

CONFIDENTIAL

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

PRIME MINISTER

SCHOOL TEACHERS' PAY AND CONDITIONS

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

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

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

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

CONFIDENTIAL

CONFIDENTIAL

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

*Emp. liability
No disruption*

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

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

ESTIMATED COST OF TEACHERS PAY SETTLEMENT (ENGLAND AND WALES)

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

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

CONFIDENTIAL

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

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

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

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

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

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

CONFIDENTIAL

CONFIDENTIAL

Too weak?

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

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

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

K.B.

Liability?

K.B.

Department of Education and Science

29 July 1986

CONFIDENTIAL

— As signed 00.15 am 29/7/86
jh

DUTIES

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

WORKING TIME, NON-CONTACT TIME AND MAXIMUM CLASS SIZES

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

MID-DAY SUPERVISION

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

GRADE AND SALARY STRUCTURE

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

Entry Grade £7600 £8000

(for new entrants on and from 1.1.87)

Main Professional Grade

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

Principal Teachers

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

* including heads and deputies.

Heads and Deputies

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

Note

1. Allocation of heads and deputies to these groups would be at least in accordance with the existing formula.
2. Nevertheless within the overall cost of these proposals the parties may subsequently agree to change the grouping structure.

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

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

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

ENTRY GRADE ASSESSMENT AND PERFORMANCE APPRAISAL

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

NEGOTIATING MACHINERY

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

GENERAL

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

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

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

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

Signed by:

For the Teachers' Organisations

D McAvoy
Deputy General Secretary NUT

E G Beynon.....
General Secretary AMMA

D M Hart.....
General Secretary NAHT

P Dawson.....
General Secretary PAT

S M Chapman.....
Deputy Secretary SHA

For the Employers

J D Pearman.....
Employers' Chairman

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

c. 00.15 an

Witnessed by:

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

NOTE

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

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

Signed:

Peter Dawson
General Secretary PAT