



P.01526

CONFIDENTIAL

PRIME MINISTER

---

FLAG A

Teachers

FLAG B+C

Report of 26 March by the Secretaries of State for Education and Science and for Scotland together with Minutes from the Lord Privy Seal and the Environment Secretary of 29 March and from the Chancellor of the Exchequer of 1 April.

FLAG D

FLAG E

The Cabinet, at its meeting on 28 February, invited the Secretary of State for Education in consultation with other Education Ministers to report on the Government's policy towards teachers in relation to the current industrial dispute and in the longer term (CC(85)7th Meeting, Minute 4). At the meeting on 7 March it invited the Lord Privy Seal, in conjunction with the Law Officers, to prepare a statement of the case for a possible complaint of privilege which would bring before the public the Government's concern about the tactics being adopted by the Scottish teachers, and to consider also what steps would be open to the Government in the light of the Speaker's response (CC(85)8th Meeting, Minute 4). At the same meeting the Cabinet invited the Secretary of State for Employment to review the scope for effective Government action to counter selective strikes: this report is still under discussion between the Employment Secretary and Law Officers.

FLAG F

2. In England and Wales the teachers have rejected an offer of 4 per cent in response to their claim for 12.4 per cent, and an offer of arbitration has been refused. Conciliation is being discussed with the Advisory, Conciliatory and Advisory Service (ACAS). The talks about pay structure are also blocked. The two largest unions are taking industrial action. Willingness to undertake 'voluntary' duties has been withdrawn nationally and there is an escalating campaign of selective strikes.

3. In Scotland a campaign for an independent pay review has been running since August 1984. The Educational Institute of Scotland (EIS) has undertaken selective industrial action,





CONFIDENTIAL

including a boycott of all Government sponsored curriculum development as well as a series of 3 day strikes at schools in Scottish Ministers' constituencies. The Secretary of State rejected an independent pay review, but has offered a review of pay and conditions of service within the statutory negotiating machinery. Although a new pay settlement is due on 1 April, the Scottish teachers have not submitted any specific claim for higher pay.

#### MAIN ISSUES

4. You will wish to consider:

- (i) what action should be taken in the short term in relation to the teachers' campaigns;
- (ii) whether the issue of privilege should be pursued with the Speaker;
- (iii) what steps can be taken to maximise the chance of securing in the longer term the improvements in the standards of teaching which are the Government's objective.

#### The Aspirations of the Parties

5. The teachers' first priority is money, with the perceived erosion of salary levels since the Houghton Award a key reason for their frustration. But their diminished prospects, the low public esteem in which they are held are also factors, and the need for changes in curriculum and teaching methods, in response to the quickening pace of social and technological change are also unsettling factors. The employers' first priority is peace in the schools by means of watertight contracts which would prevent teachers indulging in disruption at negligible cost to themselves. The Government wants to raise the quality and standards of education; this means changes in curriculum and teaching methods, and requires the introduction of new arrangements for the systematic appraisal of teachers' performances on the basis of which better rewards would be given to better teachers.





CONFIDENTIAL

The Current Negotiations

6. The Education Secretaries believe there is no realistic prospect of a satisfactory negotiated agreement in the immediate future across the whole range of pay and other conditions of service in either Scotland or England and Wales. Their analysis of the options in the short term are set out in paragraph 18. Essentially they are either to

- (i) stand firm; or
- (ii) hold out the prospect of extra resources either for salary restructuring or for making specific payments for mid-day supervision.

They recommend that the Government should stand firm for 1985. This means an increasing risk of disruption of public examinations, where the Scottish teachers have so far shown themselves more ruthless than their England and Wales counterparts. The Education Secretaries' implicit judgment is that sooner or later, the English and Welsh teachers will accept arbitration and that the Scots will then come into line, but without any progress in either case towards wider educational objectives. (The only alternative course seriously canvassed for the immediate future is the possible offer of £50-£100 million to finance lunchtime supervision, which local authorities would have somehow to find (see paragraph 11(ii)): the Education Secretaries do not recommend this.)

Breach of Privilege

7. Given the probable continuation of the dispute, the meeting will wish, on the basis of the Lord Privy Seal's minute, to consider whether the complaint of breach of privilege should be pursued with the Speaker, and subsequently in the House, if necessary against his advice. The idea would be to draw to wider public attention the tactic of selective action against Ministers' constituents. However even if the Committee of Privileges accepted it (probably by a vote divided on Party lines) there are no effective sanctions that the House could use against the union(s) involved.





CONFIDENTIAL

The Longer Term

8. The Education Secretaries suggest that for 1986 the Government should announce in the late Summer or early Autumn that it will be willing to add £100 million for England and an equivalent amount for Scotland to provision for local authority expenditure in the 1986-87 Rate Support Grant (RSG) settlement on condition that appropriate modifications to teachers' salary scales are negotiated (paragraph 20(ii) of the report). The management would have discretion to promote teachers on to higher scales, and to move them up within scales, taking account of the responsibilities of posts and the performance of individual teachers. The Environment Secretary points out that next year's grant percentage and current expenditure provision will need to be settled and announced before the Summer Recess; that it would not be straightforward to distribute a specific additional sum equitably among local authorities; and that there would be no means of ensuring that they spent it as intended.

9. The Chancellor of the Exchequer makes clear his opposition to additional expenditure, in whatever timescale, on restructuring teachers' pay. Given the difficult public expenditure climate, it will be important to attach full weight to the arguments against new commitments. On the other hand, the increasing demands made on teachers, and the decline in their relative pay and standing, suggest that it will be increasingly difficult to avoid some move in the direction indicated by the Education Secretaries.

10. If a move were to be made, Ministers will need to consider how it could contribute to the resolution of current difficulties, and how it could be fitted into the framework of local authority finance. The prospect of some additional money for salary restructuring has already been held out, although the Government have been careful to avoid commitment on amount and timing. The scope so provided for improvement in career prospects must be attractive to a substantial part of the teaching profession provided they could be satisfied about the broad fairness of the assessment procedure, and the Government will need to find ways of building on this sentiment. There





CONFIDENTIAL

may be some scope to do this through informal contacts, as part of behind-the-scenes efforts to persuade the English and Welsh teachers to accept the current offer of arbitration. However, it would be as well to avoid any specific undertakings until the amount of any arbitration award was known - it would only be worth attaching a price tag to restructuring if this would secure a negotiated settlement now in the region of 5 per cent.

11. There is no question of any immediate decision on pay restructuring. But if any move were to be made to introduce it from April 1986, decisions would be needed in the next few weeks on

(i) the broad amount, its phasing over time, and the management procedures required to give effect to it (it might prove necessary for it to be phased in over a number of years, in order to maintain the incentive to good performance, rather than move quickly to the new distribution of teachers among the scales (see page 2 of the Appendix to the Education Secretaries' minute));

(ii) how it is to be fitted into public expenditure programming and the framework of local government finance;

(iii) what use, if any, negotiators can make of the prospect of higher pay through restructuring in the current round of pay negotiations.

Further work would be required in each of these areas before any decisions were taken.

#### HANDLING

13. You will wish to ask the Education Secretary to introduce his report, and to invite the Scottish Secretary to add any comments. The Chancellor of the Exchequer and the Environment Secretary will have views on any proposal to increase local authority spending.





CONFIDENTIAL

Thereafter you will wish to discuss how the current disputes should be handled during the coming weeks; what action, if any, should be taken about the possible complaint of breach of privilege; and how, in the longer term, the question of teachers' pay and performance should be handled so as to contribute best to the achievement of the Government's educational objectives.

#### CONCLUSIONS

13. You will wish to reach conclusions on:

(i) whether the Government should continue to stand firm against the current industrial action by English, Welsh and Scottish teachers;

(ii) whether the possible complaint of breach of privilege should be pursued; and

(iii) whether further work should be done on teacher appraisal/salary restructuring, its implications for public expenditure programming and local authority finance, and the impact its prospect might make on current negotiations.

*PLG*

P L GREGSON  
Cabinet Office  
1 April 1985





01 APR 1985

9 10 11 12 1  
8 7 6 5 4 3 2 1

COMMUNICATOR  
IN  
LONDON



10 DOWNING STREET

Prime Minister:

I suggest you  
take the relatively  
straightforward privilege  
issue first (flag B)  
before proceeding to the  
substantive papers for  
the Education and Scottish  
Secretaries (flag A), the  
Environment Secretary (flag C)  
and the Chancellor (flag D)

✓