the pay and conditions of school teachers in England and Wales. Settlements would be reached when a majority on each of the management and teachers' sides were in agreement. If no agreement could be reached there would be the possibility of arbitration but there would also be provision for the management side to break the deadlock by implementing its proposals subject to the approval of Parliament.

7.24 Because of the importance of the intended changes in local government funding, the Government envisages that new permanent arrangements for teachers' pay and conditions should be established on the same time scale: they would therefore operate for the 1 April 1990 pay settlement. On this basis the provisions of the Teachers' Pay and Conditions Act 1987 would apply to the 1 April 1989 pay settlement. The Government would, however, be willing to consider new arrangements in the form proposed in time for April 1989. The Government does not think that it would be appropriate to have different arrangements covering the three successive pay settlements of April 1988, 1989 and 1990.

DETAILED ARRANGEMENTS FOR A TEACHERS' NEGOTIATING GROUP

7.25 This section identifies various issues about the details of a Teachers' Negotiating Group on which views are sought.

Voluntary or Statutory Arrangements

7.26 Voluntary arrangements exist for most groups of public service employees including civil servants, university lecturers and other local authority employees. The work of Burnham was within a statutory framework but that of CLEA/ST was not. If there were no statutory framework, agreements would never be directly binding on all employers of teachers.

7.27 One possibility would be for a Teachers' Negotiating Group to be set up on a voluntary basis. The Government would need, however, to have sufficient confidence that the outcomes would be implemented. This would mean a commitment that all local education authorities would implement in full and without amendment the outcome of the TNG deliberations be it an agreement or, in the absence of agreement, the proposals of the management side. The Government does not consider a binding commitment to this effect to be a realistic proposition.

7.28 A statutory framework would provide a protection for individual teachers which would ensure that they are paid nationally defined rates. It would also ensure a clear relationship between pay and conditions of employment. It would allow Parliament to have a role in the determination of pay and conditions. In view of the history of discord and the range of interests involved, the Government has concluded that permanent arrangements for determining teachers' pay and conditions should be within a statutory framework.

The Composition of the Management Side

7.29 The proportion of votes held by the local authority members and the Secretary of State's representatives would take account of their respective roles in the education service including their responsibilities for overall funding decisions and financing. The Government envisages that the local authority members would have somewhat under half of the votes within the management side with central government having the remainder of the votes.

7.30 The Association of County Councils, the Association of Metropolitan Authorities and the Welsh Joint Education Committee would need to be represented on the management side. There is a case for requiring that the votes of the associations are pro rata to the adult population in the areas which they represent: though double counting would have to be avoided. Under the Local Government Act 1985 there is a requirement that appointments made to Authorities for police, fire and transport should reflect a political balance. The Government would be prepared to consider the arguments for and against a statutory provision for political balance to be reflected among the local authority representatives on the management side.

7.31 The proposals developed by the local authority associations and four of the teacher unions for a National Joint Council include observer status on the management side for one representative of the Catholic Education Council and one representative of the Church of England Board of Education. In view of the responsibilities of the governors of voluntary aided schools as employers the Government believes that it is right for the voluntary sector to be represented in the discussions of the Teachers' Negotiating Group. One member with observer status could be appointed to the management side by each of the Catholic Education Council and the Church of England Board of Education. Alternatively, two members could be appointed jointly by the various interests representing the governors of voluntary schools.

7.32 When grant-maintained schools have been established, the case for giving representation to such schools on an observer basis in the management side will be very similar to the case for providing for observers representing the governors of voluntary aided schools. Therefore the Government believes it right that there should be a power for the Secretary of State to appoint observers to the Teachers' Negotiating Group who would represent the interests of grant-maintained schools.

The Composition of the Teachers' Side

7.33 The teachers' side would need to be properly representative of the teachers covered by the negotiations. Its initial composition, and subsequent changes, could be determined in a number of different ways:

a. it could be determined by agreement among the teacher associations, who could decide initial representation and could subsequently agree to admit further associations if they thought this appropriate;

b. it could be determined by agreement among the teacher associations but with a provision that if any association was not content with the outcome it could appeal to the Secretary of State who would then determine the membership of the teachers' side;

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c. rules could be laid down in regulations about how representation was determined; or

d. the Secretary of State could have the power to determine directly the representation on the teachers' side.

7.34 The Burnham arrangements followed approach d.: however the Government thinks that there is a strong case for approach c. in any new permanent arrangements.

7.35 A threshold could be set on the minimum membership to justify representation on the teachers' side: this would exclude associations with only a small number of teachers in membership. Consideration might also have to be given, however, to whether an association represented a distinctive group of teachers.

7.36 The voting strength of each association within the teachers' side could result either from holding a number of seats or from a card vote reflecting membership. If the number of seats on the teachers' side has to reflect the numerical strength of each association there will be a tendency for large committees. It may well therefore be preferable to have a card voting system in which each association casts votes in proportion to the number of its members paid according to scales determined as a result of negotiations in the particular committee.

7.37 The effect of this would depend on what committees were established (see paragraphs 7.46-7.47). If there were a separate committee dealing with teachers other than heads and deputies it might be expected that the NUT, NAS/UWT, AMMA, and PAT would have votes; the NAHT and SHA could be given observer status. All these six associations would be in membership of a committee dealing with the pay and conditions of heads and deputies.

7.38 The teacher associations already make returns annually to the Certification Officer about their total membership numbers. One possibility would be to require each teacher association to identify the number of members within this total whose pay and conditions are determined by the new arrangements; and to identify separately any whose pay and conditions are considered in separate committees. The legislation could require that a review

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of the card votes within the Group should take place at intervals of not greater than three years with the Secretary of State having the power to require a more frequent review. The returns would need to be subject to audit. It might be required in statute that the returns be subject to audit by an auditor appointed by the Audit Commission.

7.39 Whether or not there is a card voting system, it would be desirable to set limits on the total numbers who could attend meetings of the Group. It would be reasonable for each association to be able to bring at least 2 representatives: it would be doubtful whether with a card voting system larger associations needed more representatives. It is important that numbers should not become unwieldy as they did in Burnham.

Means of Overcoming Deadlock

7.40 As noted earlier in this Chapter, a major defect both of Burnham and of the proposed National Joint Council is the lack of satisfactory means of overcoming deadlock in negotiations.

7.41 One possible means of overcoming deadlock is recourse to arbitration; and the Government believes this should play some part in the new machinery.

7.42 It would in theory be possible to provide that each side might be given unilateral access to arbitration when it considered that continuing negotiations would not bring a settlement. However, unilateral access can lead to an early approach to arbitration when a settlement could have been reached by negotiation. Also, it is possible for unions to negotiate until the management side increase their offer and then to go to arbitration in the expectation that this would produce a result between the management panel's last offer and the unions' claim.

7.43 The Government therefore believes that arrangements for arbitration should be provided for only where both sides agree to go to arbitration. A duty could be placed upon the Secretary of State for Employment to appoint the arbitrators.

7.44 Arbitration cannot, however, be the sole means of resolving deadlock. It could not be right for the management side to submit to arbitration when it has already offered the maximum that can be afforded. Alternatively, the teachers' side may refuse to go to arbitration, as it did on occasion in Burnham. The management side also needs the power to implement its proposals when arbitration would be inappropriate.

7.45 Parliament has no role in most pay settlements. However, the Government believes that to ensure application of the outcomes across the whole country changes in pay and conditions should be promulgated through an Order. Any such Order would be placed before Parliament and would be subject to the negative resolution procedure.

Consideration of Primary and Secondary Sectors

7.46 These two sectors have been treated together since 1944. There is, however, a case for separate committees for the two sectors. The nature of the two sectors is different. Most primary schools are small. They have relatively less need for hierarchies of management and have traditionally had relatively smaller pay differentials within them. Most secondary schools are large. They are organised in departments and year groups and many teachers other than the head and deputies carry substantial managerial and other non-teaching responsibilities. To that extent, the interests of primary and secondary teachers in relation to pay structure are different. The same applies to many conditions of service - for example, cover for absent colleagues which is usually provided to a substantial extent from within the school in the secondary sector, but much less often in the primary sector. There is a degree of differentiation in teacher training as between the primary and secondary sectors.

7.47 There are, however, practical difficulties. For example, difficult decisions would have to be taken about the position of teachers in special schools and middle schools. The importance of close links between primary and

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secondary schools and the value of similar arrangements covering the two sectors argues in favour of pay and conditions being settled in one committee rather than two. The Government would not want to press the suggestion at this point that there should be separate primary and secondary committees for teachers.

Arrangements for Heads and Deputies

7.48 However, different considerations apply for heads and deputies. It has been argued that the negotiations for these senior managers should be conducted separately. There are, for example, separate negotiations for local authority chief officers and for police officers at or above the rank of superintendent. Neither in pay nor conditions of employment do the senior managers have entirely the same interests as those who work as teachers under their direction.

7.49 The Government believes that because of the important managerial role of heads and deputies there is a strong case for separate committees within the Teachers' Negotiating Group dealing with assistant teachers on the one hand and heads and deputies on the other. The Government therefore envisages two committees, one dealing with all heads and deputies and the other with all other teachers. However, it would not rule out two committees for heads and deputies, which would consider separately those in primary and secondary schools, if there were strong support for such a proposal.

The Chairmanship and Secretariat of the Teachers' Negotiating Group

7.50 Within each committee the management side and the teachers' side would appoint their own Chairman. Meetings of the committees would be chaired by the Chairman of the Management Side. It would probably not be appropriate to continue the 'one voice' convention which operated through most of the life of the Burnham Committee, whereby only one person spoke for each side at meetings of the Committee.

7.51 A Secretariat would be necessary and might be appointed jointly by the two sides.

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Degree of Detail in Negotiations

7.52 It is anticipated that the Teachers' Negotiating Group would consider changes to the arrangements set out in the Pay and Conditions Document 1987 and its successors. These cover pay, duties and working time. Various issues of detail will continue to be settled at local level. Other issues may well continue to be settled at national level but outside the Teachers' Negotiating Group. These could include such issues as additional payments for teachers in residential schools.

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CHAPTER 8: CONCLUSION

8.1 In the light of the requirements for the future set out in Chapter 4, the range of interests concerned set out in Chapter 5 and the developments outlined in Chapter 6, comments are sought on the proposals for new machinery set out in Chapter 7.

8.2 Responses should be sent to Mr M Wardle, Room 15/10, Department of Education and Science, Elizabeth House, York Road, London, SE1 7PH by 31 January 1988.

8.3 The Secretary of State will be ready to hold discussions about these proposals with representatives of organisations with an interest in the provision of education in maintained schools. These will include the teacher associations, the local authority associations and bodies representing the interests of governors of voluntary schools.

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EDUCATION: Teacher's pay pt II

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CCBG

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
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01-212 3434

My ref:

Your ref: DRN

The Rt Hon Kenneth Baker MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

14 October 1987

NRBR.

Dear Secretary of State,

TEACHERS' PAY

FILE WITH PAB

Thank you for copying to me your letter of 2 October to Nigel Lawson.

I have now seen Nigel's reply of 12 October with which I agree. The present draft does seem to me to rest too heavily on the argument about shares of financing and not enough on the national importance of education and the responsibilities of the Secretary of State. I am not sure that Nigel's drafting amendments go quite far enough to meet this point. I think paragraphs 7.20-7.21 may need more substantive recasting, and I have asked my officials to circulate a revised draft.

I am copying this to the other members of E(EP) and to Sir Robert Armstrong.

Yours sincerely,

Nicholas Ridley

pp NICHOLAS RIDLEY

(Approved in draft by the Secretary of State and signed in his absence.)

This is 100% recycled paper

EDUCATION: Teachers Pay. Pt 11

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cc BG.
Dev or.

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

NBPM.

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

14 October 1987

Dear Nigel

REMIT FOR THE INTERIM ADVISORY COMMITTEE

Thank you for your letter of 6 October, with which you enclosed some proposed amendments to the remit to be given to the Interim Advisory Committee, and for your further letter of 13 October. As my officials have explained to yours, I could not accept all your proposed amendments as they stand; when we have reached agreement on the question of the form of the financial constraint our officials will need to settle the detailed points you raise on the other parts of the remit.

As to the form of that constraint, I continue to think it is important that we should take into account the view of Henry Chilver. I know we can rely on him to do his best to deliver what the Government needs, and that his doing so will represent a major achievement on our behalf. But as he has indicated to me following the IAC's first and preliminary meeting, it is clear that he would be faced with difficulties with at least one or two members of the Committee if we gave a remit that too obviously amounts to a percentage limit. He was quite clear that we should definitely not express the constraint in terms of a specific percentage. He was also concerned that if the remit was expressed in terms of a cash increase, that figure would be quickly and easily translated into a percentage uplift on a defined base. Accordingly he would much prefer to have a total cash sum for teachers' pay for 1988-89. This he feels is important for the way in which the Committee will work, since it gives them room to consider the trade off between the number of teachers and the level of their remuneration. In substance there is very little difference between a total cash figure and a figure for the cash increase, but Henry feels there is an important presentational advantage in setting the constraint in the terms he prefers, so as to ensure the smooth working of his Committee.

There remains the question of the timing of the remit. I agree with you that we should give the Committee their full instructions, including the quantified financial constraint, at the outset. I do not think we should keep them hanging on much longer before we give them some instructions. In view of this I would hope that those of us most closely concerned might meet early next week to resolve the outstanding issue about the form of the cash constraint.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw and Nicholas Ridley.

Yours ever Kenneth

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EDUCATION Teachers pay

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Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

13 October 1987

The Rt Hon Kenneth Baker MP
Secretary of State for Education & Science
Elizabeth House
York Road
LONDON SE1

REMIT FOR THE INTERIM ADVISORY COMMITTEE

You will have seen Nick Ridley's letter to me of 8 October.

I very much agree with what he says, not least about the urgency. I understand that the figure officials have in mind for the extra amount is £270m (4% on the paybill). I suggest that you give this to the IAC in their remit as soon as possible so that they can start work.

I am copying this letter to the Prime Minister, Members of E(EP), and to Sir Robert Armstrong.

NIGEL LAWSON

EDUCATION

TEACHER'S PAY

PT II



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ccBG

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

12 October 1987

The Rt. Hon. Kenneth Baker MP
Secretary of State for Education and Science

NOPN.

GREEN PAPER OF FUTURE MACHINERY FOR SCHOOL TEACHERS' PAY AND CONDITIONS

AGREE WITH AMDTS

Thank you for your letter of 2 October and the revised text of the Green Paper.

The draft goes a long way to meeting our objectives but I still think it has some serious weaknesses which must be rectified before it can be published.

First, I think the section on review bodies in Chapter 7 goes into to much detail about what the Government would do if the teachers were to accept a no-strike agreement. We all recognised at E(EP) that this was improbable. It seems to me that there is a danger of the present text being misconstrued as a deliberate policy initiative - which would almost inevitably fail.

Second, I agree with Malcolm Rifkind that a two-thirds majority for central government on the management side is unnecessarily provocative. The proposal appears to arise from resting the case exclusively on shares in financing. While this is certainly relevant there are other strong arguments, not least the national importance of education and the scale of the resources involved in it. Less emphasis on the financing argument would also help us to introduce the TNG in April 1989 before rates reform. Lastly, I think that, on balance, reference to Megaw type arrangements is best omitted at this stage. It is not an option which needs to be ruled out in the long run but it needs more consideration.

... I attach drafting amendments to cover these points and also a few minor drafting matters.

I am copying this to the Prime Minister, other members of E(EP), and Sir Robert Armstrong.

NIGEL LAWSON

AMENDMENTS: GREEN PAPER ON FUTURE MACHINERY FOR SCHOOL TEACHERS' PAY AND CONDITIONS

Chapter 4

Para 4.3: add "and ensure value for money" at the end of the paragraph.

Chapter 6

Para 6.2: line 4 insert "in England" before "there will be"

Para 6.4: line 1 replace "47 per cent" with half

line 2 delete the word "total"

line 3 replace "53 per cent" with half.

Chapter 7

Para 7.2: last sentence replace "appears to be" with "is"

Para 7.6: line 5 insert "and" before "have"

Paras 7.16 and 7.19: redraft lines 1 to 6 of para 7.19 to read

"The Government does not consider that it would be appropriate to establish a permanent independent review body for teachers' pay and conditions. One important reason for this is that there is no evidence that the teacher association respresenting the majority of teachers would be prepared to commit themselves to abandoning the use of industrial action. In this respect they are unlike those professions for which Review Bodies currently operate."

Move the whole of this revised segment to the end of para 7.16, and move the revised para 7.16 to the end of the section.

Delete the rest of para 7.19 ie. "However, if all

the teachers associations were to offer an undertaking ... recommendations subject to Parliamentary acceptance".

Para 7.20: Sub head c, insert "needs of the" at the beginning of line 2.

Para 7.27: line 6 replace "have" with "has".

Para 7.28: line 3 before "responsibilities" insert "roles in the education system, including their"

after "decisions" insert "and financing"

line 4 delete "about one third" and replace with "somewhat under half."

Para 7.29: line 3 delete rest of line starting "As the ..."

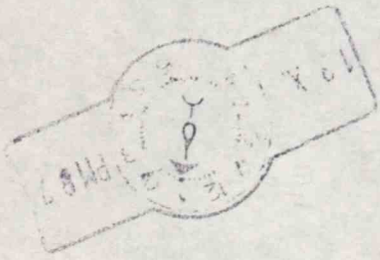
line 9 insert "the arguments for and against" after "consider"

Para 7.49: delete

EDUCATION

TEACHERS PTY

PT I & II



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10 DOWNING STREET

LONDON SW1A 2AA

12 October 1987

From the Private Secretary

Dear Tom,

GREEN PAPER ON FUTURE MACHINERY FOR SCHOOL TEACHERS' PAY AND CONDITIONS

The Prime Minister has seen the draft Green Paper circulated with your Secretary of State's letter of 2 October. She has three comments.

First, the paper argues (paragraph 7.19) that a review body would be inappropriate because there is no evidence that the teachers would give up the right to strike. It goes on to say that if they offer to do so, the Government would 'carefully consider the possibility of a review body'. The Prime Minister recalls this being discussed by E(EP). However, it was then agreed that the Green Paper should say simply that a review body would be inappropriate because teachers could strike. The implication would be left that if teachers were to undertake to give up the right to strike, the possibility of a review body could be reconsidered. The reference to the Government's willingness to consider the possibility of a review body should accordingly be deleted.

Secondly, paragraphs 7.22 and 7.44 say that if the Teachers Negotiating Group fail to reach agreement the management can break the deadlock, but only by an order subject to affirmative resolution. The difficulties of acting by affirmative resolution have been recognised many times in the past, and indeed one of the arguments for a TNG with a Government majority was that the affirmative resolution procedure would not then be necessary. The Prime Minister would therefore wish the legislation to provide the necessary powers without the need for affirmative resolution.

Thirdly, paragraph 7.49 states that the Government is prepared to consider Megaw type arrangements for teachers. This was not discussed by E(EP) and the paragraph should therefore be omitted.

I am copying this letter to the Private Secretaries to members of E(EP) and Trevor Woolley (Cabinet Office).

Yours,

David.

DAVID NORGROVE

Tom Jeffery, Esq.,
Department of Education and Science

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PRIME MINISTER

TEACHERS' PAY

Kenneth Baker has now circulated a draft Green Paper on Teachers' Pay, which points towards a Teachers Negotiating Group. The key section is Section 7. There are a few points I would draw to your attention.

First, paragraph 7.19 says that a review body would be inappropriate because there is no evidence that the teachers would give up the right to strike. It goes on to say that if they offer to do so, the Government would "carefully consider the possibility of a review body". This trade-off was suggested by Mr. Walker at E(EP) and there was some dispute about how firmly it should be proposed. The Chancellor wanted to stop at saying that a review body was inappropriate because teachers could strike. This would lead to the implication that if they undertook to give up the right to strike, a review body could be reconsidered. I remember you were particularly concerned that an undertaking by the teachers would not in the event stick.

Do you want simply to leave the implication or are you content with the more open formulation in Mr. Baker's draft?

Prefer the Chancellor's formulation. The teachers can then raise the point themselves if a sufficient number wish. NT

Secondly, paragraph 7.49 says that the Government is prepared to consider Megaw type arrangements for teachers. This was not discussed in E(EP). Are you content with it? Or would you prefer to say, more neutrally, "one possibility would be ...".

We cannot say we would consider Megaw arrangements. We haven't discussed them.

Thirdly, paragraphs 7.22 and 7.44 say that if the Teachers Negotiating Group failed to reach agreement the management could break the deadlock, but only by an order subject to affirmative resolution. Generally, the Government has been very cautious about arrangements which depend on affirmative orders and one of the arguments for a Teachers Negotiating Group with a Government majority was that such a power would

not then be necessary. It is therefore surprising that it has now been proposed: in principle it would be much better for the Government to be able to impose a settlement as it has done with the civil servants and as British Coal have done with the miners.

I have discussed this with DES. Their argument is that the Government is the employer in the case of civil servants but it is not in the case of teachers. The Government will therefore need a power to make sure that the employers pay what the Government wants. The legislation could provide for the Secretary of State to impose a settlement without reference to Parliament but their view is that this would probably not be acceptable to Parliament and would cause great difficulties with both employers and teachers. They have therefore proposed the use of the affirmative resolution procedure.

Are you content for the affirmative resolution procedure to be proposed? Or do you wish the Secretary of State to have power without reference to Parliament?

DAVID NORGROVE

9 October 1987

VC2AQB

cc BL

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From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

9 October 1987

NBPM.

GREEN PAPER ON FUTURE MACHINERY FOR SCHOOL TEACHERS PAY AND CONDITIONS

FILE WITH ON

Thank you for sending me a copy of your letter to Nigel Lawson dated 2 October enclosing a revised draft of the Green Paper on Future Machinery for School Teachers Pay and Conditions. I am content apart from suggesting a re-draft of the third sentence of paragraph 6.3 to read:

> "In England there will be a four year transition period before this change is fully introduced but in Wales domestic rates will no longer exist from 1990".

I am copying this letter to the Prime Minister, to other members of E(EP) and Sir Robert Armstrong.

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

EDUCATION: Teachers' Pay P

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SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

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

8 October 1987

Dear Chancellor,

REMIT FOR THE INTERIM ADVISORY COMMITTEE

I have seen a copy of Kenneth's letter to you of 2 October about the remit for the IAC.

In my view, despite Kenneth's point on consultation, it would be preferable to inform the Committee in a single letter about the constraints within which its recommendations are being sought. Making the remit known in two stages, as Kenneth suggests, would I think provide those who may be critical of the remit with two opportunities to voice their criticisms. I therefore suggest making clear as soon as possible the extra amount which we agreed in E(LA) would be available for the full year cost of the teachers' pay settlement in 1988/89.

I am copying this letter to the Prime Minister, Members of E(EP) and Sir Robert Armstrong.

Yours sincerely,

pp NICHOLAS RIDLEY
(Approved in draft by the Secretary of State and signed in his absence.)

EDUCATION : Teachers Pay PTII



CONFIDENTIAL

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Kenneth Baker MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

7 October 1987

Dear Kenneth,

GREEN PAPER ON FUTURE MACHINERY FOR SCHOOL TEACHERS' PAY AND CONDITIONS

There are just 2 points I would like to make on the draft Green Paper you have circulated with your letter of 2 October to Nigel Lawson:

i. I wonder if it is not unnecessarily provocative to give your representatives two thirds of the voting strength on the Management Side of the TNG. Would it not suffice to specify a level closer to 50% - even 51%?

ii. I think we should recognise that in proposing the TNG solution (with a built-in Government majority on the Management Side) we shall inevitably come under pressure to make the funding of teachers' pay a central government responsibility.

Otherwise I am entirely content with your draft.

I am sending copies of this letter to the Prime Minister, to other members of E(EP) and Sir Robert Armstrong.

Yours ever,

MALCOLM RIFKIND

SMA279A2

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EDUCATION:

Teachers Pay Pt 4



010

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Reference No E 0415

MR NORGROVE

Green Paper on Future Machinery for School Teachers' Pay and Conditions

Mr Baker circulated a draft of the Green Paper on 2 October, with a view to publication at about the time Parliament returns. Three points struck me on the draft which you might like to consider mentioning to the Prime Minister.

2. First, paragraph 7.19 says that a Review Body would be inappropriate because there is no evidence that the teachers would give up the right to strike. It then goes on to say that if they offered to do so, the Government would 'carefully consider the possibility of a review body'. It adds some detail about the form such a review body would take. My recollection of the E(EP) discussion is that Mr Walker did suggest offering this trade-off, but that most of the Committee wanted, following a suggestion by the Chancellor, to stop at saying simply that a Review Body was inappropriate because teachers could strike. This was to leave the implication, but no more, that if they undertook to give up the right to strike, a Review Body could be reconsidered. One reason for this cautious approach was the Prime Minister's concern that such an undertaking would not in the event stick. In the light of all this, I think 7.19 goes too far in offering to consider a review body, and that it would be better to stop after the first two sentences.

3. Secondly, paragraphs 7.22 and 7.44 say that if the Teachers' Negotiating Group failed to reach agreement the management could break the deadlock, but only by an order subject to affirmative

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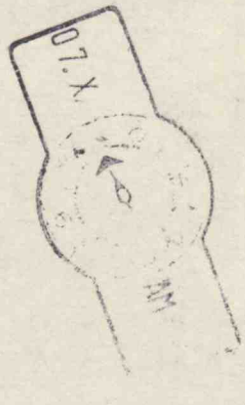
resolution. This particular point was not discussed in E(EP) but Ministers were strongly of the view that, for a National Joint Council, a power of override subject to affirmative resolution would be almost unusable. One of the arguments for a TNG with a Government majority on the management side was that such a power would not then be necessary. It is therefore suprising to find the affirmative resolution procedure coming back, not to override an agreement but to impose a settlement where no agreement at all had been made. Should not the management have maximum freedom to impose a settlement, as recently with civil servants and miners?

4. Thirdly, paragraph 7.49 says that the Government is prepared to consider Megaw-type arrangements for teachers. This proposition was not discussed in E(EP). Even though it reflects what has been offered to civil servants, it is rather surprising to find the Government tying its hands in this way in the case of the teachers.

G W MONGER

Economic Secretariat
6 October, 1987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ccba

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

6 October 1987

Rt Hon Kenneth Baker MP
Secretary of State for Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

NBBM.

Dear Secretary of State,

REMIT FOR THE INTERIM ADVISORY COMMITTEE

Thank you for your letter of ~~2 October~~ 1 Oct with the redrafted remit to the Interim Advisory Committee. It crossed with my letter of the same date. In my view your draft does not give sufficient weight to the points that I made in my letter, namely, that the maximum cash increase in the teachers' total paybill for England and Wales should be specified in the Committee's remit; and that they should be discouraged from making major changes in the new pay structure and conditions of service except where it is desirable to promote greater geographical variation for local recruitment and retention reasons. I attach drafting amendments to meet these points. I am content to leave it to officials to finalise the cash figure which should be included.

I am copying this to the Prime Minister, Willie Whitelaw, and Nicholas Ridley.

Yours sincerely,
Cathy Ryding

pp **NIGEL LAWSON**

(Approved by the chancellor and signed in his absence)

AMENDMENTS TO THE DRAFT LETTER FROM THE SECRETARY OF STATE TO LORD CHILVER, CHAIRMAN OF THE INTERIM ADVISORY COMMITTEE

Para 4 (iii) Delete. Changes here could all too easily feed through into the teachers' numbers and thus the paybill.

(iv) Delete and substitute "Where there are shortages of teachers in particular areas, or of particular skills, the committee should consider how the shortages may be relieved by regional variations in pay - funded from the sum available for the 1988 settlement".

Para 5 (i) add "within what can be afforded" at the end of the paragraph.

(ii) line 10. The sentence beginning "The Government does not ..." should be amended to read "Apart from introducing regional variations in pay the Government does not intend to make any major changes ...."

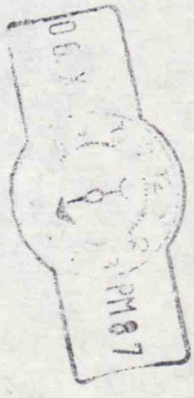
Para 6 (i) line 3 delete "may" and substitute "should"

Also delete final sentence. It is redundant and could cause misunderstanding.

(ii) Delete and substitute "When implemented the recommendations of the Committee should not cost more than an additional [£270 million] on a 1988-89 full year (financial) basis."

EDUCATION: Teachers' Pay

PT II.



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ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

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

2 October 1987

Dear Nigel,

GREEN PAPER ON FUTURE MACHINERY FOR SCHOOL TEACHERS' PAY AND CONDITIONS

I was asked by E(EP) on 10 September to circulate a revised draft Green Paper on future machinery for school teachers' pay and conditions along the lines set out in the Prime Minister's summing up of the discussion.

A revised text is attached. The crucial chapter is Chapter 7 which sets out proposals for the new machinery. This has been totally rewritten: I understand that Treasury and DES officials at working level have discussed and agreed the text from paragraph 7.7 onwards. This considers various possibilities that have been put to the Government and sets out the rationale for the Government's preferred approach in the form of the proposed new Teachers' Negotiating Group. This chapter also raises a number of issues about how such a Group would operate.

The Green Paper follows precisely the conclusions of E(EP) except in one respect. The conclusions envisaged a voluntary - non-statutory - Teachers' Negotiating Group as something to be discussed in the Green Paper as an alternative which might be acceptable to the Government. In E(EP) we recognised that the teachers and the local authorities might not agree to satisfactory voluntary arrangements and that we might therefore have to introduce them on a statutory basis. We want to be certain that the Government will be in a majority position on the management side and that the outcomes of the Teachers' Negotiating Group on both pay and conditions of employment will be implemented by all authorities. On reflection there seems to be no way in which the Government could have such certainty if the arrangements rested on voluntary compliance by local authorities. The draft text therefore refers to the possibility of voluntary arrangements but does not say that the Government would be willing to accept such arrangements.

Continued...

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Before setting out the Government's preferred approach, the draft text discusses proposals by the local authority associations and four of the teacher unions for a National Joint Council. The drafting presumes that we shall have received proposals before the Green Paper is published. Their proposals are currently in the process of ratification by the teacher unions. If they have not been finalised before the Green Paper is printed some limited amendment will be needed to this section of Chapter 7.

I would like to be in a position to be able to publish the Green Paper at about the time that Parliament returns. If any colleague considers it necessary to suggest amendments I would be grateful to have them by Thursday 9 October.

I am sending copies of this letter and of the draft Green Paper to the Prime Minister, to other members of E(EP) and Sir Robert Armstrong.

FUTURE MACHINERY

FOR

DETERMINING TEACHERS' PAY

AND CONDITIONS

OF SERVICE

FUTURE MACHINERY FOR DETERMINING TEACHERS' PAY AND CONDITIONS OF SERVICE

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CHAPTER 1: INTRODUCTION

1.1 During recent years it has increasingly been recognised that the Burnham arrangements for determining pay and conditions for school teachers in England and Wales needed to be replaced. Settlements have rarely been reached by agreement of all parties and there has been repeated disruption of children's education.

1.2 The Teachers' Pay and Conditions Act 1987 provided for interim arrangements. The Secretary of State has used his powers under this Act to define a clear set of teachers' duties and to increase average teachers' pay by 16.4 per cent in two stages in January and October 1987. On average teachers' pay has now increased by 25 per cent between March 1986 and October 1987. The Secretary of State has also appointed an Interim Advisory Committee on school teachers' pay and conditions. It will advise on the April 1988 pay settlement.

1.3 The Government intends to move to permanent arrangements, following consultations with the interested parties. This Green Paper provides a basis for those consultations. Part I sets out the history of pay determination arrangements for school teachers. Part II discusses requirements for the future in chapter 4, the wide range of different interests in chapter 5, the changing context in chapter 6, and alternative new arrangements in chapter 7.

1.4 Two main alternative types of arrangements have been proposed during recent months - negotiating groups and review bodies. The Government considers that the proposals have not so far taken sufficient account of the recent serious disruption of schools and the reasons why the Burnham Committee needed to be replaced. Chapter 7 therefore also sets out the form of negotiating group it believes to be appropriate. Within that context the chapter sets out a range of issues to be addressed and alternative ways of dealing with them. The intention is that these issues should be carefully considered during the breathing space provided by the Interim Advisory Committee, with the aim of developing a long-term solution that is fair to teachers, parents, taxpayers, ratepayers and the children.

PART I: HISTORY OF TEACHERS PAY ARRANGEMENTS IN ENGLAND AND WALES

CHAPTER 2: PAY MACHINERY SINCE 1919

2.1 In considering future arrangements for determining teachers' pay and conditions of employment, it is important to look at past arrangements. This Chapter summarises the development of teachers' pay machinery from 1919.

NEGOTIATING MACHINERY

2.2 In 1919, against a background of threatened local strike action, a Standing Joint Committee (SJC) was set up, chaired by Lord Burnham, bringing together representatives of the local authorities and elementary (primary) school teachers in a national forum. The next year a second SJC was set up covering secondary schools. The SJCs were non-statutory bodies and their reports were voluntary agreements.

2.3 At later dates further committees were set up to deal with teachers in Technical Schools, Colleges of Education and Agriculture Institutes. These later became the Burnham Further Education Committee. This chapter deals only with developments in the primary and secondary committees. In 1938 the Committees formally changed their names to the Burnham Committees in memory of their first chairman.

2.4 From 1919 onwards, the committees had separate management and teachers' panels. Each panel spoke with a single voice reflecting the panel's majority view. Negotiations were conducted under an independent Chairman, and any settlement had to have the agreement of both panels.

2.5 The Elementary SJC made a Provisional Minimum Scales Report in 1919. The scales agreed became standard scales in 1920, and in the same year standard scales were agreed for secondary schools. These scales remained in force with minor changes until 1945.

2.6 Section 89 of the Education Act 1944 gave the Burnham Committees a statutory basis. The Act required the Committees to submit to the Minister of Education "such scales of remuneration for teachers as they consider suitable". The Minister was empowered to implement their recommendations by Order if he approved. No provision was made for the Minister to modify the Committees' recommendations before implementation; nor was any procedure established for resolving disagreements between the Committee and the Minister.

2.7 In 1944, the two school Committees were combined to recognise changes in the education system following from the 1944 Education Act, particularly the need for a closer integration of the teaching profession, and in order to simplify the Burnham system.

2.8 The limitations of the 1944 Act became clear in 1959 when the Minister did not at first approve the Committee's recommendations. On this occasion he did decide at a later stage to approve its recommendations. In 1961, there was another disagreement, and the Committee eventually submitted a revised report which was accepted. However, in 1963, the Committee's report, which benefited teachers at the bottom of the basic scale at the expense of better qualified and more experienced teachers, was rejected by the Minister and it proved impossible to agree a compromise.

2.9 The Government decided to introduce legislation to put into effect the pay structure it favoured and the result was the Remuneration of Teachers Act 1963. This Act was a temporary measure giving the Minister powers to introduce his own salary scales by Order but only until March 1965.

2.10 In 1965, Section 89 of the 1944 Act was replaced by the Remuneration of Teachers Act 1965. Under this legislation the Secretary of State was represented directly on the Burnham Committee for the first time and agreements reached in the Committee came into effect without further opportunity for Government intervention. The Secretary of State was obliged to implement the Committee's recommendations, which then became binding on local education authorities. The Act also required the Secretary of State to make arrangements for arbitration following consultation with the bodies represented on the Committee. The arrangements then made provided that where an agreement

could not be reached, and one panel so requested, the matter was to be referred to arbitration, if the independent Chairman considered that there had been full opportunity for discussion.

2.11 Under the 1965 Act, the arbitrators' recommendations were treated as if they were recommendations of the Committee and implemented unless both Houses of Parliament resolved that national economic circumstances required that they should not be put into effect. Only then was the Secretary of State, after consultation with the Committee, empowered to make his own determination. In 1981, the Secretary of State, after consultation, changed the arrangements for arbitration so that arbitration was available only when both panels agreed to such a reference.

ROLE OF GOVERNMENT, LOCAL AUTHORITIES AND TEACHERS

2.12 Since 1919, the arrangements for determining teachers' pay have recognised the role of three parties: the Government, the local authorities, and the teachers. There has also been an independent chairman.

The Government

2.13 Until 1944, the role of the Government was restricted to the acceptance, for the purposes of grant support, of expenditure by local authorities on teachers' salaries not exceeding that resulting from the application of Burnham scales. The effect of this was to discourage payments to teachers above the Burnham scales, but also to encourage local authorities to bring pay up to the Burnham rates.

2.14 Under the 1944 Education Act, the Minister of Education was empowered to make Orders requiring local authorities to pay teachers according to Burnham Scales, but the Government had no representation on the Burnham Committee. The Minister could only put into effect the recommendations of the Committee as they were reported, or decline to do so.

2.15 For a short period following the Remuneration of Teachers Act 1963, the Minister was able to introduce new salary scales without recommendations from the Committee. Under the Remuneration of Teachers Act 1965, the Government was represented on the Committee. The Secretary of State had the duty to determine which local authority and teachers' bodies would be represented on the Committee, and by how many representatives. The Secretary of State also had a duty to publish a document setting out the scales and provisions resulting from the Committee's agreed recommendations, and to make an Order directing that the document be brought into effect.

2.16 The Secretary of State was also required to make arrangements for arbitration. The Act provided for the appointment of arbitrators by the Minister of Labour, which was subsequently changed in 1975 to appointment by the Advisory, Conciliation and Arbitration Service (ACAS). The Secretary of State was required to treat the recommendations of arbitrators as if they were recommendations of the Committee, unless both Houses of Parliament resolved that national economic circumstances required that they should not be put into effect.

2.17 No limitation was placed by the Act on the number of representatives whom the Secretary of State could appoint to represent him. From 1965, he appointed two people to represent him on the management panel of the Committee. However, an agreement, called the 'concordat' was made between the local authorities and the Government under which no claim could be accepted or offer made if the Secretary of State objected to the total cost involved, it being understood that the Secretary of State would not determine any limit of total cost at the outset of negotiations. The concordat provided that the Secretary of State's representatives had a weighted vote of fifteen on other matters. The weighted vote was not a majority (see table A below) and the Government's views could not prevail in the management panel unless it had the support of some of the local authority members.

2.18 The importance of the Government having control of the global cost of any agreement was recognised by the major political parties. Before the Remuneration of Teachers Act 1965 received Royal Assent the then Secretary of State for Education said in Parliament, on 20 November 1964 during the Committee

stage consideration, "I doubt whether any Government in any set of circumstances could put itself in a position where it could hand over the power on the global sum to someone other than itself."

2.19 The details of the concordat were discussed openly in Parliament during the passage of the 1965 Act. There were indeed suggestions that the concordat should have been written into the Act. However, it was decided that it should be a voluntary agreement so that if both the Government and the local authority associations wanted to alter it at a subsequent date they could do so without new legislation. In 1985, a majority of local authority representatives decided to end the concordat without the Government's agreement.

Local Authorities

2.20 Until 1965, local authority representatives formed the whole of the management side. In 1965, the local authority representatives were joined on the management panel by the representatives of the Secretary of State. The bodies represented from 1919 on both the primary and secondary Committees were the County Councils Association (which became the Association of County Councils following local Government reorganisation in 1974), the Association of Municipal Corporations and the London County Council - from 1965 the Inner London Education Authority -(both subsumed in the Association of Metropolitan Authorities in 1974) and the Association of Education Committees. In 1944, when the primary and secondary committees were combined, the Federation of Education Committees (Wales and Monmouthshire) (later the Welsh Joint Education Committee) also gained representation. From 1974, the Association of Education Committees ceased to be in membership of the management panel, and the Inner London Education Authority did not continue to have separate representation. These changes followed from the reorganisation of local Government referred to above.

2.21 Table A shows the distribution of seats and votes on the management panel from 1944 to 1985. The names shown are those used in the 1980s. In 1974, the relative voting strengths of the local authority bodies represented was determined by reference to the population covered by the constituent authorities: there was no subsequent change in the number of seats on the panel or their distribution.

TABLE A: REPRESENTATION ON MANAGEMENT PANEL OF BURNHAM PRIMARY AND SECONDARY COMMITTEE, 1944 TO 1985

	1944	1965	1974
Association of County Councils	9	9	13
Association of Metropolitan Authorities	6	6	10
Association of Education Committees	6	6	-
Inner London Education Authority	3	3	-
Welsh Joint Education Committee	2	2	2
Department of Education and Science(1)	-	2(15)	2(15)
TOTAL (2)	26	28(41)	27(40)

Notes: 1. Figures in brackets show DES weighted vote under the concordat
2. Figures in brackets show total of votes available under the concordat

2.22 Over time, differences of view between the ACC and AMA became less important than the political make-up of the management panel. In 1985, following the local Government elections, a change in the political balance of the local authority representatives was followed by the unilateral ending of the concordat.

Teachers

2.23 The make-up of the teachers' panel on the Committee changed more over the years. In 1919, the National Union of Teachers were the sole representatives of teachers on the primary committee, while on the secondary committee representation was divided between the NUT which held five seats and the four secondary unions, known as the 'Joint Four', which held twenty seats between them. The Joint Four were eventually superseded by the Secondary Heads Association and the Assistant Masters and Mistresses Association.

2.24 In 1944, when the primary and secondary committees were combined, the NUT were given sixteen representatives, a majority of the teachers' panel. The Association of Teachers in Technical Institutions (later NATFHE) had four representatives. The Joint Four were given six representatives and thus lost much of the influence on secondary teachers' pay which they had held when the committees were separate.

2.25 The following table shows the distribution of seats on the teachers' panel from 1944 to 1985. The names shown are those used in the 1980s. The years shown are the only years in which changes were made to the composition of the panel.

TABLE B: REPRESENTATION ON TEACHERS' PANEL OF BURNHAM PRIMARY AND SECONDARY COMMITTEE, 1944 to 1985.

	1944	1962	1963	1980	1981	1985
National Union of Teachers	16	16	16	16	16	13
Secondary Heads Association	2	2	2	1	1	1
Assistant Masters and Mistresses Association	4	4	4	4	4	4
National Association of Teachers in Further and Higher Education	4	4	2	1	1	-
National Association of Head Teachers	-	1	1	2	2	2
National Association of School-masters/Union of Women Teachers	-	2	3	6	7	7
Professional Association of Teachers	-	-	-	-	1	1
TOTAL	26	29	28	30	32	28

2.26 Under the 1944 Act, the membership of the Committee was subject to the approval of the Minister. The National Association of Schoolmasters had been campaigning since the 1920s for representation but this was not given in 1944. However, their membership continued to grow and in 1962 they gained two seats on the teachers' panel. At the same time, the National Association of Head Teachers, another growing organisation, gained one seat.

2.27 Almost immediately, the NAS challenged the voluntary agreement later written into the Committee's "Rules of Procedure" that the two panels of Burnham each spoke with a single voice, claiming that the views of minorities were not heard. In 1963, the NAS gained a further seat on the panel.

2.28 The 1965 Act required the Secretary of State to determine the bodies represented on the Committee and the number of representatives which they should have, and enabled him to vary the membership from time to time. For a number of years no changes were made but more recently the make-up of the teachers' panel the Committee was significantly changed (see Table B).

2.29 In reviewing the make-up of the teachers' panel, the major considerations were the number of members which the organisations had whose pay was covered by the Burnham primary and secondary arrangements, and the representation of distinct interests, such as head teachers. The reviews which led to the decisions summarised below were all based on detailed examination of membership numbers.

2.30 Following a review completed in 1980, the NAHT gained one additional member. The NAS had amalgamated with the Union of Women Teachers in 1978 and the new union gained an additional three seats. At the same time NATFHE lost one of its two seats.

2.31 In 1981, the Secretary of State made two further changes. The NAS/UWT gained a seventh seat, and the Professional Association of Teachers was given one seat.

2.32 Following this change, the NUT had exactly half the seats on the panel rather than an overall majority. In 1985, a further review was carried out and two more changes were made to the panel. First, NATFHE lost its remaining seat on the grounds that its membership did not include teachers whose salaries were negotiated in the Committee. Second the NUT was found to have relatively fewer members among teachers and its seats were reduced to thirteen of the new total panel of 28.

Abolition of Burnham

2.33 There has long been dissatisfaction with the Burnham arrangements. As early as 1968, just three years after the Remuneration of Teachers Act was passed, the NUT called for a review of the Act, complaining both that the Government had too much power and about the arbitration arrangements. The NAHT also expressed dissatisfaction quite soon after the Act was passed and called for separate negotiating arrangements for head teachers' pay. NAS/UWT said in 1981 that they would prefer non-statutory machinery to deal with both pay and conditions.

2.34 In 1979, the local authority associations called for the repeal of the 1965 Act, complaining about the rigidity of the negotiating system, the lack of a single body to discuss both pay and conditions and the Government's control over the total cost, since they considered that the Government had given itself greater influence over total local authority expenditure through the Rate Support Grant mechanisms. In 1980, the Government announced that it was willing to consider reform of the arrangements so that negotiations would cover both pay and conditions, and opened consultations in 1981 on what should replace Burnham. There was a fairly widespread view then that Burnham did not work, but no consensus on what should replace it. In 1982, the Secretary of State announced that the Government had no plans for legislation to amend or repeal the 1965 Act at that time.

2.35 The widespread failure of Burnham and the need of its replacement were also recognised by outside bodies. For example, the Audit Commission, in its report "Towards Better Management of Secondary Education" said:

"There is clearly something seriously wrong with the way in which teachers' pay and conditions are determined. The difficulties in reaching a pay settlement for 1985 and the associated disagreements about conditions of service are but the most recent and damaging of a number of failures of the process."

Negotiating Machinery on Conditions of Service

2.36 From 1944 until the reorganisation of local Government in 1974, conditions of service were negotiated in a Working Group on Teacher/Employer Relations. This made recommendations which were not binding on local education authorities. In 1974 the Council of Local Education Authorities (CLEA) decided to set up a Schools Consultative Committee to carry on the work of the earlier Working Group. This became known as CLEA/ST. The membership of this group included the local authority associations and all the unions represented on the Burnham Committee except the PAT. The Government was not represented.

2.37 Individual local authorities in membership of CLEA are expected to honour agreements reached in CLEA/ST with respect to teachers employed in their schools. Agreements do not cover teachers in voluntary aided schools. The agreements have since 1978 been codified in a document known as the "Burgundy Book". This document sets out agreements on

- Terms of appointment
- Grievance and Disciplinary Procedures
- Dismissal
- Leave of Absence
- Medical fitness for teaching
- Insurance for the teacher
- Travelling allowances

It does not include any agreement on the definition of teachers' duties and working time.

CHAPTER 3: PAY OUTCOMES SINCE 1974

3.1 Table C below shows briefly the pay outcomes from 1974 to 1986. The following paragraphs give more detail of pay negotiations over these years.

TABLE C: OUTCOME OF PAY NEGOTIATIONS, 1974 to 1986

DATE OF SETTLEMENT	INCREASE %	TYPE OF SETTLEMENT
1 April 1974	8.00	Negotiated settlement
24 May 1974	27.00	Houghton award
1 April 1975	22.30	Arbitration award
1 April 1976	8.30	Arranged under pay policy
1 April 1977	3.80	Arranged under pay policy
1 April 1978	9.90	Arranged under pay policy
1 April 1979	9.30	Referred to Clegg Commission
1 January 1980	8.95	First half of 'Clegg' award
1 April 1980	12.00	Arbitration award
1 September 1980	8.95	Second half of 'Clegg' award
	2.50 to 4.00	Arbitration award
1 April 1981	7.50	Negotiated settlement
1 April 1982	6.00	Arbitration award
1 April 1983	4.98	Negotiated settlement
1 April 1984	5.10	Arbitration award
1 April 1985	6.90	ACAS intervention
31 March 1986	1.60	ACAS intervention
1 April 1986	5.70	Negotiated interim settlement

3.2 In 1974, a settlement giving an average increase of 8 per cent was negotiated. Later that year the Houghton Committee was appointed and a retrospective increase worth 27 per cent was awarded from 24 May that year. The Houghton award included changes to the pay structure, which restored differentials for heads and deputies, merged the then Scales 2 and 3, rationalised incremental steps, and provided for a greater number of promoted posts in primary and middle schools.

3.3 In 1975, no agreement could be reached, and an increase of 22.3 per cent was awarded under arbitration. From 1976 to 1978, teachers' pay increases were governed by the Government's pay policies.

3.4 In 1979, some of the teacher unions took industrial action which they described as withdrawing goodwill and a 9.3 per cent increase was accepted on condition that pay would be referred to the Standing Commission on Pay Comparability. Against the wishes of the teacher unions, the Government invited the Commission, which was chaired by Professor Hugh Clegg, to undertake a study of teachers' pay in the light of their terms and conditions of service. In 1980, teachers received their 'Clegg' award and adjustments agreed by arbitration to account for the fact that the Commission's award was calculated on April 1979 salaries.

3.5 In 1981, there was a negotiated 7.5 per cent settlement. It was also agreed to set up a committee, called the Joint Salary Structure Working Party, which would examine (but not negotiate about) a full range of data relevant to teachers' salary negotiations.

3.6 In 1982, the teachers' panel rejected an offer of 3.4 per cent and again some of the unions withdrew goodwill until the settlement was referred to arbitration. A 6 per cent increase was awarded. In 1983, there was a negotiated 4.98 per cent settlement.

3.7 In 1984, negotiations failed to yield a settlement. Some teachers again withdrew goodwill. The employers suggested that negotiations should be linked to discussion in the Joint Salary Structure Working Party and that a new structure and improved promotion could be agreed in return for an obligation for

teachers to spend specific amounts of time preparing and marking work, and to undertake various non-teaching activities. This was unacceptable to the teachers' panel and the negotiations were again referred to arbitration. The arbitrators were asked only to make recommendations on a pay increase and not on teachers' salary structure or responsibilities. An award of 5.1 per cent, only 0.6 per cent higher than the employers' last offer, was made.

3.8 In October 1984, the teachers' panel submitted their claim for 1985. It called for a minimum increase of £1,200, estimated to add 12 or 13 per cent to the pay bill, and a new simplified main scale of up to £15,250 plus responsibility allowances which would provide up to £2,400 on top of the basic scale. The NUT and NAS/UWT made it clear that they would be ready to take industrial action if satisfactory progress was not made on the claim.

3.9 In November, the employers responded in the Joint Salary Structure Working Party with a proposal including a new basic salary scale rising to £11,800, contracts stipulating a maximum working year and obligations on teachers to undertake lunchtime supervision and to provide cover for absent colleagues, and to participate in an appraisal system. Discussions broke down when the NUT walked out in December 1984.

3.10 A further meeting of Burnham was arranged for 11 February 1985. On 6 February the NUT withdraw goodwill and cover for absence. The teachers' panel proposed that pay and conditions be discussed in separate forums. This was rejected by the employers who offered 4 per cent and arbitration. Following a ballot, the NUT began 3-day strikes on 26 February. The NAS/UWT called a half-day strike on the same day, withdrew goodwill, and began selective strike action from 4 March.

3.11 On 20 February, the management panel repeated their suggestion of arbitration on a 4 per cent pay offer. On 28 February, both panels accepted an invitation from ACAS to informal talks. The management panel decided to seek informal discussions about a further meeting of Burnham and the teachers agreed.

3.12 The Government said in May that no additional money was available that year but that extra money would be available in 1986 if an agreement in principle could be reached by October 1985 on progress towards the Government's objectives. The Government envisaged an agreement requiring employers to promote more teachers to the higher salary scales in the light of the quality of teachers' work and the demand for their skills and qualifications elsewhere. The Government also said that it would be helpful if there were a generally accepted view about what should be regarded as the extent of teachers' contractual responsibilities and that additional resources for midday supervision costs could be made available for 1986. The employers offered 5 per cent and arbitration but the unions rejected both.

3.13 Following the local government elections of May 1985, the political balance of the local authority representatives changed, and in July the concordat was unilaterally ended by the local authority associations. The management panel made an offer of 5 per cent backdated to April plus an additional 1 per cent in November and the merging of the two lowest scales. The offer was conditional on acceptance by the unions of future discussions on a new salary structure including the merging of Scales 1 and 2 and reformed conditions of service. This was rejected, and the NUT warned that strikes would continue in the Autumn term.

3.14 The management panel again improved their 1985 offer to include an additional increment for all teachers on top of their scale at the end of March 1986. This was also rejected and the unions resumed strike action. In August the Secretary of State announced that the additional money which was conditionally made available amounted to £1,250 million, spread over the 4 years from April 1986. He also repeated that the money was available only in return for acceptable progress towards the Government's objectives, namely a clear definition of the range of teachers' duties linked to their contracts of employment; and a pay structure providing substantially more promotion opportunities for the better teachers to higher scales than were then 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.

3.15 In September, following this announcement, the management panel presented further proposals which, as well as the pay offer detailed in paragraphs 3.13 and 3.14 above included the introduction of a scheme to pay teachers or others to undertake midday supervision, and a revised career structure. This included a 2 year entry grade, a teacher grade with a maximum salary of £10,509, and 2 promoted posts of senior teacher and principal teacher with maxima of £12,087 and £14,658 respectively. Each grade was linked to specific duties which teachers in that grade would be expected to undertake. In addition, there were to be additional allowances available for senior and principal teachers for specific management duties.

3.16 In October, the management panel made a revised offer of 6.9 per cent without prejudice to future discussions on conditions of service and a new structure. The offer of 6.9 per cent was rejected by the teachers' panel because it did not include a commitment to restore Houghton levels of pay. The offer was withdrawn.

3.17 In November, the membership of the teachers' panel was revised, and the NUT lost its majority. On 5 December the teachers' panel decided to return to negotiations.

3.18 The management panel reinstated their 6.9 per cent offer, and the teachers' panel entered a claim for 9.9 per cent. Once again ACAS invited the two sides to talks and on 24 January 1986, a provisional agreement was reached on a pay increase of 6.9 per cent with an additional 1.6 per cent from 31 March 1986. The agreement also included an undertaking to take immediate steps to end industrial action and return to normal duties, and the appointment of an independent panel by ACAS to supervise talks about restructuring which was to report in 6 months. The NUT withdrew from the ACAS talks because it did not wish pay and conditions to be considered together. It balloted its members on further industrial action.

3.19 Discussions with the independent panel began in March 1986. The NUT was initially involved, but the employers requested that they be excluded from the talks in April because of continued industrial action. The ACAS panel agreed. The other unions and employers agreed to set up four working groups to consider pay and pay structures, duties and working time, appraisal and negotiating machinery. Soon afterwards, the NUT tried to negotiate a return to the discussions in return for an end to disruption provided that teachers were given an interim pay award. On 9 May, an interim settlement was reached in Burnham worth 5.7 per cent on average earnings. The NUT were readmitted to the four working groups after giving an assurance that their disruption would be ended.

3.20 Reports from the working groups were discussed at ACAS on 9 July. Agreement had been reached in principle on appraisal, but not much progress had been made on the other issues. The employers brought new proposals forward in July and a partial agreement, which was known as "the heads of agreement", was reached at the end of July in Coventry with all the unions except NAS/UWT. However, a range of issues remained to be resolved.

3.21 In October 1986, the report of the Main Inquiry into Scottish teachers' pay was published recommending pay increases of 16.4 per cent. It proposed a salary structure with maxima of £12,500 for primary teachers and £12,900 for secondary teachers on the basic scale, greater differentials for promoted staff than the Coventry "heads of agreement", and a clear definition of duties.

3.22 At the end of October, the Government accepted the Main Inquiry recommendations, subject to staging of the pay increase. The Secretary of State for Education and Science announced that the Coventry "heads of agreement" were not acceptable to the Government because the proposed salary structure compressed differentials, cut back on promotion opportunities and failed to provide sufficient flexibility for management, and because of lack of progress on defining conditions of service.

3.23 The Government therefore put forward its own proposals based on the Main recommendations. These included a basic scale of up to £12,700 for primary and secondary teachers and five allowances for promoted teachers. They were also linked to a new definition of teachers' duties based on those drafted in the ACAS working group. The Government offered to make provision for additional expenditure of £118 million in 1986-87 and £490 million in 1987-88 to finance either its own proposals, or a Burnham agreement on pay based on the relevant Main recommendations. The Government made clear that such an agreement would have to be within the 16.4 per cent cost envelope of the Main Report, for implementation in two equal stages on 1 January 1987 and 1 October 1987 respectively, and that a satisfactory parallel agreement on conditions of service would have to be concluded in CLEA/ST, within the same cost envelope.

3.24 Neither the local authorities nor the unions were prepared to accept the Government's proposals when they met in November in Nottingham. After lengthy negotiations, revised proposals emerged on 15 November which were conditional on the Government providing still more money. These proposals included a basic scale of up to £15,058 plus two responsibility allowances above the main scale of £799 and £2077 respectively as well as provisions on cover, class size and future negotiating machinery. The NAHT and NAS/UWT did not sign them.

3.25 The Government did not accept the Nottingham proposals because they did not sufficiently reward responsibility and experience, because they cost too much overall, and because the proposed new negotiating arrangements were not an acceptable replacement for Burnham. In particular, the Secretary of State was concerned that a new structure should recruit, retain and motivate sufficient teachers of the quality needed in the schools.

3.26 The Secretary of State introduced a Bill in Parliament at the end of November to allow him to determine teachers' pay and conditions for 1987, to abolish the Burnham Committee and to set up an Interim Advisory Committee to advise him on further settlements up to March 1990. He said that he was willing to see the local authorities and the unions about pay and conditions. However, they made no changes to their own proposals. Two of the unions which had signed the provisional proposals in Nottingham did not continue to endorse them after consulting their members.

3.27 The Bill was enacted on 2 March 1987. The Government announced revised proposals on pay which included an increase in the maximum of the main scale to £13,300. This reflected decisions in Scotland consequential to considerating the Main Committee's proposals. On the same day the Secretary of State published a draft Order for consultation to put into effect the first part of the pay award and to introduce a clear definition of teachers' conditions of employment. The conditions in the Order were similar to those which emerged from the ACAS - led negotiations. The Order was made on 6 April and came into force on 30 April.

3.28 The main difference between the Government's proposals on pay and the proposals developed under the auspices of ACAS was that whereas the ACAS proposals provided higher salaries for teachers on the basic scale, they restricted promotion opportunities by providing only two levels of promoted posts with allowances of £799 and £2077 above the basic scale.

3.29 The Government's proposals included five allowances above the basic scale ranging from £500 to £4,200 to be awarded in recognition of one or more - in any combination - of the following factors:

- responsibilities beyond those common to the majority of teachers;
- outstanding classroom teaching;
- shortage skills; or
- recruitment to posts difficult to fill

and allowed for more promoted posts than the ACAS proposals as shown by table D below.

TABLE D: NUMBERS OF PROMOTED POSTS UNDER ACAS PROPOSALS (NOVEMBER 1986) AND GOVERNMENT PROPOSALS (EXCLUDING HEADS AND DEPUTIES)

	ACAS PROPOSALS Nov 1986	EXISTING SCALE 3 AND ABOVE Nov 1986	GOVERNMENT PROPOSALS Oct 1987	GOVERNMENT PROPOSALS Sept 1990
Promoted Teachers	80,000	105,000	129,000	165,000
Percentage of Teaching Force	20%	26%	33%	41%

3.30 The Government published a second draft Order on 26 June 1987 together with a draft Document which contained provisions completing the introduction of the new pay structure and providing for the second stage of the pay award. The Document was published in August, and replaces the Burnham Document from 1 October 1987.

3.31 The Government announced the membership of the Interim Advisory Committee on School Teachers' Pay and Conditions on 22 July 1987. The Committee's Chairman is Lord Chilver and its members come from a variety of backgrounds including teaching. The Committee's first main task will be to advise on the April 1988 pay settlement.

CHAPTER 4: REQUIREMENTS FOR THE FUTURE

4.1 The education service is vital to the nation's future. The nation's children pass through our primary and secondary schools, and the quality of education that they will receive there will in great measure determine their future development. The quality of education is in turn largely dependent on the work done by teachers. So the nation requires that the teacher force be adequate in numbers, well qualified and well motivated.

4.2 This Chapter sets out three key principles relevant to the establishment of new machinery for determining school teachers' pay and conditions. Action consistent with these principles is in the interests of the education service and of the nation as a whole.

1: Manpower

4.3 As in all sectors of employment, it is important that sufficient staff of the right quality are attracted to our schools. The first principle for any new machinery is therefore that it should be designed to provide that settlements have due regard to the need to recruit, retain and motivate sufficient teachers of the right quality. Flexibility to provide incentives for recruiting and retaining staff in shortage subjects and posts difficult to fill is clearly important. Recruiting and retaining sufficient teachers is more difficult in some parts of the country than in others: this has always been recognised through the use of London Weighting. New machinery should be capable of addressing these issues.

2: Management

4.4 The education service will not prove adequate to the nation's future needs unless it is well managed and effectively delivered. The second principle for any new machinery is therefore that it must ensure that settlements support effective management of the schools and provide for proper career-long development and incentives for teachers. One element in promoting effective management is bound to be simultaneous consideration of teachers' pay and other conditions of employment. The determination of teachers' pay must be matched by consideration of the work for which they are paid.

3: **Affordability**

4.5 School education currently costs more than £10 billion a year, or about 2½ per cent of the country's Gross Domestic Product. This represents some 7 per cent of the Government's total public expenditure programme. Teachers' pay accounts for about two thirds of the total cost of school education. Priorities need to be decided both as between education and other public services and as between public spending as a whole and private consumption. The third principle for any new machinery is therefore that it should be designed to ensure that settlements have due regard to affordability and to the national economy.

CHAPTER 5: DIFFERENT INTERESTS

5.1 Because education is an important national service, many bodies and groups have a legitimate interest in its provision and effectiveness. The consideration of future machinery for determining school teachers' pay and conditions of service needs to take account of the responsibilities and concerns of these wider interests. This Chapter considers the interest in the matter of various bodies and groups.

A: Parliament

5.2 Parliament approves the plans for public expenditure set out in successive Public Expenditure White Papers. It votes the money spent directly by Government, including Rate Support Grant to local authorities. It also approves the Government's plans for taxation. Because school teachers' pay is such a substantial element in public expenditure, the Teachers' Pay and Conditions Act 1987 provides for Orders on teachers' pay and conditions to be laid before Parliament and to be subject to votes of both Houses.

5.3 Parliament also has a wider policy interest in education. The quality of education is substantially dependent on teachers and what they do, so Parliament also has a concern with teachers' duties and other conditions of employment. The provision for laying Orders before Parliament in the Teachers' Pay and Conditions Act 1987 also recognised this aspect.

B: Government

5.4 The Secretary of State is charged under statute - Section 1 of the Education Act 1944 - with promoting the education of the people of England and Wales and the progressive development of institutions devoted to that purpose and securing the effective execution by local authorities, under his control and direction, of the national policy for providing a varied and comprehensive educational service in every area. He is therefore bound to be concerned with the quality of education and with the quality, deployment and morale of the teacher force as affected by teachers' pay and conditions of service.

5.5 The Secretary of State gives directions as to the number of students to be admitted to courses of initial teacher training and is responsible for securing the availability of sufficient facilities for the training of teachers. The supply of people coming forward to teacher training is inevitably affected by the levels of teachers' pay and by how the teacher's job is perceived. Demand is also affected by pay and conditions of employment. If pay levels do not retain and motivate teachers, wastage rates will increase and more new teachers will be needed to make up for those who have left. If conditions of employment place unjustified restrictions on class sizes or on class contact hours, more teachers may well be needed. The Secretary of State thus has a very strong interest in decisions on both pay and conditions of service stemming from his responsibilities for teacher supply.

5.6 The Government has the responsibility for planning public expenditure and laying plans before Parliament. Teachers' pay is a very substantial part of local authority expenditure and therefore relevant to the Government's consideration both of the aggregate total of that expenditure and the appropriate division between services. The Government's responsibility for teachers is different from its responsibilities for other local authority employees because of the duties outlined above placed on the Secretary of State under statute for the education service generally and for the supply and training of teachers. The nature of this responsibility is such that the Government's interest has to extend to the salary structure as well as the total pay bill.

C: Local Authorities

5.7 Local education authorities (LEAs) are responsible for securing the provision of education within their area. In England and Wales county councils, metropolitan districts, outer London boroughs and the Inner London Education Authority have this function. LEAs employ about 80 per cent of the teachers in maintained schools and pay the salaries of the remaining 20 per cent in voluntary aided schools. LEAs are also responsible for setting a complement of teacher numbers in all maintained schools. Local authorities raise funds from those who live within their areas and commercial undertakings through rates or

by precepting on other authorities. LEAs are therefore involved as employers, as bodies charged with providing education and as raisers of money from ratepayers. In the last capacity they must be concerned with the amount which must be raised by rates and precepts towards teachers' salaries and with value for money.

D: Churches and other Religious Bodies

5.8 Almost a third of all schools are voluntary schools. The great majority of these are associated with a religious denomination. In voluntary controlled and special agreement schools the teachers are employed by LEAs but in voluntary aided schools teachers are employed by the governors. Most voluntary aided schools are Church of England or Roman Catholic. But other Christian denominations and Jewish organisations also have various interests in voluntary schools.

5.9 The Churches provide guidance to schools of their denomination on matters of employment. They have a particular concern with teachers engaged in religious education, including "reserved teachers" in voluntary controlled schools, who are appointed with the agreement of the governors and may be dismissed at the requirement of the governors if they fail to perform their job suitably. But they are also concerned with the provision by teachers generally of an effective education within the framework of the particular denomination.

E: School Governors

5.10 School governors employ the teachers in voluntary aided schools - some 20 per cent of all teachers in maintained schools. In all schools, governors are concerned with the standard of education provided. They wish to see education provided efficiently and effectively. They are thus concerned that schools have adequate and suitable teaching staffs; and their interest must extend to the quality of the work done by teachers and their conditions of employment.

F: Head Teachers

5.11 Head teachers are the managers of the other teachers in their schools. They want to see pay levels that will recruit, retain and motivate teachers, and a pay structure that will enable them to reward and promote teachers who do well. They want to see conditions of service that enable them to direct teachers to carry out their professional duties in such a way as to make their schools a success. So they have a vital interest in the days and hours to be worked by teachers and the duties which they can be asked to carry out.

5.12 At the same time, head teachers are employees and are concerned with their own pay and conditions of service. For these purposes they may choose to be represented by a trade union. So head teachers have a dual role as managers and employees, and in both capacities they have an interest in teachers' pay and conditions.

5.13 Similar considerations apply to deputy head teachers who assist the head teacher in the management of the school as well as fulfilling their role as employees. In recent years the two associations concerned specifically with head teachers have admitted deputy heads to membership.

G: Teachers

5.14 Teachers rightly have a very important interest in their own pay. They have a concern for the profession's pay structure, which will affect both their career prospects and the effectiveness of the managerial structure in a school. They are also concerned about the future needs of children and the effect of pay levels and the pay structure on the recruitment of new teachers of the right quality.

5.15 Teachers also rightly have a very important interest in the duties which they may be required to perform, their working time and other conditions of employment. Teachers have demonstrated over many years a commitment to the quality of education and the highest standards of teaching. For the majority of teachers, teaching has been a vocation into which they have put considerable time, energy and commitment.

5.16 Most teachers belong to one or other of the unions formerly represented on the Burnham Committee. Teachers expect those representing them to make an effective and responsible contribution to both professional and organisational changes as well as in matters concerning pay and conditions.

H: Parents

5.17 Parents' concern is primarily on their children's behalf. They wish to ensure that their children receive a good education which will prepare them for further educational progression and for adult life. It is therefore important to them that the teaching force should be well-motivated and effective.

5.18 Parents are particularly concerned that their children's education should not be interrupted or disrupted through industrial action. As taxpayers and ratepayers they also have an interest in the funding of education and ensuring value for money. Thus they have a major stake in both the effectiveness and the efficiency of schools.

5.19 Parents have always had a crucial role in the education of their children and the 1944 Act placed clear statutory duties on parents notably to secure suitable full-time education for their children. In recent years their role has become increasingly recognised in other ways, in particular through the appointment of parents to governing bodies. The Government's proposals for reforms of the schools system will further strengthen the powers and responsibilities of parents as members of school governing bodies.

I: Employers

5.20 Manufacturing and service industries and the public services will always require well-educated recruits. The availability of such recruits is essential to the future performance of the British economy, and so to the standard of living of the British people. Employers thus have a vital direct concern that children should receive effective and continuous education from well-motivated teachers of good quality.

J: The General Taxpayer and Ratepayer

5.21 The general taxpayer and ratepayer provide the resources for all public services, including school education. They have a right to see that money is well spent with due regard to economy. But the community at large also have a wider interest in the quality and effectiveness of school education: the benefits of education do not accrue only to its recipients. It is in all our interests that our fellow-citizens should be competent and responsible people, ready to play their full part in maintaining the health of British society.

CHAPTER 6: THE CHANGING CONTEXT

6.1 Important changes are planned affecting schools and their financing. The future machinery for determining school teachers' pay and conditions needs to be considered in the context of the Government's proposals both for local authority finance and various aspects of schools policy.

LOCAL GOVERNMENT FINANCE

6.2 Significant changes are planned from 1990 to the way resources are provided to local authorities to pay for education and other services. Domestic rates will be abolished and will be replaced by a community charge payable by all adults: there will be a transition period before this change is fully introduced. Non-domestic rates will remain but there will be one uniform rate poundage set for businesses in England and one set for businesses in Wales. The year on year increase in the rate poundage will be statutorily linked to changes in the retail price index. Government grants to local authorities will be simplified.

6.3 A primary aim of these proposed changes is to make local authorities more accountable to the people who live in their areas. The cost of paying for local services will be shared out more fairly than it is at present between individual members of the community. A £1 per adult rise in local spending will mean a £1 increase in the community charge. Every local elector will have a clear incentive to consider the costs, as well as the benefits, of extra local spending.

6.4 At present taking England and Wales together, about 47 per cent of local authorities' total current expenditure is covered by central government grant and about 53 per cent is raised directly by local authorities. With the introduction of the community charge about 25 per cent of total local authority revenue will be raised at the discretion of local authorities.

6.5 These changes represent a major reform in local authority funding arrangements.

FINANCIAL DELEGATION TO SCHOOLS

6.6 The Government propose to introduce in a Bill this Autumn measures that will require local education authorities to delegate responsibility for their budget to all secondary schools and to primary schools with more than 200 pupils. LEAs would set an overall budget for each school and the school governors would decide spending priorities within this, drawing upon the advice of the head teacher. LEAs would continue to be the employers of the staff of their schools, except at voluntary aided schools where the governors already employ their staff, but governors would have more powers in relation to the appointment of and dismissal of staff.

6.7 It is proposed that local authorities should be required to submit schemes for financial delegation by September 1989: the schemes could include a transition period of 3 to 4 years for implementing financial delegation.

6.8 The delegation of budgetary responsibility will give governors, staff and parents a greater interest in all items of expenditure. The Teachers' Pay and Conditions Act 1987 and the Teachers' Pay and Conditions Document 1987 place responsibilities on local education authorities which are now to be delegated to governors. Within the national framework for arrangements covering pay and conditions of employment, financial delegation will mean greater responsibilities for governors in such areas as the allocation of incentive allowances.

GRANT MAINTAINED SCHOOLS

6.9 The Government propose to include in the same legislation proposals to allow schools to seek direct funding from the Government and cease to be maintained by LEAs. An application for grant maintained status would have to come from the governors and the school, backed by a majority of the parents voting in a secret ballot. If the application were successful, the school would receive Government grant at a level comparable to that which the school would have received had it remained with its LEA.

6.10 The governors of grant maintained schools would be the employers of the teaching staff and would have a clear interest in the pay and conditions of service in their schools. It is envisaged that national arrangements covering pay and conditions of service should apply equally to grant maintained schools and LEA maintained schools.

NATIONAL CURRICULUM

6.11 The Bill will also include the provisions setting out a framework for the national curriculum. This development will have important consequences for local education authorities, governors and head teachers. Each will have an important role to play. The arrangements for determining pay and conditions will need to be compatible with ensuring that delivery of the national curriculum is achieved.

CHAPTER 7: PROPOSALS FOR NEW MACHINERY

7.1 The description of the history of pay determination arrangements and the chapters on the different interests and the changing context demonstrate the wide range of interests involved and therefore the potential for an almost infinite variety of pay determination arrangements. Consideration of future permanent arrangements raises a large number of issues. Four major issues are set out below.

7.2 The first issue is which parties are to be involved. Central government, 105 local authorities, the governors of 5,000 voluntary aided schools, future governors of grant maintained schools and school teachers represented by at least 6 teacher unions all have a strong case for representation in new machinery. However, their interests are diverse. The absence of a single employer and paymaster or a single body representing teachers means that there are inevitable complexities in any pay determination arrangements as well as a great many possible degrees of involvement of the different parties. It appears to be acknowledged by all parties that central government has an important role to play.

7.3 The second major issue is the level at which matters of pay and conditions of employment are resolved. Negotiations on teachers' pay have long been conducted at national level. Negotiations on conditions of service have however often been conducted at LEA level as well as at national level: and there is often consultation with unions about working practices in individual schools. Once financial delegation has been brought into place it is arguable that schools which are responsible for their budgets should also have the responsibility for setting teachers' pay and conditions of service at school level. Needs will vary from school to school. Teachers will be more, or less, difficult to recruit and retain. Another possibility is that decisions should be taken at LEA level since LEAs continue to be responsible for setting the budgets of schools with financial delegation.

7.4 A third possibility is for the main arrangements for pay and conditions of service to be determined at a national level covering England and Wales, producing standardised rates of pay and a framework for conditions of

employment. A national framework can allow local needs to be reflected as has been done through many years through the payment of London allowance and through flexibility in the number of teachers permitted to be paid on higher scales or to be in receipt of incentive allowances. Most of the interested parties appear to favour a national framework but some may wish to advocate more localised arrangements.

7.5 A third issue is the extent to which new arrangements are set in a statutory framework. Most parties appear to favour a statutory framework for the pay arrangements. A statutory framework for conditions of service has produced more controversy. Related to this issue is the involvement of Parliament. A statutory framework would provide a means for Parliament to exercise a measure of supervision over changes in arrangements covering pay and conditions.

7.6 A fourth issue is whether these should be any independent element. The Burnham Committee had an independent chairman and there was provision for reference to arbitration. Over the history of pay determination arrangements three independent committees have had an important influence. These were chaired by Lord Houghton, Professor Clegg and Sir Peter Main have had an important influence. The Interim Advisory Committee is an independent body established under statute with a careful definition of its role in relation to the various interested parties. Inevitably the larger is the role for an independent element the smaller is the role for any negotiations. Some have suggested that any future arrangements should involve both negotiation and a major role for an independent element, although such proposals would inevitably be complex because of the range of interests involved.

7.7 Out of the huge range of potential different arrangements for determining pay and conditions the main focus of interested parties has been on a new negotiating body or the establishment of an independent review body. This Chapter considers in turn these two main variants, identifying the shape of the main proposals already put forward and the reasons why the Government does not think it right to accept either of them. The Chapter goes on to set out proposals for new machinery which the Government believes most readily will meet the needs of the 1990s and sets out a series of detailed issues about the arrangements for new machinery.

NATIONAL JOINT COUNCIL

7.8 While the Teachers' Pay and Conditions Bill was going through Parliament there were discussions between the local authority associations and the teacher associations about setting up a National Joint Council. Proposals for such a Council were put forward as amendments to the Bill in the House of Lords. These proposals would have reintroduced many of the features of the Burnham Committee. The main amendment was defeated in the House of Lords by a substantial majority.

7.9 Since then there have been extensive discussions between representatives of the local authority associations and the teacher associations. A memorandum with further proposals was recently put to the Secretary of State by the local authority associations and four teacher associations. These proposals are not supported by the National Association of Head Teachers or the Professional Association of Teachers.

7.10 The Government welcomes certain aspects of these proposals. The suggested Council would deal with both pay and conditions of employment. The recognition of the need to consider pay and conditions together is a major step forward. The Government notes that both the local authority associations and the four teacher associations believe that there should be appropriate involvement and recognition of the role of central government. In their memorandum to the Secretary of State they have said that the Secretary of State would have a major role to play in their proposed new machinery for the determination of the pay and conditions of school teachers. This is expressed in their proposals as votes for the Secretary of State's representatives within the management side and the possibility of a statutory power for the Secretary of State to seek Parliamentary approval to overturn pay agreements in exceptional circumstances.

7.11 The Government welcomes the attention given by the local authority associations and the teacher associations to the position of heads and deputies. It notes with interest the proposal for considering the salaries and conditions of employment of heads and deputy heads through a sub-committee, and that this proposal is qualified by a Memorandum of Understanding. The Government

understands, however, that the NAHT, which represents more heads and deputies than any other single union, does not regard these arrangements as satisfactory.

7.12 While recognising the effort that has gone into the preparation of the proposals for a National Joint Council the Government does not regard these proposals as an adequate basis for new permanent machinery. Although smaller and covering conditions of employment as well as pay, it would be likely to give rise to some of the same problems as the discredited Burnham Committee. Chapters 2 and 3 brought out clearly the discord and disruption resulting from the Burnham Committee arrangements.

7.13 One difficulty reproduced from Burnham would be the conflict of interest in both the management and the teachers' sides. Within the management side there would be no provision to ensure that constraints on the resources available to the public sector will be taken properly into account, except possibly a power of Parliamentary override that could very rarely be used.

7.14 A further difficulty would be the problem of overcoming deadlock as experienced in Burnham. Changes to pay or conditions could be made only by agreement. Such agreements could be difficult to achieve. There is a proposal for arbitration but arbitration can result in excessive costs leading to excessive demands on national and local tax payers. The management side needs a power to resolve deadlock without this risk: this is not effectively provided for in the proposals for a National Joint Council.

7.15 The Government considers that the difficulties faced by the teacher associations in reaching an agreement on outline proposals for a new Council does not provide encouragement that these new proposals, if implemented, would operate in the interests of efficient and effective school education. The arrangements for heads and deputies could be subject to different interpretations and therefore would not necessarily work smoothly: they are hardly a secure basis for permanent arrangements.

REVIEW BODY

7.16 Review bodies presently operate for doctors and dentists, nurses, the Armed Forces and senior public servants. These review bodies are non-statutory advisory bodies which make recommendations about pay - not conditions of service -to the Government. For all these groups the Government is the employer or direct paymaster. Because of the nature of their responsibilities these groups do not take industrial action, although only the Armed Forces are prohibited from doing so. They are thus in a different relationship with their employer than other groups where the possibility of industrial action has to be taken into account in negotiations about pay and conditions. This difference is recognised through the establishment and continuation of the Review Body arrangements whereby for these groups pay is determined in the light of the recommendations of an independent body.

7.17 When the Teachers' Pay and Conditions Bill was going through Parliament there was more support in the House of Lords for arrangements involving an independent review body than for a National Joint Council. The National Confederation of Parent Teacher Associations (NCPTA) have suggested that an independent review body should be established. In their view the Burnham Committee had shown itself incapable of producing agreements on pay which were accepted by all teachers. They welcomed the abolition of the Burnham Committee because any group of teachers which disagreed could cause unacceptable disruption in schools and because no union regarded itself as morally bound by agreements to which the majority had set their hands.

7.18 The PAT recently declared its support for a review body. In a unanimous resolution of the PAT Council it was agreed 'that in the consideration of possible alternatives the Association would particularly wish regard to be given to the advantages which might well arise from the establishment of a genuinely independent pay review body'. The PAT have also from time to time emphasised the merits of no strike agreements.

7.19 The Government does not consider that it would be appropriate to establish a permanent independent review body for teachers' pay and conditions, as there is no evidence that the teacher association representing the majority

of teachers would be prepared to commit themselves to abandoning the use of industrial action. In this respect they are unlike those professions for which Review Bodies currently operate. However, if all the teacher associations were to offer an undertaking not to take industrial action in return for a review body then the Government would carefully consider the possibility of setting up a review body, in the light of all the relevant factors prevailing at the time. Such consideration would have to include the terms of reference and mode of operation of such a review body and the means by which its recommendations would be put into effect. For example there would have to be consideration of the extent to which a review body could be given guidance to ensure that it made a proper examination of difficult issues and new ideas as well as paying sufficient attention to financial and other matters. It would have to be considered also whether the review body should be set up on a statutory basis, with its recommendations subject to Parliamentary acceptance.

TEACHERS' NEGOTIATING GROUP

7.20 The earlier paragraphs of this chapter have discussed two main approaches that have been suggested. Because of difficulties with both these approaches the Government proposes the establishment of a Teachers' Negotiating Group (TNG) on a basis consistent with the requirements for the future set out in Chapter 4. Those requirements are that the new machinery will need to:

a. provide settlements that have due regard to the need to recruit, retain and motivate sufficient teachers of the right quality;

b. ensure that settlements support effective management of the schools and provide for proper career-long development and incentives for teachers; and

c. ensure that settlements have due regard to affordability and to the national economy.

7.21 The Government considers that account must be taken of the impact of the proposals described in Chapter 6 for changing the arrangements for local government finance. From 1990, domestic rates will be abolished after a

transition period and replaced by a community charge. Non-domestic rates will remain but there will be a uniform rate poundage for businesses both in England and in Wales which the Government will set through a statutory formula. The only element in their revenue which will then be at the discretion of individual local authorities will be the level of the community charge to be paid by local residents, which on average is likely to account for about 25 per cent of total local authority revenue. The Government will therefore be taking decisions which govern three quarters of the finance available to local authorities. This needs to be reflected in the arrangements for the Teachers' Negotiating Group. As a consequence the Secretary of State's representatives would have a majority of votes on the management side of the TNG.

7.22 The Teachers' Negotiating Group would be charged with conducting negotiations on the pay and conditions of school teachers in England and Wales. Settlements would be reached when a majority on each of the management and teachers' sides were in agreement. If no agreement could be reached there would be the possibility of arbitration but there would also be provision for the management side to break the deadlock by implementing its proposals subject to the approval of Parliament.

7.23 Because of the importance of the intended changes in local government funding the Government has concluded that new permanent arrangements for teachers' pay and conditions should be established on the same time scale: they would therefore operate for the 1 April 1990 pay settlement. The Government considers that the provisions of the Teachers' Pay and Conditions Act 1987 should apply to the 1 April 1989 pay settlement unless there should be strong support for introducing the new arrangements in the form proposed in time for 1 April 1989. The Government does not think that it would be appropriate to have different arrangements covering the three successive pay settlements of April 1988, 1989 and 1990.

DETAILED ARRANGEMENTS FOR A TEACHERS' NEGOTIATING GROUP

7.24 This section identifies various issues about the details of a Teachers' Negotiating Group on which views are sought.

Voluntary or Statutory Arrangements

7.25 Voluntary arrangements exist for most groups of public service employees including civil servants, university lecturers and other local authority employees. The work of Burnham was within a statutory framework but that of CLEA/ST was not. If there were no statutory framework, agreements would never be directly binding on all employers of teachers.

7.26 One possibility would be for a Teachers' Negotiating Group to be set up on a voluntary basis. The Government would need, however, to have sufficient confidence that the outcomes would be implemented. This would mean a commitment that all local education authorities would implement in full and without amendment the outcome of the TNG deliberations be it an agreement or, in the absence of agreement, the proposals of the management side. The Government does not consider a binding commitment to this effect to be a realistic proposition.

7.27 A statutory framework would provide a protection for individual teachers which would ensure that they are paid nationally defined rates. It would also ensure a clear relationship between pay and conditions of employment. It would allow Parliament to have a role in the determination of pay and conditions. In view of the history of discord and the range of interests involved the Government have concluded that permanent arrangements for determining teachers' pay and conditions should be within a statutory framework.

The Composition of the Management Side

7.28 The proportion of votes held by the local authority members and the Secretary of State's representatives would take account of their respective responsibilities for overall funding decisions. The Government envisages that the local authority members might have about one third of the votes within the management side with central government having the remainder of the votes.

7.29 The Association of County Councils, the Association of Metropolitan Authorities and the Welsh Joint Education Committee would need to be represented on the management side. As the community charge will be levied on each adult, there is a case for requiring that the votes of the associations are pro rata to

the adult population in the areas which they represent: though double counting would have to be avoided. Under the Local Government Act 1985 there is a requirement that appointments made to Authorities for police, fire and transport should reflect a political balance. The Government would be prepared to consider a statutory provision for political balance to be reflected among the local authority representatives on the management side.

7.30 The proposals developed by the local authority associations and four of the teacher unions for a National Joint Council include observer status on the management side for one representative of the Catholic Education Council and one representative of the Church of England Board of Education. In view of the responsibilities of the governors of voluntary aided schools as employers the Government believes that it is right for the voluntary sector to be represented in the discussions of the Teachers' Negotiating Group. One member with observer status could be appointed to the management side by each of the Catholic Education Council and the Church of England Board of Education. Alternatively, two members could be appointed jointly by the various interests representing the governors of voluntary schools.

7.31 When grant maintained schools have been established, the case for giving representation to such schools on an observer basis in the management side will be very similar to the case for providing for observers representing the governors of voluntary aided schools. Therefore the Government believes it right that there should be a power for the Secretary of State to appoint observers to the Teachers' Negotiating Group who would represent the interests of grant maintained schools.

The Composition of the Teachers' Side

7.32 The teachers' side would need to be properly representative of the teachers covered by the negotiations. Its initial composition, and subsequent changes, could be determined in a number of different ways:

a. it could be determined by agreement among the teacher associations, who could decide initial representation and could subsequently agree to admit further associations if they thought this appropriate;

b. it could be determined by agreement between the teacher associations but with a provision that if any association was not content with the outcome it could appeal to the Secretary of State who would then determine the membership of the teachers' side;

c. rules could be laid down in regulations about how representation was determined; or

d. the Secretary of State could have the power to determine directly the representation on the teachers' side.

7.33 The Burnham arrangements followed approach d.: however the Government thinks that there is a strong case for approach c. in any new permanent arrangements.

7.34 A threshold could be set on the minimum membership to justify representation on the teachers' side: this would exclude associations with only a small number of teachers in membership. Consideration might also have to be given, however, to whether an association represented a distinctive group of teachers.

7.35 The voting strength of each association within the teachers' side could result either from holding a number of seats or from a card vote reflecting membership. If the number of seats on the teachers' side has to reflect the numerical strength of each association there will be a tendency for large committees. It may well therefore be preferable to have a card voting system in which each association casts votes proportionately to its number of members paid according to scales determined as a result of negotiations in the particular committee.

7.36 The effect of this would depend on what committees were established (see paragraphs 7.45-7.46). If there were a separate committee dealing with teachers other than heads and deputies it might be expected that the NUT, NAS/UWT, AMMA, and PAT would have votes; the NAHT and SHA could be given observer status. All these six associations would be in membership of a committee dealing with the pay and conditions of heads and deputies.

The teacher associations already make returns annually to the Certification Officer about their membership numbers. One possibility would be to require the teacher associations to identify the component of these figures whose pay and conditions are determined by the new arrangements; and to identify separately any whose pay and conditions are determined in separate committees. The legislation could require that a review of the card votes within the Group should take place at intervals of not greater than three years with the Secretary of State having the power to require a more frequent review. The returns would need to be subject to audit. It might be required in statute that the returns be subject to audit by an auditor appointed by the Audit Commission.

7.38 Whether or not there is a card voting system, it would be desirable to set limits on the total numbers who could attend meetings of the Group. It would be reasonable for each association to be able to bring at least 2 representatives: it would be doubtful whether with a card voting system larger associations needed more representatives. It is important that numbers should not become unwieldy as they did in Burnham.

Means of Overcoming Deadlock

7.39 As noted earlier in this Chapter, a major defect both of Burnham and of the proposed National Joint Council is the lack of satisfactory means of overcoming deadlock in negotiations.

7.40 One possible means of overcoming deadlock is recourse to arbitration; and the Government believes this should play some part in the new machinery.

7.41 It would in theory be possible to provide that each side might be given unilateral access to arbitration when it considered that continuing negotiations would not bring a settlement. However, unilateral access can lead to an early approach to arbitration when a settlement could have been reached by negotiation. Also, it is possible for unions to negotiate until the management side increase their offer and then to go to arbitration in the expectation that this would produce a result between the management panel's last offer and the unions' claim.

7.42 The Government therefore believes that arrangements for arbitration should be provided for only where both sides agree to go to arbitration. A duty could be placed upon the Secretary of State for Employment to appoint the arbitrators.

7.43 Arbitration cannot, however, be the sole means of resolving deadlock. It could not be right for the management side to submit to arbitration when it has already offered the maximum that can be afforded. Alternatively, the teachers' side may refuse to go to arbitration, as it did on occasion in Burnham. The management side also needs the power to implement its proposals when arbitration would be inappropriate.

7.44 Parliament has no role in most pay settlements. However, the Government believes that to ensure application of the outcomes across the whole country changes in pay and conditions should be promulgated through an Order. Any such Order would need to be placed before Parliament and would ordinarily be subject to the negative resolution procedure. However, where an Order was placed before Parliament which did not follow from an agreement in the Teachers' Negotiating Group, or from an arbitration award, it could be subject to the affirmative resolution procedure. This would provide an additional safeguard of Parliamentary procedure to ensure that the action taken was in the nation's interests.

Consideration of Primary and Secondary Sectors

7.45 These two sectors have been treated together since 1944. There is, however, a case for separate committees for the two sectors. The nature of the two sectors is different. Most primary schools are small. They have relatively less need for hierarchies of management and have traditionally had relatively smaller pay differentials within them. Most secondary schools are large. They are organised in departments and year groups and many teachers other than the head and deputies carry substantial managerial and other non-teaching responsibilities. To that extent, the interests of primary and secondary teachers in relation to pay structure are different. The same applies to many conditions of service - for example, cover for absent colleagues which is usually provided to a substantial extent from within the school in the secondary sector, but much less often in the primary sector. There is a degree of

differentiation in teacher training as between the primary and secondary sectors.

7.46 There are, however, practical difficulties. For example, difficult decisions would have to be taken about the position of teachers in special schools and middle schools. The importance of close links between primary and secondary schools and the value of similar arrangements covering the two sectors argues in favour of pay and conditions being settled in one committee rather than two. The Government would not want to press the suggestion at this point that there should be separate primary and secondary committees for teachers.

Arrangements for Heads and Deputies

7.47 However, different considerations apply for heads and deputies. It has been argued that the negotiations for these senior managers should be conducted separately. There are, for example, separate negotiations for local authority chief officers and for police officers at or above the rank of superintendent. Neither in pay nor conditions of employment do the senior managers have entirely the same interests as those who work as teachers under their direction.

7.48 The Government believes that because of the important managerial role of heads and deputies there is a strong case for separate committees within the Teachers' Negotiating Group dealing with assistant teachers on the one hand and heads and deputies on the other. The Government therefore envisages two committees, one dealing with all heads and deputies and the other with all other teachers. However, it would not rule out two committees for heads and deputies, which would consider separately those in primary and secondary schools, if there were strong support for such a proposal.

Constraints on Negotiating Arrangements

Regan

7.49 The Government is prepared to consider arrangements similar to those put forward for civil servants in 1985 whereby there would be a requirement that pay settlements should lead to an overall percentage increase for teachers as a whole lying between the upper and lower quartiles of pay settlements in the private sector. Provided this overall framework was respected, different

groups, or teachers in different regions could receive different percentage increases, some of which might be above or below the negotiating range. The figures for the negotiating range could be established by the Office of Manpower Economics (OME) or arrangements could be agreed between the two sides. It would be possible for legislation to require that this constraint would operate in respect of each year provided that in advance of the negotiations the two sides agreed to its operation.

The Chairmanship and Secretariat of the Teachers' Negotiating Group

7.50 Within each committee the management side and the teachers' side would appoint their own Chairman. Meetings of the committees would be chaired by the Chairman of the Management Side. It would probably not be appropriate to continue the 'one voice' convention which operated through most of the life of the Burnham Committee, whereby only one person spoke for each side at meetings of the Committee.

7.51 A Secretariat would be necessary and might be appointed jointly by the two sides.

Degree of Detail in Negotiations

7.52 It is anticipated that the Teachers' Negotiating Group would consider changes to the arrangements set out in the Pay and Conditions Document 1987 and its successors. These cover pay, duties and working time. Various issues of detail will continue to be settled at local level. Other issues may well continue to be settled at national level but outside the Teachers' Negotiating Group. These could include such issues as additional payments for teachers in residential schools.

CHAPTER 8: CONCLUSION

8.1 In the light of the requirements for the future set out in Chapter 4, the range of interests concerned set out in Chapter 5 and the developments outlined in Chapter 6, comments are sought on the proposals for new machinery set out in Chapter 7.

8.2 Responses should be sent to Mr M Wardle, Room 15/10, Department of Education and Science, Elizabeth House, York Road, London, SE1 7PH by 31 January 1988.

8.3 The Secretary of State will be ready to hold discussions about these proposals with respresentatives of organisations with an interest in the interest in the provision of education is maintained schools. These will include the teacher associations, the local authority associations and bodies representing the interests of governors of voluntary schools.

02. X.

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ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

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

2 October 1987

Dear Nigel,

REMIT FOR THE INTERIM ADVISORY COMMITTEE

We were asked by E(EP) to agree a revised version of the remit to the Interim Advisory Committee. I attach a redrafted remit letter which has been the subject of discussion between officials.

The remit identifies the matters which the Interim Advisory Committee is asked to examine (paragraph 4), the considerations to which it is to have regard (paragraph 5) and the constra to which its recommendations are to be subject (paragraph 6). The wording of sub-paragrap 6(ii) fulfils the requirement in the Prime Minister's summing up of the discussion in E(EP) that the remit given to the IAC should place a quantifiable and unambiguous ceiling on the cost of their recommendations. It states that the recommendations of the Committee should be such that the costs of employing school teachers in the financial year 1988-89 are not greater than the total provision to be made for this purpose within the Government' plans for expenditure by local authorities in England and Wales on education in that year.

It is my intention to give the precise figure to the Interim Advisory Committee after the process of consultation with the associations representing local education authorities about plans for expenditure in 1988-89 is completed. It would clearly be premature to give this figure in advance of those consultations as the discussions will include consideration of how the total for education we have now agreed in E(LA) is split up between different sectors within education and of assumptions about teacher numbers. If we state the cash figure for the Interim Advisory Committee in advance of these discussions we risk being accused of unduly restricting the consultation process.

Lord Chilver will do his best to ensure that the Committee work within the constraints of the remit. I remain worried that the financial constaint we have agreed to set may provoke protest from some of its members which could amount to resignations. I believe it is therefore highly desirable to present the remit in two stages, firstly through sending the attached letter and then providing the cash figure at a later date. But if you feel

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very strongly that the cash figure should not be separated from the rest of the remit I would be prepared to delay the letter until about 26 October. Officials have discussed whether the figure should be a constraint on the total cost of employing teachers or the increase in 1988-89. Either way we shall have to explain the arithmetic to the IAC. But presentationally I continue to incline to the view that the cash figure given to the IAC should relate to the total cost: it will take them a little longer to work out the implications, and will therefore not be so immediately provocative.

The Committee is due to have its next meeting in the week beginning 12 October. I would therefore be grateful for any comments by the end of Wednesday 8 October.

This letter is copied to the Prime Minister, members of E(EP) and Sir Robert Armstrong.

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DRAFT LETTER FROM THE SECRETARY OF STATE TO LORD CHILVER, CHAIRMAN OF THE INTERIM ADVISORY COMMITTEE

1. I am grateful to you and your colleagues for agreeing to be members of the Interim Advisory Committee. The purpose of this letter is to set out the issues on which the Government now seeks the Committee's advice.

2. As you know, the Committee has a statutory basis. Sub-sections (1) and (4) of Section 2 of the Teachers' Pay and Conditions Act provide that:

> "The Secretary of State shall appoint an Interim Advisory Committee on School Teachers' Pay and Conditions to examine and report to him on such matters relating to the remuneration and other conditions of employment of school teachers in England and Wales as he may refer to them."

> "The Secretary of State may give directions to the Committee with respect to matters referred to them as to considerations to which they are to have regard and financial or other constraints to which their recommendations are to be subject, and as to the time within which they are to report to him."

3. Sub-section (5) of Section 2 provides that the Committee shall give notice of matters referred to the Committee and of any relevant directions to the appropriate associations of local education authorities and any individual local education authority with whom consultation appears desirable, bodies representing the interests of governors of voluntary schools and organisations representing school teachers, so as to afford them a reasonable opportunity of submitting evidence and representations.

4. In accordance with Section 2 of the Teachers' Pay and Conditions Act 1987 I invite the Interim Advisory Committee to examine and report on the following matters.

i. What changes should be made in the figures for salaries and allowances, and other details, set out in the Pay section of the School Teachers' Pay and Conditions Document 1987?

ii. Should there be any modifications to the provision for differentials within the pay structure? In particular do the differentials between heads' salaries and deputies' salaries and between heads' and deputies' salaries on the one hand, and other teachers' salaries on the other, reflect appropriately the responsibilities of heads and deputies in primary and secondary schools (including special schools)?

iii. Should there be any modifications to the provisions relating to teachers' duties and working time?

iv. Should there be any change in London area allowances and should any other regional variations in salaries be introduced?

v. Is the existing social priority allowance still appropriate?

5. In considering these matters I direct the Committee under sub-section (4) of Section 2 to have regard to the following considerations.

i. The Government's view is that school teachers' pay and conditions of service should be such as to enable the maintained school system to recruit, retain and motivate sufficient teachers of the required quality.

ii. The School Teachers' Pay and Conditions Document 1987 sets out a new pay structure and a new definition of teachers' duties and working time. It was prepared taking account of work undertaken during the long period of discussions between the local authority associations

and the teachers' unions with the assistance of ACAS, the recommendations in the Main Report, and views expressed in consultations with local education authority associations, teacher unions and bodies representing the interests of governors of voluntary schools. The Government does not intend to make major changes to the pay structure consisting of a main professional scale and five rates of incentive allowances or to the provisions relating to teachers' duties and working time for 1988-89.

6. I further direct under sub-section (4) of Section 2 that the Committee recommendations are to be subject to the following constraints.

i. The rates of salaries and allowances to be recommended by the Committee shall be in respect of the period 1 April 1988 to 31 March 1989. The Committee may also consider and make recommendations about the London area allowances from 1 July 1987. Further decisions will be taken later on salaries and allowances to be applied on or after 1 April 1989, in the light of the resources prospectively available.

ii. The recommendations of the Committee should be such that the costs of employing school teachers in the financial year 1988-89 are not greater than the total provision to be made for this purpose within the Government's plans for expenditure by local authorities in England and Wales on education in that year. This figure will be given to the Committee later in the autumn.

7. My Department will in due course place evidence before the Committee in relation to these matters.

8. I further direct the Committee to report to me the results of their examination of these matters, with their recommendations and such other advice relating to these matters as they think fit, by 31 March 1988. Sub-section 7 of Section 2 of the Act requires me to arrange for your report to be published.

ps2/2R

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CCBG

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

2 October 1987

The Rt Hon Kenneth Baker MP
Secretary of State for Education and
Science
Department of Education and Science
Elizabeth House
39 York Road
LONDON
SE1 7PH

NBPM.

Dear Kenneth

THE IAC

I have seen a copy of your minute of 18 September to the Prime Minister and look forward to seeing your detailed proposals on the remit. I should like to make two points on the way that the decisions taken at E(EP) are presented to the Committee.

First, I think that the limit should be specified in the remit. I understand that some consideration is being given to not stating it in the remit but giving it to the Committee later in the year, after the RSG consultations. I would be strongly opposed to such a delay which seems to have no advantages at all. Indeed I cannot see how we can consult about the RSG Settlement without revealing that we have already made up our minds about the basis of 80 per cent of expenditure on education. Moreover, even if we could, once the IAC has been told that there will be a limit we should come under strong pressure to reveal what it is.

Turning to the limit itself, I agree with Nicholas Ridley that it should be specified as the maximum cash increase in the total paybill for England and Wales. This will allow the Committee maximum flexibility in the distribution of this sum between teachers in different subjects and different parts of the country. E(EP) decided that the percentage increase in the overall paybill should be in line with the increase in the retail price index. The year on year increase to August was 4.4 per cent but I expect this to have fallen back to around 4 per cent by next April when the settlement is due to take effect. Accordingly I suggest a cash increase based on a 4 per cent increase in the current paybill.

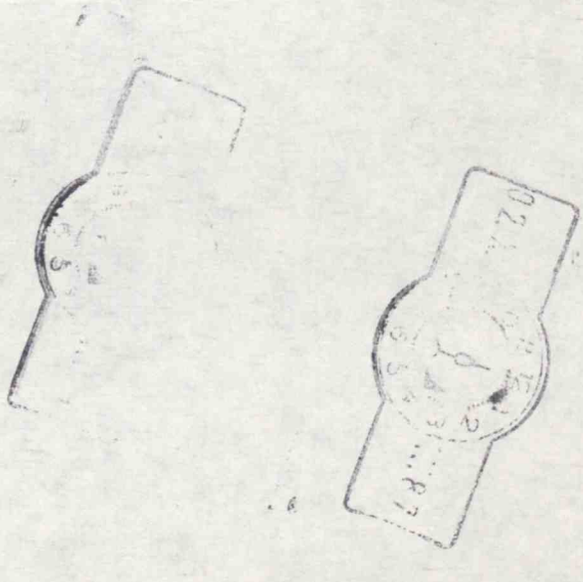
CONFIDENTIAL

My second point relates to pay structure and conditions of service. I am keen that we should promote greater geographic variation in pay scales in the light of local recruitment and retention factors and I think that we should direct the Committee to move in this direction. That apart, they should be discouraged from making any major changes in the new pay structure and conditions of service we have so painfully evolved.

I am copying to the Prime Minister, Willie Whitelaw, and Nicholas Ridley.

NIGEL LAWSON

EP: Teacher pay pt 10



PART 10 ends:-

SS/DES TO PM 18.9.V7

PART 11 begins:-

CH/EXQ TO SS/DES 2.10.V7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