



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

PRIME MINISTER

TEACHERS' PAY

I have seen Mark Carlisle's minute to you of 28 July. As I indicated in my earlier minute, I believe that we need to discuss this at Cabinet on Thursday. Contrary to Mark, I consider that the arguments point to asking Parliament to set the arbitration awards aside.

2. I agree with Michael Havers that the argument has to be based on national economic circumstances. But as he indicated in his letter of 9 July, this is what was done in your statement on TSRB. It does not in my view require a detailed excursus into the state of the economy. Nor does it preclude the argument that the award is too high. As you indicated in your TSRB statement, there is a need to set an example, and this is related to national economic circumstances. Not taking action in this case would make the TSRB decisions look like a hollow gesture, and would militate against the message we are trying to get home that significantly lower pay settlements are essential in order to avoid unnecessary unemployment. I do not see the fact that the employers originally offered 13 per cent (in line with last November's RSG cash limit figure) as determining the requirements of national economic circumstances, any more than the cash limit position was relevant to our TSRB decisions. In any event, the cost of the arbitration award, even this year and certainly in a full year, is higher than 13 per cent. At a time when we are pressing the local authorities



hard to cut back on their spending, it would be perverse for the Government to countenance an excessive pay award for this large and important group. At yesterday's meeting of the Consultative Council on Local Government Finance, the local authority representatives pressed for an undertaking that if the Government accepted arbitration awards above the employers' offer, the RSG cash limit would be increased to cover the excess. Although Mark Carlisle quite rightly refused to be drawn, accepting the arbitration could face us with considerable difficulties on this front.

3. A further argument for overturning the arbitration is the apparent refusal by the arbitrators to make any allowance for the error which the Clegg Commission themselves admitted and said would have been deducted from the settlement if they had been aware of it. Each 1 per cent increase on teachers' pay costs about £40 million. The arbitrators' ignoring this has therefore added some £130 million to the cost of the settlement, in my view unnecessarily. On any reading of national economic circumstances, such prodigality cannot be justified.

4. Finally, I am not clear that we shall be announcing the police pay settlement before the Recess. But in any event, the two cases are distinct: both because of police manpower shortages (the converse of the problem with teachers) and because of more specific commitments on law and order and the police.

5. If we decide to seek to overturn the arbitrations, we shall need to consider a figure to substitute, which Mark Carlisle would need to indicate in moving the resolution. I remain to be convinced that any increase higher than the employers' final offer of 9.2 per cent is justified.

CONFIDENTIAL



6. I am copying this minute to the recipients of Mark Carlisle's.

G.H.

G.H.

30 July 1980

CONQUEROR

III

CONFIDENTIAL



1019410101

Colin F. M.



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

Prime Minister

TEACHERS' PAY

I have seen a copy of the minute of 28 July which the Secretary of State for Education and Science has put to you about the arbitrations on the pay of primary and secondary teachers and of further education teachers in England and Wales, and we are to discuss this tomorrow morning.

I agree entirely with Mark Carlisle's conclusion that in all the circumstances it would be inappropriate to invoke the statutory procedure to set the awards aside and that in practice the only course open to us is to accept the outcome of both arbitrations. I share too Mark Carlisle's wish for an early announcement.

The corresponding Scottish negotiations have now gone to arbitration on the basis of a Management Side offer of 14% and a claim by the Teachers for a percentage increase equal to the increase in the Index of Average Earnings. The England and Wales arbitral awards, representing some 13.5% in this financial year and about 14.6% for future years, are much in line with the Scottish Management Side offer, and their speedy publication would enable the Scottish arbiters to take such account of them as they think appropriate.

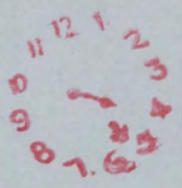
I am copying this minute to the other recipients of Mark Carlisle's.

G. Y.

30 JULY 1980

SCOTTISH OFFICE
ST. JOHN'S SQUARE
GLASGOW G1 1JY

30 JUL 1980



CONFIDENTIAL



PRIME MINISTER

I have seen a copy of the minute by the Secretary of State for Education and Science about the handling of the arbitration awards on the pay of teachers in primary and secondary schools and in further education.

Whatever the merits of the arguments for or against invoking the statutory procedure under the Remuneration of Teachers Act 1965, there would in any case be very great practical difficulties in finding time for the moving of the necessary resolution in the House of Commons in the few sitting days which remain before the Summer Recess. We could hardly justify taking a debate on a subject of this degree of contentiousness late at night, and I cannot see how it could be fitted in elsewhere without dropping some other important item of Government business.

I am copying this to members of the Cabinet, the Attorney General, both Chief Whips and Sir Robert Armstrong.

NBS.

N St J S

29 July 1980

CONFIDENTIAL



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

PRIME MINISTER

TEACHERS' PAY

I have just seen the reports of the arbitral body on the pay of teachers in schools and further education in England.

2. Subject to the views of the Secretary of State for Education, which I have not yet seen, I think we should consider these reports at Cabinet this week. The arbitrators appear to have recommended more than the local authorities, in the light of their cash limits, were able to offer even before the discovery of Clegg's mistake (which the arbitrators appear to have disregarded). The award would, therefore, exacerbate the problem of local authority over-spending. It would also contribute nothing to the new atmosphere relating to public sector pay settlements which we are trying to create. I think we must consider whether to ask Parliament to override the recommendations, and resolutions to that effect would be needed next week if we are to avoid a long delay during which many local authorities might well jump the gun. This suggests that we need to discuss the matter at Cabinet this week.

CC SECRETARIES OF STATE FOR EDUCATION,
EMPLOYMENT, SCOTLAND, WALES,
MEMBERS OF THE COMMITTEE, THE
CHANCELLOR OF THE DUCHY OF LANCASTER,
THE GREAT OFFICERS (COMMONS AND LORDS),
THE ATTORNEY GENERAL AND SIR ROBERT
ARRESTON.

A handwritten signature in black ink, appearing to be 'G.H.' with a stylized flourish.

(G.H.)

29 July 1980

29 JUL 1961

11 12 1 2 3 4 5 6 7 8 9



James E. Landrum, Chairman
The Central Board of Secondary Education

THE DIRECTOR

WASHINGTON, D.C.

The following information was obtained from the records of the Board of Secondary Education, Washington, D.C., on July 27, 1961, in response to a request for information regarding the activities of the Board of Secondary Education, Washington, D.C., during the period from July 1, 1960, to July 31, 1961. The information is being furnished to you for your information and is being furnished to you on a confidential basis. It is requested that you do not disseminate this information to any other person without the express written consent of the Board of Secondary Education, Washington, D.C.

The following information was obtained from the records of the Board of Secondary Education, Washington, D.C., on July 27, 1961, in response to a request for information regarding the activities of the Board of Secondary Education, Washington, D.C., during the period from July 1, 1960, to July 31, 1961. The information is being furnished to you for your information and is being furnished to you on a confidential basis. It is requested that you do not disseminate this information to any other person without the express written consent of the Board of Secondary Education, Washington, D.C.



PRIME MINISTER

TEACHERS' PAY

Ann Minister
Shall I confirm that you want this to go to Cabinet on Thursday? → And can I invite the Attorney?
(The Chancellor is in favor of overturning the arbitration; but Mr St John Stevens says there wouldn't be time for a debate).
28 JUL 1980
IL 28/7
IL 28/7

I am circulating with this letter copies of the Arbitration Awards on Primary and Secondary and on Further Education Teachers' Pay, which reached me on Friday.

2. The awards are somewhat complicated, comprising these elements -
 - a. a basic 12% increase from 1 April 1980;
 - b. some modest pulling-out of differentials for school teachers in more senior posts, ranging from 1½% to 4%;
 - c. deferment of these differential payments to 1 September 1980, reflecting the arbitrators' desire to minimise the cost in the present year, which is accordingly increased by 13½% (compared with 13% allowed for pay and price increases in the RSG cash limit);
 - d. for future years however, it is right to say, the increase is about 14.6%.

3. These figures are on a base which corresponds to the original, uncorrected, recommendations of the Standing Commission. The Management Panel firmly submitted to the Arbitral Body that the true April 1979 base, for all future purposes, should be that of the corrected recommendations of the Standing Commission, namely, some 3.7% lower. The arbitrators firmly maintain that they have taken into consideration both the local authorities' ability to pay and the error by the Standing Commission.

4. Given the Government's present stance on public sector pay, the awards are more than we would have wished. The Chief Secretary raised the question, as long ago as 3 July, whether we might have to consider invoking the procedure in Section 4(2) of the 1965 Remuneration of Teachers Act to set the award aside. I now consider that possibility.

5. The Act places strict limitations on that procedure. The Government would have to satisfy both Houses that, in the words of the Act

"... national economic circumstances required that effect should not be given to the recommendations."

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

The Attorney General referred to this in his letter of 9 July (reinforced by his further letter of 25 July): he said that it must be clear that the Resolution was not being used just because the Government did not like the award and because they themselves thought it too high.

6. For this purpose, the present awards could not be looked at in isolation, but would have to be related to other wage awards that this Government has accepted in similar circumstances. These range from 8.6% for some senior civil servants and 9.6% for Members of Parliament, to 16.8% for the armed forces and 18.7% for non-industrial civil servants and doctors and dentists, and a present offer of 18% increase on their pay scales to industrial civil servants.

7. A second relevant consideration, to which the arbitrators themselves refer, relates to this teachers' pay negotiation itself. At the stage when there was no reason to doubt the correctness of the original Standing Commission recommendations, the Management Panel in England and Wales (of which the Government forms part) voluntarily offered a 13% increase from April 1980 and the Management Side in Scotland (of which the Government equally forms part) voluntarily offered 14% and have maintained their offer. Against that history, it seems to me difficult if not frankly impossible to carry the argument that "national economic circumstances require" the arbitrators' award to be set aside.

8. If we were to ask Parliament to set the teachers' arbitration award aside we could not, in my view, be sure of getting the Resolutions through both Houses, and more particularly through the House of Lords. This would be reinforced if, as I understand, we may be announcing a pay increase of the order of 21% for the police before Parliament rises.

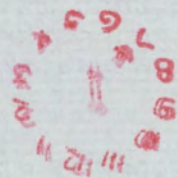
9. I accordingly conclude that the only course open to us is to accept the outcome of both arbitrations. I hope we can proceed quickly: there is nothing to be gained by delaying an announcement, and since it is known that the awards were delivered to me on Friday there will be speculation which could be damaging. My aim would be to give a Written Answer and publish the Awards not later than the end of this week. I shall be glad to know if you and colleagues agree.

10. I am copying this to all members of Cabinet, the Attorney General, the Chief Whips of both Houses, and to Sir Robert Armstrong.

M. C.

MARK CARLISLE

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



2288 JUL 1980

Edmund



10 DOWNING STREET

TIM

Peter Shaw rang to say

- (1) if we were to overturn the award, we would need to act between now and the Recess - which would be difficult. I told him it wasnt impossible;
- (2) Mr C's credibility depended on accepting the award - and especially not on achieving the worst outcome of all (defeat in the Lords). I said we took the point;
- (3) he would like a word: I told him you might be available after The Speech



Ann Minist

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DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The arbitrators have recommended increases of about 14.5%, compared with the offer of 9%. Mr Carlisle will argue that this should be accepted.

25 July 1980

Tim Lankester Esq
Private Secretary
10 Downing Street
LONDON SW1

red
R 25/7

Dear Tim

ARBITRATIONS ON THE PAY OF SCHOOL TEACHERS
AND FURTHER EDUCATION LECTURERS

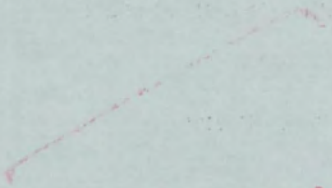
... The reports to the Secretary of State by the arbitrators on the pay of school teachers and further education lecturers have just been received and I enclose copies of them. Mr Carlisle had to leave London earlier in the afternoon for a meeting in his constituency; it is his intention to minute colleagues as soon as possible on Monday setting out his proposals.

I am copying this letter and enclosures to Richard Dykes and Alastair Pirie.

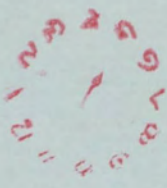
Yours sincerely

Peter

P A SHAW
Private Secretary



25 JUL 1981



REPORT AND RECOMMENDATION

of an arbitral body appointed in accordance with
the Remuneration of Teachers Act 1965,
as amended by
the Employment Protection Act 1975,
to resolve a difference between
the Teachers' Panel and the Managerial Panel
of the
Burnham Further Education Committee

Present at the hearing in Room 134, Cleland House,
Page St, Westminster at 2.00pm on Wednesday 9 July 1980.

Members of the Arbitral Body

Professor Sir John Wood, CBE, LL.M (Chairman)

Mr M Bett, MA

Mr G Doughty

Mr C L Parsisson (Secretary)

Representing the Management Panel of the Burnham Committee

Mr A G Gronow

Mr J R Horrell

Mr A Lawton

Mrs K Penley

Mr B J Rusbridge

Mr C R Walker

+ 5 other representatives

Representing the Teachers' Panel of the Burnham Committee

Mr J C N Baille

Mr P Dawson

Dr P Knight

Mr K Scribbins

Mr D O Weitzel

+ 6 other representatives

INTRODUCTION

1. Following a reference to the Advisory, Conciliation and Arbitration Service (ACAS) by the Chairman of the Committee constituted under the Remuneration of Teachers' Act 1965, (The Burnham Committee), the ACAS appointed an arbitral body to consider a difference which had arisen between the two Panels of the Burnham Further Education Committee. The Minute of Appointment is attached as a Appendix 1 to this report.

2. The terms of reference, as submitted by the Chairman of the Burnham Further Education Committee were as follows:-

"To consider all matters relating to the claim of further education teachers in England and Wales for increases in salaries and allowances with effect from 1 April 1980 with the following exceptions; Agricultural Staff, Research Staff, Part-time Staff; London Allowance, and to make recommendations".

BACKGROUND

3. This reference relates to 80,323 full-time teachers in Establishments of Further Education in England and Wales.

4. Increases in teachers pay have been restricted in line with Government income policies. The Houghton Report, published in December 1974, recommended increases estimated at 29%, teachers felt this had brought their pay into proper perspective. By 1978 teachers were concerned because they felt that pay policies had again eroded their position and had affected them more rigorously than other sections of the community.

5. The 1979 claim for a pay increase was referred to the Standing Commission on Pay Comparability. The reference to the Commission was made on the understanding that;

- (i) there should be a 9% increase on scales and allowances from 1st April 79,

(ii) further increase resulting from the reference to the Commission negotiated in the Burnham Committee should be phased in equal instalments on 1st January '80 and 1st September '80.

(iii) an advance payment of £6 per month to full-time teachers (with a pro-rata payment to part-time teachers) from 1st April '79 to be deducted between 1st January and 31st March '80 from the first stage increase.

6. In the absence of the report at the end of 1979 an interim increase in salaries of $7\frac{1}{2}\%$ was agreed in Burnham from 1st January '80.

7. The report of the Standing Commission was published on 14th April '80. By 8th May agreement had been reached on scales, incremental points, allowances and the phasing of the increases.

8. The Teachers' Panel rejected an offer of 13% for 1980 based on the Standing Commission's scales and reiterated the claim for increases to match the movement in the Average Salary Index and the Retail Prices Index.

9. The Chairman of the Standing Commission wrote to the Prime Minister to say that the Commission had discovered an error of 4% had been made in some important data on which their recommendations had been based. This had resulted in the recommendation being 18.2% instead of the correct figure of 14.5%.

10. The Teachers' Panel ratified the post Commission agreement and refused a Management Panel request to reopen the agreement. The independent Chairman of Burnham ruled he would send the agreement to the Secretary of State for Education and Science. The Management Panel then withdrew the 13% offer for 1980 and substituted a lower offer adjusted in the light of the Commission's mistake.

SUMMARY OF THE MAIN POINTS OF THE TEACHERS' CASE

11. The Houghton Report in 1974, which was accepted as a reasonable evaluation of the work of a teacher, brought about a brief period of stability within the profession. The Management Panel had done little to maintain those levels. During periods of voluntary incomes policy settlements had totalled only approximately 20%.

12. The Management Panel had wished to refer the 1979 claim to the Standing Commission on Pay Comparability. Subsequent negotiations had resulted in increases of 17% to 25%.

13. The offer for 1980 had been 13% on post Commission scales. This was markedly below the rate of increases in major indicators. The Management offer would deteriorate the salary position of teachers. The Management offer of 13% was then reduced to 9.2%.

14. In 1951 it was established the basic further education Lecturer Grade 1 was related to the school teacher Scale 2. The Standing Commission, contrary to Houghton, reduced the differential with schools. This was not acceptable to further education teachers as a basis for future salary determination.

15. It was not accepted that the Standing Commission had made a mistake. The reference in the Standing Commission Report to teachers in Further Education was so brief that it was derisory. If a mistake had been made in the comparison of graduate entry it was so far removed to be of no consequence to the pay of teachers in Further Education establishments.

16. The system of further and higher education had developed to meet the needs of the community. It was necessary to have a flexible salary system sufficient to attract and retain staff of the necessary qualifications and ability .

17. The Teachers' Panel saw a need to amend the structural element of Further Education salary system because the present arrangement did not provide a fair career prospect. The Management Panel had made no offer at all on structural elements.

Staff were restricted to Lecturer 1 scale for the major part of their working lives, there should be an automatic progression from the top of the Lecturer 1 scale to the Lecturer II scale. 50% of the Lecturer posts should be Lecturer Grade II for category IV and V work.

18. Both Houghton and the Standing Commission called for a simplification of the Further Education salary system. The proposals concerning Lecturer I and II scales together with the merger of category IV and V work sought to achieve this simplification.

19. On Non-Advanced Work only a small proportion of Lecturers Grade II was promoted to Senior Lecturer. There was no prospect of such staff achieving Principal Lectureship, a proportion of Senior Lecturer posts should be converted to Principal Lecturer posts. There should be prospects for promotion to Senior and Principal Lecturer posts in non-advanced further education. The minimum proposals were;

- (i) One Principal Lecturer and 3 Senior Lecturer posts in Grade V departments,
- (ii) Mandatory posts should be additional to posts created under 0.5% range of proportions.

20. The final injustice was that Category IV and V work was combined but only received half the credit given to other categories.

21. Advanced Work should offer the same rewards as Universities. Houghton was committed to the view that there was a need to achieve relativities with the University pay system. Promotion beyond Lecturer II and Senior Lecturer compared unfavourably with promotion from University Lecturer to Senior Lecturer. Fewer than 1 in 10 Senior Lecturers gain promotion to Principal Lectureship. There were no proportions for Readership Posts or for Academic Posts, there should be an arrangement to ensure the establishment of Readership and Academic Posts. One of the recommendations of Houghton was with regard

to the use of Academic Posts above Readership Posts which should match the University provisions for the establishment of "personal chairs".

22. Category I and Category II and III were separated for unit totals and establishment calculations but they were combined to determine the transfer from Lecturer Grade II to Senior Lecturer and bar the passage on Senior and Principal Lecturer. They should be merged to simplify the salary system.

23. Agreement could not be reached on the revised offer for an increase in teachers' pay for 1980 and the failure to agree was referred to arbitration.

SUMMARY OF THE MAIN POINTS OF THE MANAGEMENT CASE

24. The Burnham Panels were divided on two major issues;

- (i) the correct base upon which increases from 1st April '80 should be calculated
- (ii) the rationale that should be adopted to determine these increases.

25. In 1974 the Houghton Committee had identified five issues it felt should condition the approach to teachers' pay;

- (i) the supply of teachers,
- (ii) teachers pay compared with general movements in pay,
- (iii) teachers' pay compared with that of other occupations,
- (iv) the work and status of teachers,
- (v) simplification of pay structure.

26. The Management Panel held the view that indexation was not acceptable as the sole basis for determining pay.

Comparisons made between teachers and other workers should cover the total service given in return for pay and not pay levels in isolation. Percentage increases in average pay related to such things as basic pay, overtime, productivity payments and annual increments. To relate increases solely to percentage increases in average pay was too simple, inflationary and arithmetically questionable.

27. The Management Panel felt that if the error made by the Standing Commission was not adjusted in the 1980 settlement other groups of workers would feel that teachers had received an unfair advantage which they would expect to be reflected in their own settlements. An increase to teachers over 13% would seriously damage industrial relations with other groups of Local Authority Workers.

28. Local Authorities were under extreme pressures to reduce expenditure. They did not have the capacity to pay an increase above 13%, that was the absolute limit of authorities' resources. A cash limit had been placed on the Rate Support Grant which provided for pay and price increases not exceeding 13%. An increase above that level could only be sustained by a reduction in services and teaching posts or an increase in rates with propable Government resistance.

29. A 13% increase would mean a 37.8% individual increase in two years on the March '79 base and a 40% growth in the total salary bill. Increases of this size placed an intolerable burden on the public purse.

30. The improvements in pay structure submitted by the Teachers' Panel were complex issues requiring expertise and detailed knowledge.

31. The present system of Lecturer I and II scales was not unfair, the high number of Lecturers on the maximum of LI scale was caused by the large number of mature experienced workers from industry who commenced on high incremental points. There was a real need for two grades, automatic progression would give a higher salary for all regardless of worth or merit.

32. Merger of work; category IV is above 'O' level and V is 'O' level and below. There is no consensus among the parties on the need to change the system. There had been agreement that a Working Party should examine the position.

33. The request for more Senior Lecturer posts sought to increase the number of posts five fold. There was a lower number of class contact hours for Senior Lecturers than Lecturers in LI and LII, this would add substantially to the cost.

34. Changes in the formula for grading posts was resisted because they were not limited to any change in the volumes and levels of work.

35. There was no evidence of dissatisfaction with the present provisions of Mandatory senior appointments in Grade V and VI departments. Authorities had discretion to go much higher than one post in 10.

36. The present divisions for category IV and V work were adopted following the recommendation of the Houghton Committee in 1975. The Teachers' Panel proposals for reductions would effect almost all colleges and Departments to the extent of one grade. The Management Panel did not want to see any changes to the divisor because the Standing Commission had awarded relatively larger increases to Heads of Departments, Vice Principals and Principals than to other grades. Our attention was drawn particularly to an inverse relationship in some Institutes between a Vice Principal and Head of Department.

37. The total cost of the proposals was £64.35 million plus, or 9.65% of the pay bill.

38. The Management Panel asked the Board to take into account additional costs and make adjustments if improvements were to be made as claimed by the Teachers' Panel for improved staffing establishments levels and post gradings.

CONSIDERATIONS

39. The FE Teachers' Panel put forward to us a case in two parts. The first part dealt with the rates of salary, the

second largely with what might be termed structural matters. The Employers pointed out, not unnaturally, that both parts must be considered together since both involved financial cost. That point we accept but we noted the strong plea from the teachers that the structural matters involved matters of real concern and unhappiness to their members and needed consideration. Many of the issues raised had been raised many times, and it never seemed possible to make much progress in this area.

40. It seemed clear to us that there are areas in the pay structure which may well need revision. Those coming to the structures from outside feel inevitably that the complexity both prevents a quick understanding of the issues, but also probably hides underlying difficulty. Indeed, the Standing Commission in its Report expressed similar concern about the complexity, and despite spending a considerable time on the matter said it "lack(ed) the expertise and detailed knowledge" to formulate proposals for reform. That, a fortiori, must apply to an arbitration such as this.

41. These issues appear to straddle the whole structure. The two put to us in some detail involved the Lecturer Grade 1 at one end and the proportions of senior posts at the other. On both these issues, and on the other two we frankly felt ourselves unable to undertake the task of evaluating the arguments and believe we would have been foolhardy to do so. On the other hand we felt quite strongly that there is a prima facie case for these matters being evaluated in some depth. We would like to make two comments on that.

42. It must always be recognised that these changes will "cost money": some of them perhaps a considerable amount. Yet to wait for a salary negotiation for consideration is inevitably to lessen the chance of an objective review of the claims. It appears to us that the structure of the FE salary scales and rules do need periodic review. This is especially so since the content and balance of FE has changed considerably over the past few years. This brings us to the second point. It appears

to us that the best type of review is one which would look again, in the light of post Houghton experience, at the suitability of the present pattern: would identify the tensions inevitable in scales embracing different types of institution and work and would attempt to simplify wherever possible. One of the most obvious disadvantages of complicated structures is the inevitability of dissatisfaction, if not at first, very quickly. The exact form of this review if undertaken by the parties would we feel need to be carefully considered. It should if possible be structured as a technical exercise, perhaps with an independent component.

43. We therefore, with these suggestions alone, feel we must leave that part of the claim and turn our attention to the claims as to the appropriate salary scales for 1980-81.

44. The Teachers rest their case firmly upon the Houghton scales. They showed us, without difficulty, that whatever index was used, the current position had fallen considerably behind. That shortfall they sought to cure by this claim. The argument is clear and logical. It raises two questions - the validity of indexation and the impact of the Standing Committee Report.

45. Both Houghton and the Standing Committee (paras 274 and 10 respectively) indicated that any form of indexation of a comparative exercise would after a while become suspect. We accept that and must say that to index Houghton for the period suggested would be an unsafe guide as to appropriate scales in 1980. Indeed, the Standing Commission was intended to supply an up-to-date guide based on comparisons.

46. The FE teachers in effect wished to ignore this aspect of that Report. They explained to us that they had no belief in the value of that report as far as they were concerned. Two very cogent points were put forward. The scales appear to be derived from a comparison drawn at the lower end of the school teaching scales - the recent graduate in teaching and industry. The FE teachers attach great importance to comparisons toward the top - with the Universities and the Civil

Service for example. They felt that this aspect of their position had apparently received no attention. The comparison with movements in the Civil Service pay was stressed. The figure given was in the region of 16%. It was pointed out to us that this settlement involved additional factors: the payment was deferred, there was a reduction in posts and new procedural arrangements were agreed giving cost savings.

47. Secondly, the Report itself deals with the FE sector in only a few paragraphs and these they could not accept as a fair reflection of the strengths of the special aspects of their case. We have real sympathy with that view, and although we cannot base our considerations with confidence upon Houghton we are unable to turn with the confidence we would have liked to the Standing Commission results.

48. The Employers advanced the argument of their inability to pay and the need to appear to be even handed in the treatment of the various groups of workers with whom they negotiate. They accept the Standing Commission results: they have honoured the full scales set out in the Report, but feel it essential to re-adjust their attitude to the 1980-81 settlement in the light of the 4% error. They emphasised the lack of resources available to them and stressed that easy economies had long since been made. Any settlement above available resources would undoubtedly, in their view, damage the educational service and would involve further redundancies.

49. The teachers did not attempt to question the assumption that the economic position of the employers had worsened. They felt that the impact of Government policy had been overestimated and that assertions made as to the consequences of a recommendation in line with their aspirations may not be acted upon. We were invited to pay less attention to them than the Employers' Panel were suggesting. It was also strongly argued that there were indeed ways in which their claim could be met which did not involve the dire consequences put forward by the Employers' Panel. These statements appeared to the teachers to be merely a strengthened version of the standard employers' defence of

inability to pay - often made yet never really substantiated in the past.

50. This argument takes us close to the political arena where we are unable to make judgments. It is difficult for us to assess objectively and technically the underlying reality of the conflicting view upon the true financial constraints. We must, however, acknowledge the overall economic difficulties and accept that this claim has to be considered against this background.

51. It will be appreciated that the claim and response in this case barely overlap in their basic assumptions. Were we to take a simplistic view our task would appear to be to accept one or other of the different approaches. This we cannot do. There is no doubt in our mind that the teachers look, and will continue to look at what they regard as appropriate comparisons to measure the scales they believe to be fair. We must look at this aspect of the case, and recognise this attitude. Equally, there is considerable force in the ability to pay argument. We have to look at the offers made, the cost involved and decide to what extent the financial constraints must modify the comparative approach. We must balance what we heard of the morale of the teacher against what we heard about the ease or difficulty of recruitment at various levels.

52. All these considerations, and many more put to us both in the written and oral submission, have led us to fix both the shape and amount of our Recommendation.

53. Underlying the shaping of the recommendation is a firm intention to keep the amount of new money within the region of 13-14%, although the complicated position of the pay increases since 1 April '79 makes precise calculations virtually impossible.

RECOMMENDATION

54. With effect from 1 April '80 there will be added to the scales then in operation a sum derived from 12% of the full Standing Commission report scales.

55. With effect from 1 Sept '80 in addition to the second stage of the Standing Commission report scales there will be added a further sum, calculated on the full Standing Commission report scales in the following ways:-

- (a) The points on the scales that received 17, 18 or 19% in the Standing Commission report - a further 3%.
- (b) The points on the scales that received 20, 21 or 22% in the Standing Commission report - a further 2½%.
- (c) The points on the scale that received 23% or more in the Standing Commission report - a further 1½%.

An example of how this recommendation will apply in practice is given at appendix 2.

56. On structure the Arbitral Body has come to no firm judgement because the problem is too complex. The employer accepts there are problems, attempts have been made for some time to overcome these problems but the Arbitral Body acknowledges that the Burnham Committee is perhaps not the best place to carry out this type of exercise. The Arbitral Body recommends that a review of structure should be undertaken by an independent body which can make recommendations to the Burnham Further Education Committee, so that issues can be agreed in principle and those which involve additional costs can be considered in future bargaining.

Signed 7 John C Wood (Chairman)

M Bett

G H Doughty

July 1980

Appendix I

REMUNERATION OF TEACHERS ACT 1965

MINUTE OF APPOINTMENT

Whereas J S Wordie Esq MA LLB CBE, the Chairman of the Committee constituted under the Remuneration of Teachers Act 1965 (hereinafter referred to as "the Act") as amended by the Employment Protection Act 1975, to consider the remuneration of teachers in further education establishments informed the Advisory Conciliation and Arbitration Service in a letter dated 15 June 1980 of the failure of that Committee to reach agreement and requested the Service to convene an arbitral body pursuant to the arrangements made under Section 3 of the Act by the Secretary of State for Education and Science dated 14 April 1965, as amended by Section 125(1) and Schedule 16 Part IV, Paragraph 11 of the Employment Protection Act 1975.

Now, therefore, in pursuance of the powers conferred by the Acts and said arrangements, the Advisory Conciliation and Arbitration Service hereby appoints Professor Sir John C Wood CBE LLM, Chairman of the arbitral body and selects as members of the said body:

- i. M Bett Esq (selected from a list of persons considered suitable by the Management Panel of the Committee);
- ii. G Doughty Esq (selected from a list of persons considered suitable by the Teachers' Panel of the Committee).

The Service further appoints C L Parsisson Esq of ACAS to be Secretary of the arbitral body and all communications should be sent to him.

The terms of reference which have been agreed by the parties and forwarded to the Advisory, Conciliation and Arbitration Service by the Chairman of the Committee are:-

"To consider all matters relating to the claim of further education teachers in England and Wales for increases in salaries and allowances with effect from 1 April 1980 with the following exceptions; Agricultural Staff, Research Staff, Part-time Staff, London Allowance and to make recommendations".

J V B LOCKYER
18 June 1980

Appendix 2

An example of the application of the recommendations is given below on a notional salary of £1,000

Notional Salary at 1 April '80 £1,000

(Note: only Part 1 of Standing
Commission Recommendation
will be paid at 1 April '80)

Arbitration recommendation 1 April '80 12% = £120

£1,120

Arbitration recommendation 1 Sept '80 2.5% = £25

(Note: Part II of the Standing
Commission Recommendation
will be paid from the same date.)

£1,145