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PRIME MINISTER

TEACHERS' PAY AND CONDITIONS: GREEN PAPER
[Minute to you of 8 July from
the Secretary of State for Education and Science]

CONCLUSIONS

You will wish the Sub-Committee to decide:

- a. whether the content of the draft Green Paper is acceptable; and
- b. when it should be published.

BACKGROUND

2. Mr Baker hopes to announce shortly the full membership of the Interim Advisory Committee on Teachers' Pay and Conditions, which Lord Chilver is to chair. He has told the unions it is unrealistic to expect new permanent arrangements to be in place by April 1988. Meanwhile, most teacher unions and Labour local authority associations are seeking to negotiate arrangements for a National Joint Council (NJC) which would be much akin to the Burnham arrangements.

3. Mr Baker proposes to broaden the public debate beyond the NJC proposal by issuing the draft Green Paper on Teachers' Pay and Conditions, circulated to E(EP) colleagues under cover of his minute to you of 8 July.

MAIN ISSUES

4. One of the purposes of the Green Paper is to demonstrate, by

its analysis of the history of teachers' pay arrangements in England and Wales, that previous arrangements have failed and must be replaced; and by its full treatment of all the possibilities for future arrangements to convince the public (and the teachers) that the union claim that the Government has decided to end their negotiating rights is unfounded.

5. I think the draft succeeds quite well in these limited objectives. But the key issue is whether it should leave the future options so open. The advantage of this is that it leaves the Government with a free hand to decide which arrangements to adopt. Mr Baker believes that to favour a particular solution now would attract objections and unite the main parties in support of arrangements similar to Burnham. It would also stir the pot up again at a time when the Government still has the initiative.

6. The Chancellor of the Exchequer, however, is likely to question the openness of the present draft and to argue that the Government should, before the Green Paper is published, make up its mind on the broad direction in which it wishes to move - if only to enable it to steer the debate towards preferred options. The Treasury view is that the permanent arrangements on pay and conditions must give the Government significant representation including powers to veto offers on cost grounds and effectively to enforce a settlement, if the interested parties cannot agree on sensible and affordable terms. Mr Lawson is therefore likely to suggest that the Green Paper should reveal more of the Government's hand, possibly by outlining a series of objectives which the new pay and conditions of service arrangements must achieve if they are to succeed.

7. This is met, to an extent, in Chapter 4 of the draft text, which sets out 4 key principles (continuity of education, affordability, manpower and management considerations) which any new machinery will have to address. It might help the Chancellor if this Chapter were revised to emphasise the need to involve the Government, as the provider of finance. Other possibilities would

be to delete, or give a steer against, the options mentioned in Chapter 7 most likely to lead to extra public expenditure - for example the creation of a new review body, or a pay formula based on comparability. Any substantial recasting to meet the Chancellor's view would however probably make it impossible to publish the Green Paper before the Recess.

8. This apart, you may wish the Sub-Committee to consider the following more specific points on chapter 7 of the text (the key chapter, which sets out the possibilities for new machinery):

a. Should questions be put at the end of each section?

Many of these simply invite the answer 'No' and could make it more difficult for the Government to introduce arrangements that in practice constrained negotiating freedom. It may be better simply to invite views on the text, without the multiple choice questionnaires.

b. Head Teachers on the Management Side (Paragraph 7.27)

Treasury officials are concerned about the proposed presence of headteachers on the management side. On the other hand, this fits in with Government's view of the responsibilities of headteachers in schools, and should attract support from them.

c. Arbitration (Paragraph 7.45)

The Treasury will resist unilateral access to arbitration; but are content for it to be mentioned as a possible option here.

d. Should there be any mention of a pay formulae? (Paragraphs 7.59 and 7.60)

The Treasury are likely to resist any suggestions for a pay formula but are content for this to be mentioned as an option. Comparability has, however, proved expensive in the past and it might be worth considering whether this option should be mentioned at all, or mentioned so neutrally.

e. Should the discussion of no-strike arrangements (Paragraph 7.61) be strengthened?

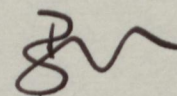
Paragraph 4.4 of the draft sets out, as one of the key principles to be addressed by any new machinery, that it should deliver settlements without disruption of schooling. But paragraph 7.61 on the question of no-strike arrangements simply says "it might be possible to limit the likelihood of industrial action by arrangements which placed clear responsibilities on the management and teachers' sides to take part fully in negotiating procedures..." This sounds very weak and could do with strengthening. But it has proved very hard in practice to devise workable arrangements to deliver continuity of schooling.

Timing of Publication

9. Mr Baker judges that the Government would face criticism if it did not publish the Green Paper by the middle of September; and he would like to be able to publish it before the end of July if this became tactically desirable (i.e. if pressure built up from the unions about the Government's intentions on permanent arrangements). Publication by the end of September would, however, give Ministers another chance to look at the document after the holidays; in any case, there is unlikely to be much comment during the holiday period in August. The Chancellor of the Exchequer is likely to favour deferral of publication until September so that the draft can be amended to reflect his views.

HANDLING

10. You will wish to invite the Secretary of State for Education and Science to present his proposals. The Chancellor of the Exchequer may wish to respond. The Secretary of State for Employment may have views. The Lord President of the Council and the Lord Privy Seal may wish to comment on the tactical handling of the Green paper. The Secretaries of State for Wales and Scotland may also wish to comment.


J B UNWIN

Cabinet Office
14 July 1987