



10 DOWNING STREET
LONDON SW1A 2AA

DN
Prime Minister
This letter
revised your
preliminary comments.

JRS
14/7.

13 July 1987

From the Private Secretary

Dear Bob,

EDUCATION POLICY

Your Secretary of State has circulated a series of papers for Wednesday's meeting of E(EP). The following are the Prime Minister's preliminary comments.

First, the proposed Green Paper on teachers' pay and conditions, circulated with your Secretary of State's minute of 8 July. The Prime Minister has asked that colleagues should if possible circulate their comments before Wednesday's meeting so that discussion, if one is needed, will be as brief as possible. As for her own comments, she believes that it would be useful to include a paragraph in the introduction, possibly right at the beginning, setting out the background to the Green Paper, including in particular the very large pay award which the teachers have received. Generally, the Prime Minister believes there is a need to put across much more forcefully again the scale of the increase, and this would be one place to do it.

On more detailed points, the principles for the new machinery described in chapter 4 need in the Prime Minister's view to be rewritten and reordered. The first principle, that the new machinery should be designed to deliver settlements without disruption of schooling, is not in her view a principle at all. It is a hoped for effect of the new arrangements. The other three principles should be reordered, so that they run manpower, management, and affordability, and the 'manpower' principle should be described in terms of recruitment, retention and motivation rather than in terms of the need to staff schools in competition with other employers. In paragraph 6.8 the reference to a 'perceptible' increase in the community charge arising from a substantial increase in teachers' pay looks odd. 'Perceptible' should be amended to read 'considerable'.

Secondly, the paper on grant maintained schools (E(EP)(87)5) states (paragraph 3) that few governors could ignore a strong message from the parents in favour of opting out. This contrasts with more detailed statement set out in the annex which suggests that a majority of parents voting would oblige governors to make an application. The Prime Minister prefers the formulation in the annex. On recruitment

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costs (paragraph 4) the Prime Minister believes that GM schools should not receive the costs of administration incurred by the LEA in administering LEA schools and the Prime Minister also believes it to be quite wrong that staff at schools which opted out should have a right of continuity of employment at the GM school (paragraphs 22 and 24 of Annex A): it is vital to leave a way for head teachers and governing bodies to prevent the transfer of trouble-makers.

On maintained further education (E(EP)(87)4) the Prime Minister questions the inclusion of staff on the governing bodies of FE colleges (paragraph 7) and is opposed to the inclusion of new measures on the youth service, which the Government has opposed for many years, partly on grounds of cost.

I am copying this letter to the Private Secretaries to members of E(EP), David Watkins (Northern Ireland Office), and Trevor Woolley (Cabinet Office).

y
Mrs,

David

DAVID NORGROVE

Rob Smith, Esq.,
Department of Education and Science

PRIME MINISTERTEACHERS' PAY AND CONDITIONS: GREEN PAPER

Mr. Baker has now circulated his Green Paper on long term arrangements for determining schoolteachers' pay and conditions. This discusses all the possible arrangements and, like John Ebdon's investigations into the BBC sound archives, comes to no very clear conclusion. This is of course the object of the exercise.

The meat of the document is in the second half.

Generally, it seems an admirably clear and balanced piece of work. I suspect that the Treasury may want to put in a stronger steer, for example against a review body. But if the document is to be credible it must not be biased, and Mr. Baker would be right to resist changes of that kind.

The only changes I can see which you might consider proposing are first, on pages 19 and 20, the document sets out the principles to be addressed in any new machinery. It starts with the need to deliver settlements without disruption of schooling. This surely is not the first principle: it is important to avoid disruption, but the other principles, namely recruitment, retention and motivation, effective management, and affordability, are in the longer run more important. A better order might be recruitment and retention, management, affordability, then disruption (ie. 3, 4, 21). The principle dealing with recruitment, retention and motivation should be reworded so that those words appear in it.

Secondly, in paragraph 6.8, the reference to a "perceptible" increase in the community charge arising from a substantial increase in teachers' pay looks very odd.

The timetable proposed by Mr. Baker is important. He suggests being ready to publish before the end of July if that becomes

tactically desirable with publication otherwise by the middle of September. The deadline for comments would be 30 November and the Green Paper concludes: "the Secretary of State will approach the discussions on the responses to the Green Paper with a positive view to the prospect of new arrangements being in place by April 1989".

Mr. Baker's concern about teachers' negotiating rights indicates that the Government are losing the propaganda battle. The huge increase in teachers' pay has altogether disappeared from sight. Mr. Baker should be urged to make sure that people do not forget it.

Disagree

A para at the beginning of the Introduction should not come across.

Agree:

- (i) the drafting changes proposed above;
- (ii) the proposed document subject to the views of colleagues;
- (iii) that Mr. Baker should again take the offensive on teachers' pay;
- (iv) colleagues should if possible circulate their comments before the meeting so that discussion, if one is needed, will be as brief as possible?

mb

DKN

DAVID NORGROVE
10 July 1987

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PRIME MINISTER

14 July 1987

Green paper on Teachers' Pay

Reading the Green paper for the second time yesterday forced me to ask myself more basic questions than previously.

The fundamental question must be "What are the benefits and risk from publishing the Green Paper this month?"

The Green paper is being issued as a genuine attempt at consultation. This impression will be reinforced by its neutral stance. But we already know that the unions will reject all alternatives except for a return to free collective bargaining and that this is supported by a sizeable and vocal minority.

When the Secretary of State completes his consultation - say by Christmas - he will then have to declare his hand. It is almost certain that he will reject such demands by the unions. The unions will then argue that this only shows that he issued the Green Paper in bad faith and had no intention of real consultation at all. He knew precisely what he wanted all along.

This would seem a very unproductive approach and will estrangle the unions even more than at present.

Far better to issue a White Paper - in say late September - which gives a much stronger lead by the government of the direction in which it wishes to go, and then begin a debate on the substantive issues. After all we have some very good and sensible arguments to deploy in public which are being

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drowned at present by the unions case based on natural justice.

Recommendation

Issue a White Paper in late September/early October which sets out alternatives, the government's case for its preference and then have a genuine consultation.

The most likely outcome will probably be the establishment of new negotiating machinery with strong government involvement along the lines proposed by the Treasury last year.

Brian Griffiths

BRIAN GRIFFITHS

P.S. I have just seen the Chancellor's letter to the Secretary of State - I very much agree with it: it develops far more eloquently my own thoughts.

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Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

The Rt Hon Kenneth Baker MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

14 July 1987

Dear Secretary of State,

TEACHERS' PAY AND CONDITIONS: GREEN PAPER

We are due to discuss this at E(EP) tomorrow but, as requested by the Prime Minister, I am circulating my views in advance.

I am sure we should not issue a document of this kind, which merely sets out all the alternatives without giving any indication of the Government's views. An unguided discussion will ensue, resulting in a broad consensus supporting the National Joint Council model - just the outcome that I think all colleagues wish to avoid. This is almost inevitable given that on 1 June representatives of the employers and four of the six unions, representing well over 80 per cent of teachers, argued that such a National Joint Council should be established.

We will therefore gain nothing if we consult on the proposed open-ended basis. There would simply be a delay before the Government responds and then further trouble when we announce that we are proceeding with a different model from that which most outside groups will have supported. They will argue that the whole consultative process has been a farce.

The only way we will get any benefit from these consultations will be for the Government to take the initiative in the Consultative Document and describe the arrangements that it would like to see adopted. It should argue the case for this particular model and, while alternatives should be covered, the thrust of the document should be to persuade people of the merits of the Government's proposal. The precise details of our model could still be left open and comments invited on this aspect of the proposal.

If we approach the consultations this way we shall focus responses on the details of our preferred approach and, I trust, get some useful comments. This is surely preferable to an unguided debate that will



too strong.

Record of the meeting attached, see second page.

be largely irrelevant because it will concentrate on an option that we have no intention of adopting. My proposal is, of course, the approach that was agreed at the Prime Minister's preliminary meeting of 30 April and the 1 June agreement between the local authorities and unions has served only to strengthen the case for that approach.

I recognise that we are not yet agreed among ourselves about what the future arrangements should be. You hint that you favour some development of the Interim Advisory Committee model. I must say I would be opposed to this model, which is effectively the setting up of a Review Body under another name. I favour negotiations (which is what employers and most unions want) but with a degree of Government influence and control over the outcome that reflects our responsibility for financing half the resultant paybill.

I doubt if we will settle this issue tomorrow and I do not think that we need to. We are committed to publishing a Green Paper this year but the publication date could slip to the autumn without any harm being done: we are after all consulting about arrangements for 1989. I suggest that we ask the Official Group on Teachers Pay (MISC 123) to prepare a note on the options for the future which we could consider in the autumn. When we have made our own minds up we could then issue a Consultative Document of the sort that I have in mind that makes the case for our considered preference.

I am copying to E(EP), Tom King and to Sir Robert Armstrong.

Yours sincerely

Cathy Ryding

PP
NIGEL LAWSON

(Approved by the Chancellor and signed in his absence)

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

R L Smith Esq
Private Secretary to the Secretary of State
for Education and Science
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

14 July 1987

for E (EP)
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EDUCATION POLICY

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In your Secretary of State's minute of 8 July to the Prime Minister he asked for comments on the text of his Green Paper on teachers' pay and conditions.

My Secretary of State is generally content with the Green Paper and considers that the openness of the discussion in Chapter 7 should help to calm some of the wilder fears expressed by the teachers' leaders. Although the Green Paper has been drafted to meet the particular circumstances of England and Wales it is bound to serve as a reference point for any discussions about future arrangements in Scotland. He therefore would have welcomed a little more time to study the draft. He has however the following comments to offer:

- i. Given the close interaction between events in Scotland and events in England and Wales over the past few years it seems to him a little odd that there should not even be a bare factual description of the arrangements for determining teachers' pay and conditions of service in Scotland (or Northern Ireland for that matter). I attach a short form of words which could be used if such a reference were thought helpful.
- ii. The suggestion that decisions on the teachers' side of a negotiating body should require 80% support would not be nearly as powerful a device in Scotland as in England and Wales. Our largest teaching union (the EIS) already has about 80% of teachers in its membership and is only one seat short of 80% of the Teachers' Side.
- iii. A major weakness of the present negotiating bodies is the reluctance of the local authority side to behave as managers should (and respect the interests of the ratepayer and taxpayer). This may well support the argument for some kind of independent element in the process to stimulate and override; it also casts doubt on the efficacy of a device such as pendulum arbitration. These are however points to pursue after the consultation period is over.

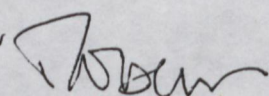
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iv. Colleagues in England and Wales should be aware that having a single negotiating body for pay and conditions of service does not necessarily make it any easier to negotiate pay and conditions of service sensibly together.

In view of the close interaction between the negotiation of teachers' pay and conditions of service in Scotland and in England and Wales my Secretary of State believes it is essential for future policy on these matters to be considered in close parallel and for the links between the 2 systems to be looked at carefully. He will therefore be reviewing the operation of the present Scottish system during the consultation period for the Green Paper and would welcome an early opportunity to discuss the results of that consultation with your Secretary of State.

Copies to the Private Secretaries to other members of E(EP), to David Watkins (NCO) and to Trevor Woolley (Cabinet Office)

Yours ever


Robert Gordon
Private Secretary

cc BSG

for E(EP)
back up.

Prime Minister

TEACHERS' PAY AND CONDITIONS GREEN PAPER

Kenneth Baker's minute of 8 July *with DRN?* and his draft Green Paper raises one difficulty only in the section (paragraphs 6.6-6.9) which relates to local finance.

By drawing attention to the impact national teachers' pay settlements may have on local authority expenditure and the implications for local accountability, they give ammunition to those who are now arguing for centralisation of the costs of teachers' pay or the education system altogether.

There is no particular need to deal with this subject in this way and I suggest deletion of those paragraphs which may otherwise be seized on as a stick with which to beat us.

I am copying this letter to the other members of E(EP) and Sir Robert Armstrong.

N R

14 July 1987