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PRIME MINISTER

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TEACHERS' PAY

The MAIN and COVENTRY Proposals

The table below shows the comparative increase in teachers' pay proposed by Main and the current Coventry agreement. The percentage increases are cumulative and both exclude the 5½% interim 1986/7 award. Because Main proposed no rise for teachers in 1987/8 an assumed 5.75% pay rise has been deducted from Main's total proposals.

Cumulative Percentage Increase

	<u>1986/7</u>	<u>1987/88</u>	<u>1988/89</u>	<u>1989/90</u>
Coventry	<u>7.1</u>	<u>7.0</u>	<del>9.2</del>	<del>11.4</del>
Main	8.2	10.3	11.1	12.2

Thus Main pays rather more in the early years but ends up with a cumulative real pay increase of 12.2% which is little more than 11.4% for Coventry. If Main were applied in England and Wales it would cost a minimum of some £2.4bn over the four years to 1989/90 compared to Coventry's current cost of £2bn and the original Keith Joseph offer of £1.25bn.

But this is not the total cost of Main - there are elements of Main (and even more so of Coventry) that have yet to be fully worked out which will inevitably result in further costs (eg staffing structure and teacher levels, in service training, allowances for special activities). In addition, if either of the proposals were implemented there would inevitably be knock-on effects, first of all in further and



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higher education and then subsequently in other public sector pay negotiations.

These proposals raise five separate issues.

1. How Adequate is Main?

Although Main's analysis of what is wrong with teaching and the education system is excellent, his actual prescriptions are far from complete. In effect, he offers us a sensible professional career structure but ignores enforcement, cover, teacher shortages etc (paragraph 6 of the officials' paper lists the shortcomings). Nevertheless, Main is significantly superior to Coventry, which as predicted is continuing to crumble into yet higher costs and still fewer conditions.

In making Main the basis for settling teachers' pay, it is important to keep in mind that certain areas of Main remain to be decided.

2. Strategy for Scotland

Main was set up because the pressure from teachers in Scotland had become unbearable. If the Government were now to discard Main, the teachers could renew this pressure and legitimately expect to carry a measure of public support with them. It is of course possible that the unions may have difficulty in resurrecting the strike following the last nine months of peace, but on balance this seems unlikely. The Government therefore faces a stark choice of either supporting Main or discarding it. A half-way house is likely to both increase the baseline money beyond Keith Joseph's offer whilst at the same time causing a renewal of the industrial action by the teachers.



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However, agreeing to Main does not mean that the taxpayer should pick up the whole bill. Indeed, it is essential that the local authorities also suffer their share of the cost because it was their failure to enforce teachers' contracts that allowed the teachers to mount such effective strike action. If the ratepayer were to receive an explicit surcharge as a result of a teachers' pay settlement, then the local authorities would surely think twice before conniving again with the public sector unions. Moreover, putting up their share of the costs will surely concentrate the minds of the local authorities towards enforcing the conditions that apply to the deal.

3. England and Wales: replacing Coventry by Main

The Coventry agreement is falling apart, mainly because the headteachers and better teachers (AMAA) want increased differentials while NAS/UWT, which never signed Coventry, is increasing its opposition. If the Scottish teachers get their pay rise then, at the end of the day, the pressure to give the same rise to English teachers will be irresistible. The trick therefore is to ensure that the Government regains the initiative in order to secure that sensible conditions apply to any English settlement. Clearly Coventry will not produce this answer.

A strategy therefore would proceed something as follows:

- (i) The Government endorses Main for Scotland, explicitly conditional on both the teachers and employers publicly accepting the whole of Main and agreeing to be bound by it.
- (ii) The Government honours its promise to provide the Joseph money (ie £125m) to Scotland in return for the implementation of Main, and that the local authorities agree to raise a surcharge on the rates to finance



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the rest of the cost. The Government would have to ensure that no grant penalties resulted as a consequence of this extra rate. (Some compromise on this may be necessary as the Joseph money already assumes that the local authorities will fund their normal share of the expenditure).

- (iii) For England and Wales the Government should say that it would be wrong for it to intervene until the Coventry process has been completed, but that it viewed with grave concern the way it was developing and therefore the Government's ability to unlock the Joseph £1,250m. Ideally we would like Coventry to collapse of its own accord, such that the Government can then offer Main rather than have to impose it. By making clear that only the Joseph money would be available, this process is likely to be accelerated.

The essential tactic throughout must be to ensure that the Government neither pays out a penny nor offers to pay out a penny without the teachers and the employers signing up

explicitly and publicly to all of the conditions on Main.

The history of the dispute has been that the Government has continuously raised the ante in the hope of securing agreement as to pay and conditions, but on each occasion has only succeeded in upping the money whilst the unions have continued to chisel away at the conditions and refuse agreement on the pay.

#### 4. What Follows Burnham?

Main made a great deal of the fact that its principal recommendations were an indivisible package and should be judged as a whole. One of the principal recommendations was the establishment of an independent pay review body to replace the SJNC.



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It might be very difficult for the Secretary of State for Scotland to accept all of Main's principal recommendations, and make an exception of just this one.

If this is so, then it is very important that this new body should be structured not like existing pay review bodies but with the Treasury playing a more significant rôle. Otherwise, we run the danger of locking ourselves into a very expensive education system.

5. What Kind of Monitoring Arrangements

Main/Coventry is a major restructuring of the teaching profession. Even if it is difficult to introduce an effective system of enforcement, it is perfectly possible to monitor LEAs in their attempts to implement new proposals. Published reports on LEAs' performance which extolled the efficient and innovative, and criticised the incompetent could have a significant impact. In principle, these could be done by:

- (a) a new quango set up for the purpose;
- (b) a unit in the DES;     !!!
- (c) the existing Local Authority Audit Commission.

(John Banham is one of three candidates to succeed Sir T. Bennett at the C.B.I.)

The last is by far the best. The DES could enter into a contract with the LA Audit Commission requiring it to audit the progress of LEAs in implementing the new structure. The Treasury might even be required to withhold subsequent stages of Joseph money from those authorities that were shown not to be enforcing the Joseph conditions. A proper system of monitoring is a key part of the total package in settling teachers' pay.

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