

PRIME MINISTER

13 June 1986

SCHOOLTEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

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

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

Abolishing the 1965 RTA

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

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

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

#### Alternatives to Burnham

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

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

Unfortunately, it is fraught with difficulties:

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

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

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

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

*Bh.*

BRIAN GRIFFITHS