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PRIME MINISTER

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22/11

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(For Misc 122  
back up  
please)

**TEACHERS' PAY AND DUTIES**

1. MISC122 meets again tomorrow. Today's discussion enables us to put on one side some arguments, and to concentrate on the remaining options. Essentially these are:

- i. to stand pat - the Government will provide extra for teachers' pay within the £1,250 million only on the stated conditions - and allow ACAS in England and Wales to proceed ; or
- ii. to set up some new body to review and make recommendations for teachers' pay and conditions of service.

Not a new Houghton

2. We would not be setting up a new Houghton or Clegg : both were concerned with pay only. Moreover we can expect the unions fiercely to denounce a decision to mount an inquiry or other review addressing duties, performance and the relationship between pay and responsibilities.

Not a bad signal

3. Nor need we fear that we would signal a change for public sector pay generally. We accept the case for more pay only in the context of reform - not only of the structure of the profession but in relation to acceptance by teachers of the full range of their duties.

Centralisation

4. The Chancellor doubts whether local authorities can ever be brought to exercise their employer/management responsibilities effectively, and suggests centralisation of the school system (education system?) under DES control with the DES as the teachers'

**CONFIDENTIAL**

**CMO**

**CONFIDENTIAL**

**CMO**

employer. Apart from the resulting increase in Government manpower, the huge burden of every local issue being the responsibility of the holder of my office, and the conflict with our policy for local government finance, makes this simply not a practical option before the next election. Moreover an announcement of such an intention would unite all LEAs and teachers against us and intensify disruption.

Legislation

5. We may well eventually need legislation to prescribe teachers' duties linked with contracts of employment. But this would be very strongly opposed in Parliament as well as by teachers and their employers unless it were perceived as essential as a last resort. We should not therefore embark on such legislation without extensive consultation, or preferably on the back of an inquiry of some kind. It is essential that we adopt a line which wins the support of the majority of good teachers.

Improvements at reasonable cost

6. It is not realistic to expect perfection. No outcome will guarantee that all LEAs will take firm action to ensure that all teachers always fulfil every detail of their contracts. There is no action we can take that will guarantee that no teacher will disrupt the work of any school. But better machinery for determining pay and conditions, better definition of teachers' duties, a better pay structure, and public support for what is perceived as a sound structure will secure big improvements. That is what we must aim for, while keeping the cost within bounds.

Standing firm

7. If we adopt the first option and leave the ACAS exercise to take its course we cannot be sure exactly what will be the outcome or what its timing will be.

8. ACAS envisage a pay settlement without strings for 1985, perhaps with an additional "payment on account" for 1986; an

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**CMO**

**CONFIDENTIAL**

**CMO**

agreement to "assisted" negotiations across pay and conditions for 1986; and an end to disruption at least for the time being.

9. The words of the draft agreement commissioning the proposed ACAS-assisted review are already drifting. I believe that the ACAS search for agreement between the parties in the setting up of a 1986 review - and thereafter in its conduct - is likely to prove very expensive and that it will fail to deliver on duties and contracts. If ACAS fail to secure accord on a 1986 review and proceed to mount their own inquiry, I would still fear an expensive outcome because of their conciliating instincts. I also believe that whatever we may say at the outset it will be very hard for us to stand aside from an ACAS outcome, and refuse - so much nearer an election - to countenance the expenditure involved, even if it does not satisfy our conditions.

A Government-promoted review

10. You referred this morning to the possibility of setting up a standing review body. I would welcome this, as a means of determining teachers' pay and other conditions of service. Such a possibility was canvassed in paragraph 10 of the note by officials attached to MISC122(86)3 and paragraph 6 of Annex II of that note.

11. This would require legislation. Existing review bodies advise the Government about pay for Government employees, and the Government decides on pay in the light of that advice. Teachers are local authority employees, and their pay (and conditions, in Scotland) is determined by statutory negotiating committees. I do not believe it would be practicable for us to ride roughshod over certain opposition to replace those statutory negotiating committees by new statutory standing review bodies without full consultation or - and preferably - such a development emerging from an inquiry. Moreover, we should have to have reserve powers to override any recommendations from such a body.

12. It is essential also to recognise that under existing law recommendations about teachers' pay from any inquiry or body (ACAS or Government promoted) could only be put into effect

**CONFIDENTIAL**

**CMO**

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**CMO**

in England and Wales or Scotland by their being formally adopted by both sides of the existing statutory committees.

13. I continue to favour an inquiry (or two linked inquiries, for England and Wales and for Scotland), for the reasons I set out yesterday. I would expect it to yield recommendations for a new pay structure and pay levels for 1986 by the end of the summer; recommendations for teachers' duties and contracts that we should have to legislate into place; and recommendations for new machinery for determining pay and conditions - possibly a standing review body. We would submit evidence to that effect. In the meantime any pay settlement for 1985, reached with or without further ACAS help, would have to be reached without additional finance. I envisage terms of reference along these lines:

"To consider:

- a. the duties, pay structure, pay levels and other conditions of service of school teachers (in England and Wales), and the machinery for negotiating or determining those matters;
- b. the responsibilities of and relationships between central Government, local education authorities and the teacher associations in the professional development and management of the teacher force;

and to make recommendations."

There is no serious possibility of terms of reference on these lines being agreed with the teachers, though they might be with the local education authorities. The terms of reference must be sufficiently open, to carry public conviction.

14. I believe that we could justify this course of action by reference to the NUT's continued obdurate refusal to address the question of teachers' professional obligations and of ACAS's inability to make headway in the teeth of that NUT veto. I believe we should thus recapture the goodwill of the conscientious and

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**CMO**

**CONFIDENTIAL**

**CMO**

moderate teacher, who must be much troubled by the increased politicisation of the NUT and the inter-union power and membership struggles. I also think we should win parental opinion.

15. I should like us to announce our intention to set up such inquiries in the course of tomorrow's debate. It would be a mistake to allow the ACAS work to acquire more momentum. We would then announce names of the chairman and members shortly afterwards.

16. I am sending copies of this minute to the Chancellor of the Exchequer and to other members of MISC122, and to Sir Robert Armstrong.

K J

22 January 1986

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