

copy  
KJ

CONFIDENTIAL

PRIME MINISTER

SCHOOL TEACHERS

The attached report from George Younger and me is our response to the Cabinet remit of 28 February. It is necessarily rather long. I should like to emphasise the points in paragraph 6.

2. If we continue to reject school teachers' pay clamour for the next two or three years, we must expect continued disruption in the schools. This will do both educational damage and electoral damage. Moreover we must also recognise that there could well be an arbitration settlement at any time which would cost a lot yet achieve nothing in educational terms. We must therefore consider seriously whether some extra - perhaps not this year but next - might serve the real educational aims we have of higher standards and blunt teachers' discontents.

3. I am sending George Younger a copy of this minute.

KJ.

26 March 1985.

CONFIDENTIAL

PRIME MINISTER

SCHOOL TEACHERS

1. Cabinet, on 28 February, invited the Secretary of State for Education and Science, in consultation with other Education Ministers, to report on the Government's policy towards school teachers in the context of current strike action and other forms of industrial disruption by school teachers. This report comes jointly from the Secretaries of State for Education and Science and for Scotland, and has been prepared in consultation with the Secretaries of State for Wales and Northern Ireland.

Current teacher action

2. Two notes are attached, outlining the positions in England and Wales and in Scotland. Current teacher action takes two main forms - strikes, which cause schools or parts of schools to close, and "withdrawal of goodwill" which stops progress with work to introduce curriculum and examination improvements, disrupts school work generally, and interferes with parents' meetings and out of school responsibilities. In general the teacher unions claim these activities are voluntary rather than contractual. In Scotland, strike action is concentrated in the constituencies of Ministers, where many schools have for some time been affected for 3 days in each week; in addition, there are one-day strikes in different schools each week in most education authority areas. Withdrawal from curriculum development started at the beginning of the current school session and has forced the partial postponement of major Government-led reforms of courses and examinations for 14-18 year olds. In England and Wales strike action is shifting from area to area. "Withdrawal of goodwill" is much more widespread. The chosen forms of action are calculated to cause maximum trouble to pupils and parents, employers, and Government at minimum cost to teachers. By limiting strikes to small numbers of teachers, the unions are able to compensate those concerned for loss of pay. Moreover deductions

for each day on strike are normally at the rate of 1/365 of annual pay so that teachers striking Tuesday to Thursday still receive 4/7 of their weekly pay.

3. In all three countries employers are docking pay for strike action. Some authorities in England and Wales are taking a firmer line than on previous occasions in response to disruption by "withdrawal of goodwill" by attempting to ensure that the disruption has financial consequences for the teachers. Other authorities, and Scottish authorities generally, are not currently taking this line, which may lead to court action. For example, the NUT is challenging Newcastle and Solihull LEAs on their right to deduct notional damages for refusals to undertake "voluntary duties". It may be that one or two court cases of this kind would serve to clarify the contractual obligations of teachers - but not for some months at least.

#### Short term prospects

4. In England and Wales the immediate issue is the management response to the teachers' pay claim for 1985 of some 12 1/2%. The management side has offered 4% or arbitration, the teachers have rejected both. ACAS is attempting to conciliate. The teachers are refusing to continue longer term talks about the pay structure and teachers' contractual duties. In Scotland the teachers' request for an independent pay review has been rejected. The Secretary of State referred to another way forward, ie that there should be a joint review of pay and conditions of service within the statutory framework of the Scottish Joint Negotiating Committee, but the EIS has so far refused to go down this path. In both cases the teachers are seeking to prise more money out of Government to augment the resources available to the authorities to pay them more.

5. We do not expect quick resolution of these problems. Provided conviction that the Government will not provide more money can be spread sufficiently widely among authorities and the teachers, then for England and Wales there will probably be a settlement for 1985 in due course, either as a result of negotiation on the existing 4% offer or through arbitration. Arbitration appears the more likely route at present. In Scotland the teachers have

not yet made any claim for the current year in case this would detract from their demand for an independent inquiry. It may be, however, that a settlement in England and Wales would bring them reluctantly to the negotiating table.

6. Whatever assurances authorities might win from the teachers, settlements so reached are unlikely to restore full co-operation by the teachers. They are likely to be followed by further trouble over the next few years, which would be both educationally and electorally damaging. Moreover although teachers will win themselves few friends by disrupting schools, continued erosion of their pay in comparison with other groups may win them some sympathy among both the employers and the public. There must be a growing risk of an arbitration settlement in one year or another which would be damagingly high in economic terms while achieving little or nothing in educational terms. (Both the Houghton and Clegg awards effectively did just this.) The local education authorities would have to find the money, whatever the repercussions - but the repercussions might be both educationally and electorally damaging.

#### Longer term prospects

7. Ideally, we want a smaller, and better qualified, trained, and managed teacher force; using its capabilities to the full to educate our children; paid sufficient to recruit, retain and motivate people of the necessary quality.

8. Recruitment is good, except for some shortage subjects. Teacher employment, despite falling rolls and much early retirement, remains relatively secure. The problem lies in morale and motivation. There has been much (justified) criticism of the schools. Teachers are acutely aware that their "average earnings" have been eroded in recent years compared with other non-manual employees, and that Government constraints have been an important factor. Falling rolls have sharply reduced promotion prospects. The teacher's job is harder than it used to be, because of economic and social changes, and because we are setting more demanding educational objectives.

9. Most teachers want to do a good job, yet because of present

low morale they are ready to be led into disruptive behaviour by their unions. The unions demand substantially more pay while resisting changes in working practices which would improve the quality of education. This is not something to which either the Government or the employers can agree. School teachers are not alone in being expected to achieve more while their pay is subject to constraints. But we must recognise that their bitterness is damaging education, and ask ourselves whether better performance could be achieved at a price that would make it worthwhile.

10. The employers' top priority, in England and Wales and in Scotland, is a new definition of the teacher's job together with new forms of contract, which would prevent cost-free industrial action and promote improved quality of work in the schools. Such a "job description" might cover, for example, participation in curriculum development, preparation of teaching materials, cover for absent colleagues, pupil assessment, liaison with parents, appraisal of teacher performance, participation in in-service training and other forms of staff development, and mid-day supervision of meals and schools. It seems certain, however, that new forms of contract to achieve this purpose will not be negotiable with the unions at a reasonable cost in pay terms - possibly not at any price. For tactical reasons the Government should continue to recognise the possibility of a new agreement across the whole range of pay, the pay structure, and conditions of service which the Government would regard as worth the price, but a solution along these lines seems unlikely.

11. We see two other possibilities for dealing with contract problems.

- (i) Employing authorities could seek to make maximum use of existing law to impose financial penalties on teachers taking industrial action. They could dismiss teachers who refuse to comply with existing contracts and only re-employ them on new and tighter contracts. They could introduce new forms of contract for newly appointed or promoted teachers. Such action would have to be imposed by employers, rather than agreed with the unions. Attitudes to such possibilities may depend to some extent on the result of the Newcastle and Solihull

v NUT cases (see above), but it seems certain that many authorities will refuse to take action of this kind whatever view the courts may take. In Scotland, it is almost certain that no major authority would be ready to take this road.

- (ii) One specific cause of much disruption, refusal by teachers to supervise school meals or pupils during the mid-day break, which the courts could well rule as lying outside teachers' contractual duties, could be removed if this task were explicitly removed from teachers' general duties. Employers would separately employ people, under head teacher direction, to undertake the work. The employees could be either teachers (many might be willing) or others. It is difficult to estimate the cost: it might add £50-100 million to local authority expenditure across England, Wales and Scotland depending on the numbers of persons authorities found it necessary to employ. The employers would not welcome this, because it would not solve wider industrial action problems. The teachers would welcome it, as removing a long-standing grievance (although not one which has featured prominently in the Scottish dispute) and providing a little more money for volunteer teachers. If we judged it appropriate, we could either introduce this idea into the current negotiations or bring it forward in the longer term. But would removal of this part of the problem, and some advantage in goodwill terms, be worth £50-100 million local authority expenditure?

12. The Government's priorities are slightly different. Despite the importance of "peace in the schools" in educational, political and social terms, our main concern must be to obtain better quality in education - which requires better management of the teacher force and better motivation of teachers - at acceptable cost.

13. The forthcoming White Paper for England and Wales proposes legislation enabling the Government to exercise a strong influence

over in-service training through a specific grant mechanism (the Secretary of State for Scotland already has such a power) and a power to require (if necessary) authorities to appraise the performance of each teacher. The intention is to use these powers, particularly by attaching conditions to the grant, as a means of inducing better management of teachers and value for money.

14. These valuable measures would be further strengthened if the pay structure required management to reward merit on a discretionary basis and enabled management to use discretionary payments to recruit skills in short supply, and if we could strike a pay deal which would avoid disruption at least over the next two or three years. Relatively small changes to the pay structure - to widen differentials slightly and to allow more use of higher scales at management discretion in such a way that all teachers could hope for money if they achieved higher standards of performance - could yield good value for money at relatively modest cost. (A brief appendix is attached indicating how such a scheme might work. It could give a significant proportion of teachers an additional 5-10% increase in the first year, and a small proportion as much as 12-15% over 3 years. None could rise above Scale I without a formal promotion. To attempt to go further, and prevent all further increments without "passing" a new appraisal procedure, would remove any chance of successful negotiation.) Both employers and teachers would prefer a less discriminatory approach, but if Government were to say clearly that some extra resources would be forthcoming only if the Burnham Committee could negotiate a deal along these lines, they might accept this as the only route to some improvement in pay terms. This possibility could be brought into either this year's negotiations or longer term work.

15. In Scotland, because of the entirely different existing pay structure, it would not be easy to introduce discretionary payments of the same sort; additional resources, however, could be usefully applied in other ways to improve teacher performance and motivation.

16. In England and Wales the authorities are seeking repeal or amendment of the Remuneration of Teachers Act 1965, under which the Burnham Committees operate. Their declared aim is to bring pay and other conditions of service within the scope of a single committee (as in Scotland). The Secretary of State is willing to consider specific proposals, but has said these must offer a clear prospect of improved outcomes from negotiations. It is not clear that the authorities will be able to demonstrate this. Other future possibilities are a change in the composition of the Burnham Teachers Panel so that the NUT lose their controlling majority, if union membership figures were to justify such a change; or the establishment of separate committees to negotiate pay for particular classes of teachers - primary, secondary and head teachers, for example: it is highly uncertain what the consequences of any such changes might be.

17. Wider ranging possibilities, such as taking teachers' pay out of the rate support grant field, or making teachers the employees of Government or some new Government agency, raise constitutional issues going far beyond current management and industrial relations problems. Moreover, whatever other merits we might see in such possibilities, they would not in themselves provide any ready cure for current problems.

#### Conclusion

18. In brief, there are two main alternative lines of action open to us in the short term.

- i. Stand firm. Ensure that all authorities and teachers understand that industrial action will not produce more money for teachers' pay, and that arbitration will not produce more money for teachers' pay. Press authorities to ensure that financial penalties are exacted from the teachers and the unions for industrial action where possible. Stress the damage being done to education by the teachers. Wait for a negotiated settlement or an arbitral award to emerge. This could lead to considerably extended serious disruption in the schools, including disruption of examinations, great educational damage



to many pupils and a standstill on desirable curriculum development.

- ii. (a) Explore the possibility for offering additional resources for teachers' pay, on the basis that a settlement providing more scope for differentials and management discretion and/or improved teacher motivation is negotiated.
- (b) Explore the scope for putting mid-day supervision clearly outside teachers' contracts, and providing separate payment instead for teachers or other helpers who undertake this work.

We cannot tell at this stage exactly what the possibilities at (a) and (b) would cost if it proved possible to introduce either successfully: that would depend on negotiations. It would be possible to broach either with the employers without incurring any cost, if we judge that there would be value in such an approach. But we should have to be ready to indicate clearly the order of what we might be willing to pay. £100 million in the first year, rising over 3 years to £250 million, is probably the least we could expect to have a significant effect in England and Wales under (a); as noted earlier (b) might cost £50-100 million.

19. We see

- (i) no realistic prospect of a satisfactory negotiated agreement in the short term across the whole range of pay and other conditions of service in either Scotland or England and Wales;
- (ii) no advantage in industrial relations terms in removing teachers' pay from the rate fund;
- (iii) no short term prospect of improvement in England and Wales in amending the Remuneration of Teachers Act 1965.

20. In England and Wales, the Secretary of State for Education and Science proposes

- (i) that for 1985 the Government should stand firm as in 18(i); but
- (ii) that for 1986 the Government should announce, in the late summer or early autumn, that it will be willing to add £100 million to provision for local authority expenditure in the 1986-87 rate support grant settlement - rising to £200 million in 1987-88 and £250 million in 1988-89 - if and only if by, say, the end of October the Burnham Committee has negotiated appropriate modifications to the teachers' salary scales and their administration along the lines of the scheme in the Appendix to this paper.

21. In Scotland, the Secretary of State for Scotland proposes

- (i) that, as in England and Wales, the Government should stand firm for 1985 (the teachers having refused to participate in a joint review of pay and conditions of service within the statutory framework of the Scottish Joint Negotiating Committee); but
- (ii) that the Government should be prepared to make corresponding additions to provision for local authority expenditure in the 1986-87 and subsequent rate support grant settlements if the SJNC has, by the appropriate time, negotiated modifications to teachers' salary scales which would have the effect of improving teacher motivation by rewarding good performance.

22. Copies of this minute go to the Chancellor of the Exchequer, the Secretaries of State for Employment, the Environment, Wales and Northern Ireland, and to Sir Robert Armstrong.

*KJ*  
Sir Keith Joseph  
Secretary of State for  
Education and Science

*G.Y.*  
George Younger  
Secretary of State  
for Scotland

26 March 1985