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PRIME MINISTER

TEACHERS' PAY

1. You asked for a report and this is attached. In this covering minute I want to highlight some key points.

2. The important dates are 4 October (Burnham Management Panel meets), 9 October (Conference debates education) and 11 October (the deadline, with just a few days' grace, for our £1,250 million offer).

3. The prospect of a 1985 pay settlement drawing upon the £1,250 million has almost certainly gone. The AMA employers, by breaking ranks and conceding the major part of the unions' case, have seen to that. But even had the employers held firm, the unions have shown no sign whatsoever of addressing any reform package until they have a 1985 settlement.

4. Because of the union leaders' initial behaviour (their dismissal of it after twenty minutes and scorn for its terms), we have been able to depict them as unrepresentative and to say that their members simply do not know what is on offer. We have had a good run on this basis and got considerable publicity for the package as we see it. But I think that the "uninformed teacher" card is now spent. Any teacher interested in the facts has now had ample opportunity to study them - even the NUT has given its members complete and unadulterated details of the offer. The argument that we could drive a bargain if only the teachers knew what was on the table (the proposition that underpins suggestions that we should contact heads or teachers direct) is starting to look a bit threadbare, particularly so far as teachers themselves are concerned. What is more, we do not want to drive teachers into an explicit rejection of the £1,250 million.

5. Our message is of a deal that will give us genuine progress towards better schools. We are offering £1,250 million over four years to allow nearly 75,000 extra promotions giving

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about one in five classroom teachers very considerable increases. (We have got figures of 17%, 23% and 26% into currency). The unions counter with a description of a 9% increase over 4 years (with no guarantee that some of this extra will not be whittled away by annual increases below the level of inflation). And they say that four in five classroom teachers will get little out of it other than a tighter contract which would destroy their capability to campaign at precious little cost to themselves for a return to Houghton pay relativities, an aspiration assiduously cultivated by the unions over the past two years.

6. These are the lines of battle. I do not see a quick victory through persuading the "ordinary" teacher. The unions' (and not just the NUT's) position is a "no-strings" 1985 pay settlement, which would be a first step in a phased return to Houghton.

7. We could meet union obduracy by simple withdrawal of the offer on 11 October. I judge that to be a non-starter. Parents keen for an early end to this long-running dispute and moderate teachers (not to mention our opponents) would come down on us for taking away the only hope for a constructive resolution to this dispute. While we can now attack the unions for intransigence, this course would allow others to turn the attack on us. As the dispute drags on, however much criticism may be directed at the teachers, I believe that much will also be directed at us.

8. I would rather take a more tenable position and, as I did in July 1984, declare myself ready to receive a reform package negotiated by the two sides, and, if I judged it good for the education service and affordable within the £1,250m, to present it to Cabinet to consider the possibilities for implementation. Now, as then, I would not set any time limit or give any guarantee of ultimate Cabinet acceptance. I would also make it clear that before I would address the matter I would want clear evidence that a draft agreement, in terms acceptable to me, was in existence. This would amount to placing the £1,250 million on the shelf, in sight but clearly out

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of reach, unless and until the unions are willing to strike the sort of bargain we want.

9. That is the least that will be expected of us. On its own, it is insufficient to defend ourselves from parents and heads (the two groups bearing the brunt of the dispute) who would accuse us of washing our hands of the problems which they face daily. The heads have had a very bad two years and they have by and large responded magnificently, but the signs are that they are coming to the end of their tether. They need some practical help. Parents also need some positive indication that we are tackling the problem direct. I think that the two come together on the issue of midday supervision. This is the unions' most effective and popular weapon, which sometimes leaves heads to cope with as many as a thousand pupils with virtually no teacher support and leaves many thousands of parents having to pick up and return their children at midday. Sometimes the journeys involved effectively deprive children of afternoon education.

10. I think that we should now put the employers in a position where they could offer separate supervision contracts to volunteers - be they teachers or others. I suggest that this would be best done by detaching the midday supervision element from the £200 million announced for 1986/87 and making it available from April 1986 on condition that the employers use it to deprive the unions of this powerful and cost-free weapon of disruption. I should, of course, come under pressure to help now rather than from April 1986, and if I were able to do so it may be in our interests for me to give that help earlier. I recognise, however, that this would involve re-opening the 1985-86 RSG settlement (including a disregard in relation to targets and holdback) and would pose particular problems in relation to rate-capped authorities.

11. This practical step would anchor our offer (paragraph

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8) to see the £1,250 million spent on the right terms. It would show that we are determined to see teachers' duties properly clarified. On this basis we could put renewed pressure on employers to behave more resolutely as regards other implied contractual duties (eg cover for absent colleagues, attendance at staff and parent meetings, involvement in curricular development).

12. Annex C to the attached report shows how this line might be presented at Conference. It will need up-dating in the light of the management panel meeting on 4 October.

13. I am sending copies of this minute and its enclosures to the Chancellor, members of E(PSP), the Lord President, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

KJ

KJ

2 October 1985

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TEACHERS' PAY

2 OCTOBER REPORT

This report takes stock of the present situation and proposes a position for the government to carry through the meeting of the Burnham Management Panel now called for Friday 4 October, the party conference, and the 11/mid October deadline for an agreement which would release additional resources from next April. It assumes that no satisfactory agreement will be reached in time.

Recent Events

2. On 12 September in full Burnham the management panel offered the package agreed unanimously the previous afternoon. It was rejected after a 20-minute withdrawal by the teachers, on the grounds that it did not meet their requirements for 1985, which they insist must be settled before they even discuss 1986, restructuring etc. Eventually the teachers stated that even had the package been prefaced by a 1985 offer of 6.9% over the year (not at year-end) they would not have simultaneously addressed the employers' longer term reform proposals. At that talks broke down.

3. On 13 September Mrs Harrison, leader of the management panel and chairman of the AMA Education Committee, met the Secretary of State. He confirmed that

a. the government would make no change in local authorities' expenditure position for 1985-86 to facilitate a settlement this year;

b. new money from April 1986 was available only on the well-rehearsed conditions and within the financial and time limits stated - £1250 millions and 11 October. Informally he agreed that 11 October might be varied by a few days if the result could still be accommodated within the 1986-87 RSG procedure;

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c. he could not agree to commend to colleagues a separate deal (with RSG enhancement) for midday supervision.

4. On 23 September Mr Pearman, Vice-Chairman of the management panel and Vice-Chairman of the AMA Education Committee wrote to the Prime Minister requesting a meeting. AMA and ACC leaders, then abroad, sought to put this request 'on hold' pending their return. It also seemed unlikely that it had Mrs Harrison's support: she was on holiday in France. But on 26 September the AMA Education Committee met, under Mr Pearman's chairmanship, and underwrote Mr Pearman's freelance request. A copy of the full resolution, as relayed to DES by telephone, is attached at Annex A.

5. On 26 September the Prime Minister responded to Mr Pearman, copy letter at Annex B. She turned aside the request for a meeting, saying that the Secretary of State would be immediately available to meet any employer group and restated in summary form the government's position on reform and the conditions for additional expenditure. That letter in effect answers the AMA request for additional resources. The request for a meeting has not (so far) been repeated, nor has any parallel request been made to the Secretary of State.

Analysis

6. The AMA resolution acknowledges that the teachers' minimum demand is for a 1985 settlement prior to reaching agreement on the longer term, expresses willingness to see negotiations on that basis and seeks "substantial additional monies from government together with relaxation of penalties and targets". They call on the teachers' leaders to join them in approaching the Prime Minister. The teachers' minimum demands are in fact 6.9% this year rising to 7.5% plus by the end of the year, together with a commitment to the eventual restoration of Houghton pay levels. The AMA may (privately at this stage) be aiming to meet the teachers on the percentages and to hope for an agreement on a form of words about Houghton relativities. But it is not clear that they can carry any vote within the management panel on 4 October.

AMA holds 10 out of 25 employer votes (ACC 13, Welsh JEC 2): in addition the Secretary of State has 2 votes. Labour holds 13 of the total of 27, and so without other support would still fail to carry any decision. Possibilities seem to be:

a. Taking the AMA resolution at face value, they will seek to persuade the other employers to invite the teachers to join in a joint approach to government asking for more money. They may not succeed in that - the answers are in any case already well known in the panel and would be repeated by officials in any debate. Even if they win the vote it is not clear that the teachers would join in the approach unless the employers undertook to meet their conditions (see above): that was the teachers' position last time this ploy was tried;

b. More dramatically, the AMA might seek to offer 6.9% this year rising to 7.5% plus by the year-end, plus words on Houghton, hoping to get a settlement. It is not clear that they could carry a vote on that or, even if they did, that the teachers would accept. But if both conditions were met then a settlement would result, possibly early in the following week. If so, "it [would] have to be made solely in the light of the present financial position and prospects of local authorities" (Prime Minister's letter to Mr Pearman);

c. If AMA/Labour leaders feel that they cannot hope for even conditional adoption of the AMA position, they may well press simply for a further approach to the government for additional resources 'to allow a 1985 settlement'. Again they would be reminded that the answers are already given.

d. Possibly, an employer majority might recognise that they cannot expect an early settlement of the 1985 claim and want to minimise the damage which teachers can do at midday, by arranging for separate supervision contracts. In that event officials would note that the employers are already free to do so and remind of the Secretary of State's previously stated position on the possibility of separating out midday supervision in RSG terms, but see paragraphs

8 and 9 below.

7. The AMA Education Committee resolution must be seen as excluding the possibility of early acceptance of the reform package. The government is therefore likely to have to confirm by mid-October or thereabouts that the 1986/87 expenditure/RSG process must proceed on the basis that no £200m addition to 1986/87 expenditure can be justified. Teachers, employers and possibly the public might well then claim that the government had 'taken away' the £1250 million 'offer'. The government's defence might then run as follows: nothing has been 'taken away' - it is rather that the question of a possible addition no longer arises because there has not been a settlement meeting the government's conditions for the increased investment - the RSG process will now proceed without the addition of the first block of £200m for 1986/87 - however, should a future agreement be reached the door is open for the possibility of additional resources being made available - again, on strict conditions (as in minute to Prime Minister - paragraph 8). However, this conference position would be stronger if the government were to make some modest addition to local authority expenditure for next year, in evidence of its commitment to the terms of the original 5 August statement. The only possible justification for that would seem to relate to mid-day supervision.

Midday supervision

8. This is the only aspect of teachers' duties which is covered by a national agreement. That unfortunately uses the word 'voluntary' and lawyers judge that employers are more exposed on this matter than on the other implied conditions of service which, in normal times, conscientious teachers have met as a matter of course. Midday supervision is also one of the unions' most powerful weapons, both in its disruptive effect and in its appeal to members. In recent years teacher supervision levels have fallen, with more and more authorities looking to separately

employed supervisors. The Associations circularised employers in August about separate contracts for teachers and others undertaking mid-day supervision: the response was generally welcoming. Finally, the chance of a return to previous levels of teacher supervision after this year's disruption seems slight. One way or another, authorities are probably going to have to pay for more supervision than previously.

9. An announcement that the reform proposals were now out of time and that the 1986/87 expenditure/RSG process would therefore run without additional resources for teachers' pay from 1986/87 would be better received by the public if it were matched by a decision to add, say, £40m from April 1986 to allow authorities to enter into separate contracts for midday supervision. This would not be a matter for Burnham negotiation with the teachers and could be presented as a way of depriving the unions of a cost-free industrial weapon. More importantly, the government might then say that, in default of a clarifying agreement on duties, it was up to the employers to insist on normal working, enforcing all the implied terms of teachers' contracts by resolute management action, defending such action through the courts if necessary.

Management Panel, 4 October

10. The Secretary of State's representatives will restate the government's position as necessary throughout the day, but aim to avoid absolute denial of the possibility of an accommodation with the employers on midday supervision, pending a Ministerial decision on whether or not additional funding might be made available for that from April 1986.

Conclusion

11. This report assumes that there will not be a settlement before the Party Conference. If there is, then the line will have to be changed at very short notice. If there is not, then the government position at the Conference might be as in Annex C attached. If there is still no settlement by 11 October or

whatever later date might be possible within the RSG timetable, that position would carry through into the medium term, beyond the Conference.

AMA EDUCATION COMMITTEE RESOLUTION 26 OCTOBER 1985

1. endorses the efforts of the negotiators at the July and September meetings of Burnham and regrets that they did not produce an honourable settlement of the teachers' dispute
2. recognises that the events of the past fortnight have created a new, alarming and potentially dangerous situation for the education service
3. therefore supports the request made earlier this week for a meeting with TUC and urges an immediate response in the interests of thousands of union members whose jobs are potentially threatened.
4. fully endorses the request for a meeting with the Prime Minister and asks the Education Officer to communicate to her private office the fact that such initiative has the full support of the Education Committee which demands an urgent and positive response in view of the Government's full responsibility for the current situation
5. restates the absolute and overriding need for a new structure of teachers' salaries and other conditions of service without which LEAs cannot meet their full responsibilities and welcomes the fact that the teacher unions similarly recognise the need for structure reform
6. the Committee, however, acknowledges the fact that the teachers' minimum demand is for a settlement to the 1985 pay dispute prior to reaching agreement in the longer term. Committee expresses a willingness to see its representatives negotiate on that basis but the resources available to local Government are such as to require substantial additional monies from Government together with relaxation of penalties and targets. The Committee therefore calls upon the teachers' leaders to join now the approach to the Prime Minister.



Annex B

10 DOWNING STREET

THE PRIME MINISTER

26 September 1985

Dear Mr. Pearman

You asked in your letter of 23 September for a meeting to discuss the present dispute. [Mrs Harrison*] telephoned my office today to say that the AMA Education Committee had now endorsed your request. It is not clear to me what advantage would be gained by our meeting at this stage: responsibility for reaching a settlement rests with the Burnham Committee, on which other parties are formally represented. I believe that the Burnham Management Panel should itself take stock of the situation. If as a result of that - or even in preparation for it - the Panel leaders or any employer group should wish to discuss matters with Sir Keith Joseph, I am sure that he would make himself immediately available. I do however wish to take this opportunity to comment on some of the issues you raise, to make plain (yet again) the Government's position.

I agree with you that the present dispute is doing very great damage to children's education. I also agree about the urgency of a settlement. I do not agree with your view that the employers have inadequate room for manoeuvre. Sir Keith Joseph's 5 August statement offered the prospect of an additional £1250 millions for teachers' pay over four years from next April. This is equivalent to 4 per cent on the

(* Note:
(* later corrected, phone call from AMA not Mrs Harrison.)

~~present~~ paybill rising to 9 per cent by the ~~fourth~~ year. If a settlement on this basis is agreed, the extra resources will continue for future years, providing a permanent enhancement to teachers' pay in addition to the increases which will be negotiated annually for teachers from April next year onwards in the normal way.

As a result of the proposals made on 12 September all teachers would receive increases in April and November. Those at present on their scale maxima would get additional increases in either September or next March. The average end-of-year increase would be over 8 per cent. In addition one in five teachers would benefit substantially from the 70,000 promotions planned from September 1986. And all this would be on top of the normal increase to be negotiated from April 1986. All classroom teachers at present on Scale 1 or Scale 2 - even if they were not promoted - could look forward to £10,500 plus whatever is negotiated each year on pay. This is a generous offer by any standards.

These proposals would I believe bring substantial benefits to the education service, as well as significant improvements generally in teachers' pay and promotion prospects, both in the short-term and in the medium-term. They represent a massive further investment in education.

The conditions for this investment are well known to you. The country must receive from the teachers a clear commitment to the professional fulfilment of their duties; there must also be a pay system which offers relatively greater rewards to promoted teachers and to those holding senior leadership posts.

The Government has made it entirely clear throughout that its agreement to the additional expenditure on education is conditional, limited to the amount stated, and that the first step of implementation through next year's local authority expenditure and rate support grant processes requires an acceptable bargain to be reached by mid-October. 11 October

was the date offered to the employers in the *early summer* That is not an arbitrary deadline. At about that time the Government must begin its final preparations for the Rate Support Grant settlement for next year, which acquires legal force if approved by Parliament. If the settlement that is agreed with the teachers does not deliver the much needed reforms against which the additional expenditure would be released from April 1986, it will have to be made solely in the light of the present financial position and prospects of local authorities.

I am sending a copy of this letter to Mrs Harrison and, because of the wide public interest in the matter, I am arranging for the text to be released to the press.

Yours sincerely

Raymond Barber

J.D. Pearman, Esq.

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ANNEX C

PUBLIC LINE ON TEACHERS' PAY

1. Sorrow at teacher unions' failure to respond positively and constructively to the Government's £1,250 million offer, and local authorities' offers for 1985-86 based on it.

2. Sadness at backing for union obduracy now being given by some employers. What is wrong with their (and the opposition's) readiness to concede to the unions?. They say:

- . let us settle this year's pay now
- . let us then go on to reform teachers' structure and conditions of service.

But history cries out against this two-stage approach.

3. Houghton (1974) set pay levels in the expectation of "professional standards of performance in return".

4. Clegg (1979) set pay levels having taken into account "the wide range of extra curricular activities which are part of the professional obligation of teachers to pupils, parents and schools".

5. And both times the content of the teacher's job was not set down in contractual form.

6. There were talks. Years of them. First (1980) in a Conditions of Service Working Party. No agreement. Then (1981 on) in a sub-committee of the Burnham Committee - the Joint Structure Working Party.

7. In order to help that Working Party reach a conclusion, the S of S (5 July 1984) said he was ready to receive a package negotiated by the two sides and, if he judged it good for the education service and affordable, to present it to Cabinet for help in its funding.

8. Under this stimulus the employers produced their own reform package for negotiation with the teachers. Not a Government endorsed package but an honest endeavour to resolve this problem.

9. On 5 December 1984 the NUT walked out of those negotiations. They have never gone back. Have preferred to press a straight pay claim for 1985 as a first step on the way back to Houghton pay relativities (ie a phased 34% increase) and have insisted that they will not trade pay for conditions of service - the two must be kept entirely separate.

10. Both legs of NUT position unacceptable. "Back to Houghton" is a plea for a return to mid-1970s pay leapfrog, with each group pressing to get back to its best relative level, its own "Houghton". Sure recipe for inflation which will wipe out any "restored" pay level just as surely as the 1974 pay level was wiped out by 20% inflation. Separation of pay and what the pay is for is absurd and allows the unions to engage in "maximum disruption at minimum cost" (their own boast).

11. On 21 May 1985 the S of S again tried to stimulate progress. The NUT walk-out (9 above) had by then ruled out a package for 1985/86. Looking to 1986/87 the Government would be willing to see more spent on school teachers' pay if agreement could be reached on a package which would lead to progress towards "Better Schools".

12. Conditions not onerous:

- i. definition of teachers duties (ready to exclude midday supervision; for rest only systematic appraisal went beyond tasks long undertaken by teachers)
- ii. October deadline - not arbitrary - and 5 months notice given of it
- iii. progress towards "Better Schools" - more promotions to meet the service's specific recruitment, retention and motivation needs.

13. Met with silence. Teachers continued to disrupt for more pay.
14. 5 August announcement putting figures on the May offer.
 - £1,250 million over 4 years, £200m in 86/87 - £450m in 89/90
 - October deadline reemphasised
 - must ensure progress towards Government's educational objectives:
 - . clear definition of range of teachers' duties linked to their contracts of employment
 - . more promotion for better teachers having regard to quality of work, responsibility levels, demand for scarce skills and difficulty of filling posts.
15. 12 September. Management Panel presented an offer (endorsed unanimously the previous day) constructed on Government willingness to see an extra £1,250 million spent on teachers' pay over next four years.
16. Terms of offer = 85/86 and for subsequent years.
17. Examples of individual benefits.
18. Reminder that none of figures includes "normal" annual increases from April 86 onwards.
19. Rejected after 20 minutes.
20. Three unions (NUT; NAS/UWT; AMMA) step up the disruption, continuing the "maximum disruption/minimum cost" strategy.
21. 26 September: AMA employers break ranks. Only 2 weeks after the unanimous management panel offer was tabled by the AMA Chairman.

- 21A. A good deal of the rest hinges on the outcome of the 4 October meeting. This text assumes no settlement and endorsement of the line in the minute of 2 October to the Prime Minister.
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22. Their strategy "pay now, talk later". We have just seen how far that has got us over the years.
23. Must stand firm. Hold to a sensible course. Pay when the talking has come to a positive conclusion.
24. Mid-October time expired. Willingness to see extra £1,250 million applied not taken up. Still hope teachers will see sense and take it up later. If they do, then the Government would be willing to address an acceptable package agreed by employers and unions constructed within the £1,250 million envelope. Only if that happens will we be able to look at the timing.
25. In the meantime no end to disruption.
26. Midday supervision. Hard on pupils, parents and heads. Different from other implied duties. "Voluntary" agreement of 1968. Remove this cost-free and particularly disruptive weapon.
27. Willing to put something into RSG to help employers. They in their turn should then be more resolute on other implied contractual duties.
28. Government consistent throughout: a deal giving "something for something: better career structure and prospects, clarification of duties and the certain delivery of education in our schools: an end to annual disruption." Unions consistent throughout: "Pay us now, we will talk about reforms later, but leave us free in the meantime to continue to disrupt children's education with virtual impunity."
29. A pretence to say that little separates the two sides. A settlement at any price for 1985 will simply mean visiting upon our schools in 1986 and beyond a re-run of this year's disruption.

