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PRIME MINISTER

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School Teachers

Minutes of 14 and 17 May from the Secretary of State  
for Education and Science.

BACKGROUND

This meeting follows your earlier meetings on 2 April and 1 May about school teachers' pay and contracts of employment.

**A** The Education Secretary's minute of 14 May covers two notes  
**B** which respond to conclusions (2) and (3) of your meeting on  
**C** 1 May; his minute of 17 May addresses the current position  
in the teachers' pay negotiations, in the light of the  
Government's longer term objectives for the management and  
performance of the teaching profession. The Government's  
position on the current negotiations requires to be reassessed  
in advance of the next meeting of the Burnham Committee on  
23 May.

MAIN ISSUES

2. Ministers agreed at the meeting on 1 May that there  
could be no question of a major restructuring of teachers'  
pay without the clearest assurance that effective arrangements  
for the appraisal of teacher performance would be introduced  
and that the scope teachers had for disrupting the work of  
schools would be reduced. Accordingly, the first DES note  
discusses

(1) the scope for introducing a more precise teachers'  
contract of employment, which would also provide a  
framework for the appraisal of teachers' performance;

and the second note covers

(2) action to induce local educational authorities (LEAs)  
to cooperate in the pursuit of the Government's objectives.



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Greater urgency is now attached to both these issues by the risk that (partly reflecting the results of the recent County Council elections) an immediate pay offer might be made to teachers in England and Wales which provided for a large pay increase without any progress on (1) or (2).

The further question therefore arises

- (3) what can be done in the immediate future to secure something on (1) and (2) in the context of this year's pay settlement?

Although the current pay negotiations are the most pressing issue, it seems sensible first to consider whether the Education Ministers' proposals on (1) and (2) would give the assurance sought at the meeting on 1 May.

#### Contracts and appraisal

3. The Education Secretary's reasoning is as follows:

- a. imposition of tighter contracts of employment on all teachers by primary legislation would be extremely contentious and doubtfully effective;
- b. imposition of such contracts only on newly employed or promoted teachers only would not be helpful;
- c. imposition by Regulations of teacher appraisal would provoke serious opposition (although power should be taken to do this if necessary);
- d. the Secretary of State should simply promulgate a reasonable definition of teachers' duties, from which LEAs would not dissent, and to which teachers - who are pursuing a claim for a large pay increase by reason of the onerous nature of these duties - would not be able to object. The fact that there had been no dissent would substantially strengthen the hand of LEAs in future litigation to enforce teachers' contracts.



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e. The Government would permit some extra expenditure on a pay restructuring, but LEAs would be obliged to use the appraisal procedure before individual teachers could be moved under it onto higher scales. (Appraisal would not be imposed as such, but would thus be an integral element in pay restructuring, so - with luck - overcoming any opposition from unions and LEAs).

4. The Scottish Secretary continues to envisage an agreement between LEAs and teachers' unions on the definition of teachers' duties, which would include cooperation in implementing curriculum and examination reforms. He has been less concerned about appraisal, and proposes in effect that 'restructuring' pay increases should be paid to teachers as they implement these reforms, which are being phased in subject by subject over a period of time.

Measures to secure local authority cooperation

5. The reasoning here is as follows:

a. for 1986-87 there would be an increase in local authority relevant expenditure and in aggregate Exchequer grant conditional on a firm agreement between employers and teachers to effect desired changes in practice (i.e. in the management of teachers, including pay restructuring and appraisal);

b. for 1987-88 and subsequently consideration should be given to the introduction of a new specific education grant whose payment could be conditional on cooperation in pursuit of the Government's objectives (including in Scotland curriculum and examination reform).

The Education Ministers acknowledge that the legislation needed to introduce such a regime of discriminatory specific would be extremely controversial and take time to introduce.



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Current pay negotiations

6. The prospect appears to have been held out of a staged settlement (England and Wales) which could be financed in 1985-86 by LEAs within existing resources, but which would have substantial knock-on effects in subsequent years which could not be accommodated within the Government's plans. The Education Secretary fears that the present voluntary agreement providing for a Government veto might break down, with the result that the Government would not be able to prevent such a settlement. He therefore wishes to preempt this possibility by making a conditional offer of more money next year, in advance of the 23 May Burnham meeting; he would at the same time publish the Government's view of teachers' responsibilities, and acknowledge that lunchtime supervision was not to be regarded as within those responsibilities. £50 million extra expenditure by LEAs would have to be allowed in 1986-87 to finance alternative lunchtime supervision arrangements.

The proposed pay increases

7. The Education Secretary (paragraph 6(ii) of his 17 May minute) mentions a cost of £500 million a year for the pay restructuring he envisages, phased in over a period of time. This corresponds to a 10 per cent increase in the pay-bill. The Scottish Secretary (paragraph 15 of the first note attached to Sir K Joseph's 14 May minute) similarly talks of 'low single figures'. The Education Departments envisage that these increases would be paid over and above normal annual inflation - related increases.

8. The arguments for these very large increases appear to be:

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- a. the sourness of the teaching profession;
- b. the size of the restructuring increases proposed for nurses and PAMs;
- c. unlike nurses and PAMs, there are increasing difficulties in recruiting and retaining good teachers, particularly of shortage subjects.

It is not clear why the nurses, etc increases should be the right amount for teachers. Taking the first two NRB reports together, the average 'restructuring' (i.e. over and above the going rate in the public services) increase for qualified nurses is about 8½ per cent.

#### Financial and wider implications

9. Needless to say, the impact of a 10 per cent increase in the teachers' paybill would be very damaging - to public expenditure control generally, to efforts to contain local authority expenditure, and to pay negotiations for other public service groups (NHS non-Review Body employees, local authority white collar workers, etc). The Education Secretary has doubled his bid since the last meeting: could not the Government's objectives be achieved at much lower cost? Whatever the outcome, the implications for local authority finance and public expenditure control need much fuller consideration than has yet been possible. The idea of a new specific education grant requires consideration in the framework of the Government's current review of local government finance.

#### Timing in relation to the Review Bodies

10. The Education Secretary urges delay in any announcement of the Government's response to the Review Body reports (particularly the NRB). The Social Services Secretary is currently considering how these awards might be staged to



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keep within the public expenditure provision, and when the Government's response should be announced. If the Government were to announce conditional acceptance of a large phased increase in the teachers' paybill in the next few days, the argument for delaying any RB announcement would be less strong; but if the position on teachers' pay remains uncertain, with negotiations continuing, then announcement of the NRB award could prove awkward.

#### THE OPTIONS ON TEACHERS

11. The following appear to be the options open to the Government:

i. raise the level of the Government's veto in Burnham from  $4\frac{1}{2}$  per cent to, say,  $5\frac{1}{2}$  per cent, in recognition of today's RPI figure, but insist that no more money will be made available to LEAs this year or in subsequent years. This would result in the nearer term either in very serious difficulties for local authority finance, if the veto were in effect over-ridden, or in continuing disruption of schools; it would not preclude some later, more modest, pay restructuring in pursuit of the Government's objectives;

ii. follow the course recommended by the Education Ministers, with the consequences indicated above;

iii. explore - very urgently - the possibility of some progress towards the Government's objectives at much lower paybill cost. The case for option iii (or ii) would be the stronger, the more satisfied Ministers are with the proposed mechanisms for achieving the Government's objectives on management of the teaching force.

JW

A J WIGGINS  
Cabinet Office  
17 May 1985

cc Mr Butler

MR TURNBULL

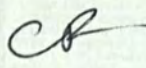
**TEACHERS PAY MEETING, 1930 HOURS, HOUSE OF COMMONS, MONDAY 20 MAY**

The following people have accepted for this evening:-

Chancellor of the Exchequer  
Secretary of State for Education  
Mr Stewart from the Scottish Office (if you have spoken  
to John Graham)  
Secretary of State for Wales  
Secretary of State for Employment  
Secretary of State for the Environment  
~~Attorney General~~  
Mr Nicholas Scott (Northern Ireland Office)

Please be sure to tell the Prime Minister about this meeting because I have not. All I have done is told Michael Alison that the Prime Minister can only spend half an hour at the Clerk of the Commons party at the House of Commons and that the Womens Conference Speech meeting will not start until 2030.

The Secretary of State for the Environment's office say that Mr Jenkin has to leave the above meeting at 2000 hours as he is hosting a reception at Lancaster House.



Caroline Ryder  
20 May 1985

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SCHOOL TEACHERS: POSSIBLE INITIATIVE BEFORE 23 MAY

Note by the Secretary of State for Education and Science

1. We discussed this morning a possible four-part package I might announce before the Burnham Primary and Secondary Committee meeting fixed for 23 May.

- (i) For 1985-86 the Government ~~will not~~ <sup>is not able to</sup> make any additional resources available for teachers' pay. The cost in 1985-86 of any settlement must therefore be within what local authorities can already afford to pay, however that settlement is reached.
- (ii) The Government will publish its view of what should be accepted as the range of teachers' responsibilities, and campaign for public acceptance.
- (iii) Mid-day supervision <sup>e</sup> would be excluded from the range of teachers' responsibilities from 1986-87. The Government would <sup>then</sup> provide in the 1986-87 RSG settlement some additional resources <sup>for</sup> to pay mid-day supervisors <sup>who</sup> (who ~~could be teachers~~).
- (iv) For 1986-87 the Government will provide some additional resources in the RSG settlement, for teachers' pay, if and only if an acceptable and firm agreement in principle can be reached by October <sup>1985</sup> ensuring progress towards the Government's objectives for appraising teachers' performance and <sup>dealing with</sup> ~~managing~~ the teacher force. To be acceptable such an agreement would require employers to promote ~~suitable~~ <sup>teachers of</sup> teachers, including <sup>and of</sup> ~~shortage~~ <sup>shortage</sup> subjects, <sup>and of</sup> ~~to~~ <sup>to</sup> higher scales. <sup>and of</sup> ~~to~~ <sup>to</sup> higher scales.
- Over 2-3 years this could apply to most teachers, and would change prospects for all. Because a visible promotion would be involved, teacher opinion within schools would ensure responsible exercise of management discretion.

2. We agreed (i) and (ii).



3. It was suggested that the cost of (iii) might be reduced by arranging for parents to undertake some of the supervision, without payment. I accept that that could be the case in some primary schools, but I do not think it realistic to suppose that parents could undertake the responsibility in secondary schools. Nevertheless the £50 million (a maximum) could perhaps be reduced to £35 million on that account. It is, of course, a round figure for an addition to total local education authority expenditure to allow for the additional cost of ceasing to have any of this supervision provided within teachers' standard duties. Discussion with the authorities could lead to a reduction in the latter figure.

4. Doubts were expressed about the cost of (iv), and the need for additional expenditure in more than one year. The incremental structure of the teachers' pay scales means that if we were to go for a modest increase in expenditure in 1986-87 without consequential increases in subsequent years, then it would not be possible to work on a promotion basis. The alternative would be a uniform percentage increase all round, or to all people at particular points on the pay scales without discrimination.

5. The scale structure gives promoted teachers an immediate increase and usually one or two further increments. Hence a significant increase in promotion opportunities results in cost increases through to the third year. Any more radical change in the whole structure to overcome this would inevitably be more expensive still because of the need to eliminate anomalies.

6. The minimum increase likely to exercise a significant influence over the negotiating process is in my judgement £100 million in 1986-87 rising to £250 million in 1988-89.

#### Options

7. We could say nothing further before 23 May. One risk is that the employers might repudiate the veto (which the employers probably expect us to use) and make an end-loaded settlement with serious consequences for 1986-87. Alternatively they

may accept the veto and blame us for the consequent breakdown in negotiations. Either way we shall not carry the public with us, especially once the Review Body decisions are known.

8. Although we are already agreed in principle on (i) and (ii), it would be damaging to announce these two alone before 23 May. This would be seen as a hardening of our position. It would be received badly by the teachers, the employers, and the general public. I think moreover that if we accept (ii) then we have to include (iii), because we should have to say explicitly whether we regard mid-day supervision as falling within teachers' standard responsibilities or not.

9. I believe we should only win more public support if we were to include (iv) in any announcement. I therefore favour an announcement across the whole range of (i)-(iv), though we need not spell out the subsequent years' effects of the £100 million we would offer for 1986-87; nor need we state our figure for mid-day supervision at the outset. But we should regard the cost as up to £135 million in 1986-87.

10. Action to influence the Burnham Primary and Secondary Committee on 23 May must be taken tomorrow. If colleagues agree I propose to call in the local authority negotiators tomorrow and issue a statement covering the points in the first paragraph of this note without a stated figure for (iii) (but with £35 million in mind) and with £100 million in expenditure attached to (iv) for 1986-87.

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- 20% 20% = 4%  
20% 10% = 2%  
20% 5% = 1%
- RGRB  
7%  
7% of pay bill  
£ 280 million
- (i) For 1985-86 the Government <sup>is</sup> <sup>able to</sup> will not make any additional resources available for teachers' pay. The cost in 1985-86 of any settlement must therefore be within what local authorities can already afford to pay, however that settlement is reached.
- (ii) The Government will publish its view of what should be accepted as the range of teachers' responsibilities, and campaign for public acceptance.
- (iii) Mid-day supervision ~~could~~ be excluded from the range of teachers' responsibilities from 1986-87. The Government would provide in the 1986-87 RSG settlement some additional resources <sup>to</sup> pay mid-day <sup>supervision</sup> ~~supervisors~~ (who ~~could be teachers~~).
- (iv) For 1986-87 the Government will provide some additional resources in the RSG settlement, for teachers' pay, if and only if an acceptable and firm agreement in principle can be reached by October <sup>1985</sup> ensuring progress towards the Government's objectives for appraising teachers' performance and <sup>agreeing on</sup> ~~managing~~ the teacher <sup>force</sup> ~~force~~. To be acceptable such an agreement would require <sup>some</sup> ~~the best~~ <sup>effective</sup> suitable teachers, including teachers of shortage subjects, to higher scales. Over 2-3 years this could apply to most teachers, and would change prospects for all. Because a visible promotion would be involved, teacher opinion within schools would ensure responsible exercise of management discretion.

Teachers would force heads to make sensible choices.

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*They would agree on a compromise candidate i.e. the older teachers. At least that way everyone gets their turn?*

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