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P 01844

PRIME MINISTER

The Teachers' Pay Disputes

Flag A -

Minute from the Lord President dated 12 December  
(MISC 122(85)3rd Meeting)

BACKGROUND

1. Following a brief discussion in Cabinet on 14 November, you asked the Lord President to chair a group of Ministers to assess the situation created by the teachers' pay disputes in England and Wales and in Scotland, and to consider possible Government responses to the situation as it develops.

2. Lord Whitelaw's Group (MISC 122) has now completed its initial work. It reviewed the following comprehensive range of options identified and analysed by officials:-

I CONTINUE THE WAR OF ATTRITION

Option A - Maintain Current Position

Option B - Put more Pressure on the Teachers

II TAKE THE BATTLE TO THE TEACHERS

Option C - Discard the Current Negotiating Machinery

Option D - Offer Individual Teachers Higher Pay for New Contracts

Option E - Legislate to Impose New Pay Scales and Contracts

Option F - Establish Central Government Control of Education

III MAKE CONCESSIONS

Option G - Raise the Resources on Offer X

Option H - Lower the Government's Demands X

IV APPEAL TO A THIRD PARTY

Option I - An Inquiry. X

3. As the report by officials made clear, none of the options (which



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are not all necessarily mutually exclusive) was attractive or offered any clear prospect of attaining the Government's main objectives. The Group concluded, however, that if it were judged necessary to do something other than continue the present war of attrition, some form of wide ranging inquiry into pay and conditions of service might offer the least unattractive way forward, despite the high risks involved. The Lord President's minute explains this conclusion against the background of the present disruption, an assessment of likely developments in the New Year, and the Government's educational, public expenditure, and wider industrial relations objectives. It also brings out the main risks which the Group recognised would be associated with the inquiry option.

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#### MAIN ISSUE

4. The main issue is whether the Government could contemplate setting up an inquiry into teachers' pay and conditions of service, or whether an alternative course of action is preferable. No final decision has to be taken until the New Year, but if the possibility of an inquiry were to be accepted in principle, further urgent consideration would need to be given within Government to the detailed issues involved so that a fully prepared scheme was available for immediate action.

5. As the Lord President's minute makes clear, there are substantial risks in an inquiry. An outcome similar to those of Houghton or Clegg would be disastrous for the Government's pay policies. Treasury Ministers think that the risks are too great to contemplate, and favour continuing the existing war of attrition, though without being very precise about what exactly should be done. This view is based in part on their assessment of public attitudes towards the teachers' action: they consider that public opinion can be won to the Government's cause against the teachers' unions, and also that there is a chance of no resumption of disruption in the New Year if a settlement for 1985 is reached. Education Ministers, on the other hand, see public opinion tending to move against the Government, and also naturally place greater stress on the damage the disputes are causing to educational



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policies, and to the children themselves, and on the likelihood of resumed disruption early in the New Year (especially in Scotland). They are therefore more inclined to support a Government initiative to try to break the deadlock. The view from the Chairman of the Party and the Chief Whip is that so far there has been suprisingly little public or Parliamentary concern about the disputes, but that after Christmas, when the threat to public examinations looms larger, this may change. You will wish to assess the prospects of success in continuing the war of attrition (and the steps the Government might take to improve those prospects) before considering the case for an inquiry.

6. The risks associated with an inquiry could be reduced, though not eliminated, by careful choice of terms of reference and membership. The aim would be to draw up terms of reference which would be regarded as fair by the public and independent commentators but which oblige the inquiry robustly to tackle the key issues of management and discipline alongside the issue of pay. In particular, the inquiry would be encouraged to tackle the problem that teachers can at present cause great disruption at no cost to themselves. Consideration would be needed whether an inquiry should look wider at the division of responsibility between central and local Government. The Education Secretary sees advantage in this, and at a minimum would be pressing for greater specific grant powers. The Environment Secretary, however, has argued that such a fundamental re-appraisal of the functions of local authorities would considerably extend the scope and hence the length of any inquiry, and would also run the risk of producing conclusions inconsistent with the proposals being put forward in the Green Paper on Local Government Finance. It seems clear, however, that at some stage the Government will have to tackle the problem that local education authorities have abdicated their management responsibilities, but there would be no advantage in the Government taking an initiative to open up the whole question of local authority functions in the context of an inquiry into the pay, conditions of service and management of teachers. There is no need to decide now how the balance of potentially conflicting considerations should be struck, but careful consideration will need to be given to it if preparation



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for a possible inquiry went ahead. It is envisaged that the Report of an inquiry would be available in time to be considered alongside the responses to the Government's forthcoming Green Paper on local authority finance.

#### Timing

7. If it were decided to announce an inquiry, the timing would need very careful handling. It would be wrong to make an announcement before Christmas, since in England and Wales negotiations, although unsatisfactory, are continuing between the employers and the unions. Officials of the Department of Education and Science are attending an informal meeting between the employers and the teachers' unions today, and the Secretary of State should be in a position to give an oral report on the immediate prospects. Meanwhile it has been reported that the employers are unwilling to make any further offers if an inquiry is in prospect. But early in the New Year there might be a window of opportunity when decisive action by Government would command considerable public support, and so put great pressure on the unions to acquiesce in an inquiry and stop disruptive action.

#### The Press

8. The press appear to know that your meeting is taking place, and have speculated that the possibility of an inquiry is under discussion. It will therefore be necessary to have a statement for the lobby on the outcome. You will need to consider whether it would be sufficient to say that the Government are keeping the situation under review; they remain concerned about the damage being caused by teachers to education; £1.25 billion remains on offer in return for a genuine package on pay and conditions, as previously set out by the Government; but at present there are no proposals for the Government to intervene any further.

#### HANDLING

9. You will wish to ask the Lord President to report on the Group's work. The Education and Scottish and Welsh Secretaries will wish to



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give their assessments of the present situation, and to outline the case as they see it for an inquiry. The Chief Secretary will wish to stress the risks in following this option. The Chancellor of the Duchy of Lancaster and Chief Whip will no doubt wish to give a political appreciation.

#### CONCLUSIONS

10. You will wish to reach decisions on:

(i) whether the Government should be ready to contemplate an inquiry, or whether an alternative course of action is preferable;

(ii) if an inquiry could be contemplated, <sup>to</sup> invite the Lord President of the Council to prepare detailed proposals for possible terms of reference and membership, which would be ready for further consideration early in the New Year, should action then seem desirable;

(iii) to agree on the line to be taken in briefing the press.

J B UNWIN

17 December 1985  
Cabinet Office

COMMISSION

