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PRIME MINISTER

School Teachers: Future Pay Determination Arrangements and  
Interim Advisory Committee on Teachers Pay

(Mr Baker's minutes of 23 and 28 April;  
The Chancellor of the Exchequer's minute of 27 April; and  
Mr Tebbit's minute of 29 April)

DECISIONS

The key issues you will wish to decide at your meeting with Mr Baker and others tomorrow morning are:-

(i) whether to authorise Mr Baker to commit the Government in the debate on the teachers' pay Order next Tuesday to circulate a consultative document by the end of the summer term setting out alternative possible solutions for the permanent machinery for settling teachers' pay;

(ii) the names of the Chairman - and possibly Deputy Chairman and other members - of the Interim Advisory Committee on Teachers Pay and Conditions of Employment.

FUTURE PAY DETERMINATION ARRANGEMENTS

2. Mr Baker's argument is in essence that, if he is to keep the unions quiet, and also satisfy a number of friends and supporters, he must at the least promise early consultation on longer term pay arrangements to operate in time for the April 1989 settlement. He does not seek a decision now on the nature of these arrangements. The consultation document would set out alternative possibilities and I am assured by DES officials that the Department genuinely wish to avoid foreclosing any options or prejudging the outcome of the consultation.

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Alternative possible arrangements

3. You may recall that Ministers discussed a range of possibilities last year prior to the outcome of the Main Report. The two models examined in most detail were a Standing Advisory Committee (SAC) and a Teachers' Negotiating Group (TNG). Mr Baker favoured the former; the Chancellor the latter. The nature of these could vary a good deal, depending on the membership, terms of reference etc, and there is a risk that either could result in high awards. Both of these, and alternative possibilities, would also still face the same problems of enforcement. But very broadly, it was thought that the Government's hands might be left freer with a TNG than with an SAC; but that by the same token the latter, with the right membership and terms of reference, might be more credible with the teachers and with the public generally. This is in fact the kind of body for the longer term recommended for Scotland by the Main Committee. No decision has, however, yet been taken on this and it will be important to bear in mind the implications for Scotland of whatever is canvassed and then decided for England and Wales.

4. There are many permutations. Among the broader issues are whether the new arrangements should be statutory or non statutory; whether head teachers should be included or dealt with separately; whether there should be majority voting; to what extent the Secretary of State should be bound by the conclusions or recommendations; and so on. But provided you are satisfied that Mr Baker genuinely intends to leave all these possibilities open both now and in the Consultative Document, there is no need to go into these issues at this stage. On this basis, if you accept his political judgement on the need for announcing something next week, you may feel able to agree to what he proposes.

5. You will, however, want to be assured that there will be full interdepartmental consultation and collective approval by Ministers before any Consultative Document is issued. The lead could either be taken by DES on this, consulting other Departments in the normal way; or, if you preferred, papers could be processed



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through my Cabinet Office Official Committee as last year.

INTERIM ADVISORY COMMITTEE ON TEACHERS PAY

6. In his minute of 23 April Mr Baker recommends the following possibilities for the Interim Advisory Committee:-

Chairman - Sir Peter Main (alternative Sir Austin Bide);

Deputy Chairman - Ray Carter (first choice)  
Nicky Harrison (second choice).

While both the Chancellor of the Exchequer and the Chancellor of the Duchy (minutes of 27 and 29 April) are content with Sir Peter Main, they are unhappy with the other names and the latter has suggested Sir Edwin Nixon (former IBM) and [redacted]

7. I suggest that the key decision now is the name of the Chairman. It will be difficult in any case to settle on other names until the election position is clear. Rather, therefore, than spend time on the other positions tomorrow, there may be advantage in authorising Mr Baker to approach Sir Peter Main, if he is generally acceptable, without delay. You will, however, want to be assured by the Scottish Secretary that this does not conflict with any plans he may have for making further use of Sir Peter Main himself. I should myself be surprised if Sir Peter Main is in fact prepared to take the task on. I understand he has had enough of teachers! If so, you will need to have a reserve name for Chairman.

Secretariat for the Interim Advisory Committee

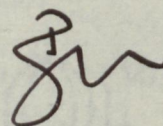
8. Mr Baker suggests it should be provided by DES. The Chancellor of the Exchequer opposes this and suggests a "small independent secretariat on short-term contracts". My own view is that, given the limited life of the body, the most practicable arrangement would be for DES to service it - just as the Scottish



Office most efficiently serviced the Main Committee. If the Chancellor of the Exchequer remains unhappy it would, of course, be possible to consider seconding a Treasury official to the Secretariat.

## HANDLING

9. You will wish to invite the Education Secretary to introduce both his sets of proposals. The Chancellor of the Exchequer and the Secretary of State for Scotland will wish to comment on their own interests, and other Ministers more generally.



J B UNWIN

29 April 1987  
Cabinet Office



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10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

29 April 1987

Dear Rt,

**SCHOOLTEACHERS: FUTURE PAY  
DETERMINATION ARRANGEMENTS**

As you know, the Prime Minister is to hold a meeting tomorrow to discuss your Secretary of State's minute of 28 April about future pay determination arrangements for schoolteachers. It would also be sensible for the same meeting to discuss your Secretary of State's minute of 23 April about the Interim Advisory Committee on Schoolteachers Pay and Conditions, and the Chancellor's comments in his minute to the Prime Minister of 27 April.

I am copying this letter to Mike Eland (Lord President's Office), Alex Allan (H.M. Treasury), John Shortridge (Welsh Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), John Turner (Department of Employment), Robert Gordon (Scottish Office) and Trevor Woolley (Cabinet Office).

Yrs,

David.

(David Norgrove)

R.L. Smith, Esq.,  
Department of Education and Science.

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PRIME MINISTER

## TEACHERS' PAY

There is one point I would wish to add to the Cabinet Office brief.

Mr. Baker's minute about the Interim Advisory Committee (paragraph 10) says that the Interim Advisory Committee must not be given a remit which the general public would regard as unduly restrictive. He intends instead to make them aware of the financial background. The Chancellor has accepted this.

If Mr. Baker proceeds as he proposes I see no difference between his Interim Advisory Committee and a review body.

You will remember that when the Interim Advisory Committee was agreed you and the Chancellor were both very clear that it should work within a strict financial constraint, and Mr. Baker's statement said that the Interim Advisory Committee would advise

"on conditions of service and the distribution of pay within the resources available at the appropriate time." (A copy of the statement is attached.)

The clear implication is that the Committee would advise on the distribution of a fixed amount.

It would of course cause tremendous hostility amongst teachers were the Government to tell the Interim Advisory Committee that an X per cent increase in the pay bill was available, then asking the Committee simply to distribute it. That is however what I believe was agreed in October last year by Ministers and Mr. Baker should not be allowed to try to change it in this rather sneaky fashion. There is a real question about the role of the Interim Advisory



Committee which needs to be discussed, though perhaps not tomorrow.

I have drawn this point to the Chancellor's attention.

There would be much to be said for prolonging consultation on new teachers' pay arrangements for as long as possible. The other education reforms which have been discussed, particularly financial delegation to headteachers, could open the way to greater flexibility in setting pay. But they need to be given time.

(DAVID NORGROVE)

29 April 1987



## Teachers' Pay and Conditions

4 pm

**The Secretary of State for Education and Science (Mr. Kenneth Baker):** With permission, Mr. Speaker, I wish to make a statement about schoolteachers' pay and conditions of service in England and Wales. For more than two years the local authority employers and the teacher unions have been negotiating about school teachers' pay and conditions. During this time the education of the children in our schools has been repeatedly disrupted. The children have been the victims. The local authorities and teacher unions sought help from the Advisory Conciliation and Arbitration Service because they were unable to reach a settlement within the Burnham committee. Limited progress has been made as a result of ACAS's work. Some "heads of agreement" were negotiated at Coventry in July, but little has been achieved since then. Now, scandalously, further disruption is threatened. A further negotiating meeting is planned for 8 November at Nottingham. I must make the Government's position clear.

We now also have the Main committee's report about pay and conditions of service for schoolteachers in Scotland. My right hon. and learned Friend will shortly make a statement giving the Government's response to that report. The Government regard the recommendations in that report relating to the teachers' pay structure, and to their duties and conditions of service, as well judged. We consider that similar arrangements should be adopted in England and Wales, although existing differences in practice mean that it is not appropriate to seek to apply the Main committee's findings in their entirety to England and Wales. I am therefore writing today to the chairman of the Burnham committee's management panel explaining the additional resources the Government are willing to make available for teachers' pay in England and Wales and spelling out our conditions for releasing those resources. I have placed a copy of that letter in the Vote Office.

The Government will make additional resources available only when two very important conditions are delivered. First, there must be a pay structure with differentials which reflect the varying responsibilities of teachers and the need to recruit, retain and motivate teachers throughout the school system and at all stages of their careers. The pay structure envisaged at the Coventry meeting in July does not meet this condition. A structure more in line with the recommendations in the Main committee's report is necessary, and I have set out such a structure in the letter which I have put in the Vote Office. All teachers will receive higher pay, more than half of them on promoted posts reflecting varying responsibilities. The crucial importance of head teachers, who carry the biggest responsibilities, will be recognised.

The second condition is that teachers' professional duties must be more sharply defined and clarified, leaving no room for ambiguity about their duties, and this must be carried through into enforceable contracts of employment. Contracts and conditions of service must be brought into line with the 19 points under discussion at the Coventry meeting. In particular, schoolteachers should be under an express contractual obligation to cover for absent colleagues and to be available to work at the

direction of head teachers for 1,300 hours over 195 days each year. All this is set out in more detail in the letter I have placed in the Vote Office.

In return for delivery of these conditions, teachers' pay would be increased in two instalments. The first instalment would increase average schoolteachers' pay by 8.2 per cent. from 1 January 1987, and the second instalment would be a further 8.2 per cent. from 1 October 1987. These two instalments would cover the full percentage increase in average schoolteachers' pay implied by the Main committee's recommendations. This would settle teachers' pay for 1986-87 and 1987-88. The increase of 8.2 per cent. from 1 January means that teachers' pay will have increased by over 16 per cent. since 30 March of this year. Teachers will have had an average 25 per cent. increase over the two years to October 1987. This means that a good honours graduate in his third year would receive after two years of teaching £10,000, an increase of about 20 per cent. The head of the largest comprehensive would get an increase from £26,250 to £30,500. I want to emphasise that these increases are only justified by the fundamental change in the terms, conditions and structure of the service which must accompany them.

If, and only if, these conditions are met are the Government prepared to add £118 million in 1986-87 and £490 million in 1987-88 to planned expenditure on education in England and Wales. Education grant-related expenditures would be increased accordingly. Block grants to local education authorities would be increased by £56 million in 1986-87 and £200 million in 1987-88. The cost of these increases would have to be shared by taxpayers and ratepayers. We estimate that rates would increase by between 2 per cent. and 4 per cent., compared with the decisions that local authorities would otherwise have taken.

I hope that the meeting at Nottingham will accept the position I have outlined. I look to the employers and unions to act quickly and positively. I must make it clear that the matter must now be resolved on all the terms and conditions I have set out. The Government will not be prepared to amend them further, or to make any additional resources available.

Now let me turn to the future. Over the last few years it has become widely accepted that the present negotiating machinery should be replaced. The Government therefore intend to repeal the Remuneration of Teachers Act 1965 and to bring forward proposals to this House for new machinery which will involve an interim committee to advise the Secretary of State on conditions of service and the distribution of pay within the resources available at the appropriate time.

The Government are making these proposals in the interests of the whole country. I believe that they will be seen as fair, and continued disruption will be seen to be unforgivable in these circumstances. My proposals constitute a very special offer for very special people, and when I say "special people" I mean the children of our nation.

4.9 pm

**Mr. Giles Radice (Durham, North):** Does the Secretary of State accept that parents have a right to know why, if money is now available for teachers' pay, it was not available two years ago? Is it not the case that all the