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PRIME MINISTER

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How financed?

Teachers' Pay Dispute

(MISC 122(86)2nd Meeting at 5 pm on 27 January)

Lead to disruption

BACKGROUND

The ACAS agreement reached over the weekend in relation to England and Wales has significantly changed the context in which Ministers must now consider further action. The central issue is how the Government should react to this agreement; and what implications this has for the position in Scotland, where ACAS have not so far openly been involved.

ACAS Agreement

2. I attach at Annex A a copy of the memorandum of agreement signed over the weekend by representatives of the Management and Teachers' Panels (excluding the NUT). The agreement is essentially in three parts:-

- a 1985 cash settlement for all teachers covered by the Burnham Primary and Secondary Committee of 6.9 per cent from 1 April 1985 and an extra 1.6 per cent from 31 March 1986;
- cessation of industrial action and a return to normal duties;
- establishment of a three-man independent panel by ACAS to report in six months time with the following terms of reference.

"To guide, advise and assist as a matter of urgency, the management and teachers to provisional agreements on the pay, structure and career progression of the



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teaching profession and any other related matters, eg conditions of service and procedure for negotiation, which either party may wish to bring forward for discussion and negotiation."

3. The status of the document of agreement is as follows. It represents an agreement between those who were parties to the ACAS discussions, but it now requires ratification. The management side intend to put it to an early meeting of Local Education Authorities (LEAs). On the teachers' side, the SHA, PAT and NAHT regard themselves as fully committed by their signature on the document; AMMA propose to refer it to an early meeting of their executive; but the NAS/UWT propose to ballot their entire membership. This will take 3-4 weeks, so that the agreement will remain provisional until that procedure has been completed.

4. If all the parties ratify the agreement, it would then need to be adopted by the Burnham Primary and Secondary and CLEA/ST Committees. There should be no problem over the former, where the NUT are now in a minority. The NUT retain their majority, however, on CLEA/ST but I understand that if the NUT succeeded in blocking the agreement there, the LEAs would probably seek to establish a new joint negotiating Council, which would reflect the revised Burnham weights. There is no statutory bar to this.

Position of the NUT

5. The NUT have condemned the agreement as a sell-out and are advising their members to continue industrial action, even if the agreement is ratified. If, however, the ratification process proceeds smoothly, there will be increasing pressure on the NUT to moderate this stance, and both DES and the Department of Employment believe that this will have a significant effect on the NUT membership, if not their leadership. They would surely in any case forfeit a great deal of public sympathy if they maintained industrial action while benefitting from the ACAS induced 1985 settlement (DES advise me that it would not under present legal arrangements be possible to withhold from NUT



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members the 1985 settlement in the ACAS agreement, which in any case itself (see Part II on page 2 of the agreement) applies "to all teachers" covered by the Burnham Committee. You may, however, wish to probe this further).

Is the ACAS Agreement a Helpful One?

6. The obvious disadvantages of the ACAS agreement are that the 1985 settlement is too high; and that, while the agenda for discussions on 1986 and the longer term seems sensible, it cannot guarantee an outcome acceptable to the Government, and the operation will be well outside the Government's control. Moreover, it still leaves the problems of Scotland as they were. On the other hand, it should, if ratified, put an end to disruption in the Schools; the extra cost for 1985 is not too high; and the agreement firmly establishes that there must be some significant strings attached to any deal for the future, while leaving the Government still entirely uncommitted beyond the offer it has already put on the table. The ACAS panel will certainly not deliver all the Government's objectives; but it is most unlikely that it would concede all the teachers' demands either.

7. On balance, therefore, the outcome does not seem at all a bad one; and it is possible that, if the log jam is broken and teachers receive the 1985 award, some of the heat may go out of the dispute. The Government must, however, decide quickly how to respond to these developments.

OPTIONS FOR THE GOVERNMENT'S RESPONSE

8. I have discussed the position with senior officials from DES and the other Departments mainly concerned, and I hope that the Education and Scottish Secretaries will minute to you with their views tonight or tomorrow morning. On England and Wales, however, the options for responding to the ACAS initiative seem to be as follows:-



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Option (i): to reject the ACAS agreement as unsatisfactory and to announce a Government initiative in the form of an inquiry or alternative means of consultation as precedent to legislation;

Option (ii): to let the ACAS agreement run, but to keep entirely at arms length from it;

Option (iii): to let the ACAS agreement run, but to play a constructive part in the procedures (through DES membership of the Management Panel) in the hope of influencing the outcome.

9. Although before the weekend the Education Secretary was still minded to recommend this, I do not think that Option (i) is any longer feasible. Apart from the arguments on merits against any form of Government appointed inquiry, it would be extremely difficult, and command little public sympathy or respect, for the Government in effect to hijack the ACAS Panel. If it succeeded in doing so, disruption would no doubt continue, and even be intensified, and the blame would be attached squarely to the Government. The more prudent course, therefore, seems to be to let the ACAS agreement run.

10. The "moral hazard" for the Government would, of course, be less if Option (ii) above were followed and the Government stood well clear from the deliberations of the ACAS panel. Again, however, the Government would get little public credit from so doing and constructive participation would at least offer some prospect of getting the Government's position over to the panel and influencing the outcome. It would, for example, be possible to ensure that the idea of a statutory review body, or some similar institutional change, was considered. At the same time, the Government representative would need to avoid any further commitments and to continue to make it clear that the offer of new money already made would only remain on the table if a good deal emerged which at least went a very long way towards meeting the Government's education policy objectives.



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he has done -
minute below.

11. I think that the Education Secretary, on reflection, is likely to recommend this last course rather than to press again for a Government inquiry. If, however, this is the preferred option of the Group, it will be very important to take great care over what is said in public during the 3 or 4 weeks ratification period. Any statements at this stage might be confined to the following main elements:-

- welcome the end to disruption;
- point out that, so far as 1986 and the longer term is concerned, the agreement so far amounts to no more than an agenda for discussions;
- reiterate that the Government's £1.25 billion offer will only be available if there is a good deal in return;
- castigate the NUT for their irresponsible stance.

If and when the agreement is ratified, the Government could then make it clear that DES would play a constructive role in the discussion within the Management Panel; and, if they were still holding out, it may well then be appropriate to be very much rougher on the NUT.

SCOTLAND

12. The ACAS agreement does not affect Scotland. The position there is in any case significantly different in several respects. Over 80 per cent of the union membership belongs to the EIS, whose stance is similar to that of the NUT. The Scottish LEAs have also made it clear that they are not prepared to go along with any settlement above 5½ per cent for 1985 unless the Government undertake to fund the excess and to give a similar undertaking for any settlement for 1986 and thereafter. ACAS have not, therefore, been formally involved with the parties to the dispute, although I understand that they have had a number of informal contacts.



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13. I understand that the Scottish Secretary is considering the following three options:-

Option (i): to stand firm, taking no further initiative. This would ensure a continuation of disruption at as least the present level. The threat to public examinations would also be more severe. The latest Scottish Office assessment is that, on the basis of less than two-thirds of the exam markers they normally need, it might just be possible to get the Scottish A-level equivalent papers marked by July/August, but that the O-level equivalent papers could not be finished until October;

Option (ii): to resume negotiations on the basis of an increased financing offer by the Government, both for 1985 and 1986;

No hybrid cases known finally in favour of this option.

Option (iii): to announce a Government inquiry in Scotland to parallel the ACAS Panel procedures in England and Wales. This would necessitate reaching a cash settlement for 1985 separately, but would otherwise be on the lines of the proposals made previously by the Scottish Secretary.

14. In discussion with his officials so far I understand the Scottish Secretary has been inclined to pursue the possibilities for either Option (ii) or Option (iii). I think, however, that either of these would seriously undermine the position in England and Wales in the wake of the ACAS agreement, and both the Education Secretary and the Chancellor of the Exchequer would strongly oppose them. To offer any more money in Scotland would clearly sabotage Sir Keith Joseph's position here; and to mount a Government inquiry in Scotland, while letting the ACAS initiative run here, would be extremely difficult to justify and could lead to very difficult problems.

15. I have therefore suggested to the Scottish Office that it would be more sensible to continue to play the Scottish situation along for



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the moment, and to consider, in the light of developments, whether it might be possible to graft the ACAS initiative, or something like it, onto the position in Scotland. It is not impossible that the Scottish Unions, seeing the situation develop in England and Wales, might come round to being ready to accept some such initiative in Scotland (after all, the ACAS proposal, though under the guise of a "panel", is in fact a form of "inquiry"). At any rate, it would seem quite wrong to take any decision on Scotland until we see whether the ACAS agreement is ratified and how it develops.

NEXT STEPS

16. Subject to the course of the discussion, you may wish to steer the Group in the direction of constructive participation in the ACAS initiative (if ratified), while resisting any further decisions on Scotland until we see how the ACAS initiative develops, and can consider whether it could in some way be grafted on to the position in Scotland. If the Group endorsed this, you may also wish to invite the Education Secretary, in cooperation with the Welsh and Scottish Secretaries, to bring the matter to Cabinet for consideration on Thursday before the final decision on the Government's posture is taken. The Education Secretary's report should set out the response which he and other Ministers should be authorised to make to the ACAS agreement during the ratification period. He will then need to be invited to bring further papers to colleagues in 2 or 3 week's time on the line the DES representatives would be instructed to take in the ACAS discussions (assuming the agreement is ratified), including the possibility of a new independent standing body with members appointed by the Government to review pay and other conditions of service.

HANDLING

17. You will wish to ask the Education Secretary and the Welsh Secretary to open the discussion by giving their assessment of the ACAS agreement and their recommendations on the appropriate response



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to it; and the Scottish Secretary to speak on the situation in Scotland. You will then want to invite the views of the Employment Secretary and the Chancellor of the Exchequer, before opening the discussion to the Group generally.

CONCLUSIONS

18. You will want to decide:-

(i) whether the Government should allow the ACAS initiative to run or should still consider announcing their own initiative;

(ii) if the former, whether the Government should cooperate constructively in the ACAS initiative, or remain at arm's length from it;

(iii) what public response the Government should make to the ACAS initiative during its period of ratification;

(iv) to invite the Education Secretary, in cooperation with the Scottish and Welsh Secretaries, to report the Group's deliberations to Cabinet so that a final decision can be taken at their meeting on 30 January; and to set further work in hand on the line to be taken by the DES representatives in the ACAS panel discussions in due course if the agreement is ratified.

J B UNWIN

27 January 1986
Cabinet Office

PRIMARY AND SECONDARY EDUCATION IN ENGLAND AND WALES

I Introduction and Objectives

We the parties to this agreement:-

1. Recognise that there are serious problems relating to teachers' pay, structure and conditions of service; that they have been developing over a period of time and cannot therefore be solved overnight or even in a single year; but that these problems must now be tackled with vigour.
2. Believe that if educational standards are to be maintained, let alone improved, real increases in the resources devoted to primary and secondary education in England and Wales are necessary.
3. Accept that a start should be made on the basis of (a) settling the 1985 salary claim and (b) agreeing the procedures for negotiating the remaining issues, including the 1986 salary claim.
4. Commit ourselves to negotiate constructively and expeditiously on:-
 - (a) salary levels and a salary structure which will
 - attract sufficient teachers of the right quality to the full range of posts within the teaching profession including those carrying leadership and management responsibilities;
 - retain teachers, and motivate them to give of their best at all stages of their careers;
 - recognise the central importance of the teacher in the classroom; and
 - relate to the responsibilities undertaken at the various levels of teaching and take account of salaries elsewhere.
 - (b) arrangements for appraisal and training which will:
 - (i) ensure that teachers at all levels remain properly equipped for their tasks;
 - (ii) assist towards teachers' career development and fair selection for posts carrying leadership responsibilities;
 - (c) a clear definition of the contractual duties and responsibilities (including defined limitations) of teachers and their employers.

II The 1985 Salary Settlement

In settlement of the 1985 salary claim the following increases shall apply to all teachers covered by the Burnham Primary and Secondary Committee:

- (i) with effect from 1 April 1985 - 6.9% on all scales and allowances except London Weighting and Social Priority Allowance;
- (ii) with effect from 31 March 1986 - an additional 1.6% on all scales and allowances except London Weighting and Social Priority Allowance, calculated on the 31 March 1985 base.

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including
NUT
members

III Future Procedure

1. An independent and impartial panel shall be appointed by ACAS with the following terms of reference:

"To guide, advise and assist as a matter of urgency, the management and teachers to provisional agreements on the pay, structure and career progression of the teaching profession and any other related matters, eg conditions of service and procedures for negotiation, which either party may wish to bring forward for discussion and negotiation."

2. This panel shall control the programme and procedure of negotiations with a view to an early resolution of differences on all negotiable matters.

3. The independent panel shall consist of a chairman and two other members all of whom shall be appointed by the Chairman of ACAS.

4. The chairman of the independent panel, in consultation with the members, shall determine all matters of procedure. He will also ensure that where negotiations come to an end over a particular issue, a report is made to the parties and to ACAS on the matter; he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.

5. The secretariat to the independent panel will be provided by ACAS.
6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.
7. After a period of six months following the date of this agreement the independent panel shall review its work with a view to concluding whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.
8. The Department of Education and Science will continue to play its part in all the discussions that take place under the auspices of the panel.

IV Cessation of All Industrial Action

The teachers' organisations undertake to take immediate steps with a view to the cessation of all industrial action and a return to full normal duties.

V Ratification and Adoption of Agreement

The parties to this agreement now intend to have it ratified by their own constituents, as appropriate, and then to adopt it in the Burnham Primary and Secondary and CLEA/ST Committees.

Signed by:

For the Teachers' Panel

For the Management Panel

G Beynon
Chairman, and General Secretary
AMMA

Mrs N Harrison
Chairman of the Management Panel
and of the CLEA Side of CLEA/ST

F Smithies
Joint Spokesman, and
General Secretary NAS/UWT

D E Thomas
Deputy Secretary, Management Panel

D M Hart
Secretary, and General Secretary
NAHT

P Dawson
General Secretary PAT

J Sutton
for Secondary Heads' Association

Witnessed by:

Sir Pat Lowry
Chairman, Advisory Conciliation and Arbitration Service