

PREM 19/1471

New file cover

Confidential Filing

Teacher's pay

EDUCATION

PE 1 : MAY 1979

PE 3: APRIL 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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- PART ENDS -							

PART 3 END

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20. 1. 85

PART 4 BEGINS

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2. 2. 85

**TO BE RETAINED AS TOP ENCLOSURE**

**Cabinet / Cabinet Committee Documents**

Reference	Date
PSP(O)(82) 6 <sup>th</sup> Meeting, Minute 2	12/05/82
CC(83) 27 <sup>th</sup> Conclusions, Minute 4	15/09/83
PSP(O)(84) 1	26/01/84

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed *D Wayland*

Date *23 January 2014*

**PREM Records Team**



## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON SW1P 3AG

Pine Munks

JK

27.

30 January 1985

*Jan Myles.*

*JK*

## TEACHERS' PAY (ENGLAND AND WALES)

You will have seen press reports of yesterday's Burnham proceedings. This letter offers the key facts about proceedings.

The day opened with the teachers steadfastly refusing to return to the working party talks on pay structure, duties and conditions of service. Instead, they pressed the employers for a quantified offer. There then followed a very long withdrawal during which various proposals were canvassed within the management panel. My representatives used my weighted vote to support a suggestion by the independent Chairman that the meeting adjourn until another day, since at that stage there were beginning to emerge informal proposals to offer an increase of up to 4% or arbitration. They carried that vote at some cost in terms of employer goodwill, but the ploy failed when the teachers refused to adjourn. Eventually, five hours into the management panel withdrawal the employers in separate session evolved a proposal to offer 4% (in the expectation that it would be refused) and (on that assumption) arbitration. My representatives opposed that motion reminding the employers of the risks of a high pre-arbitration offer, of the risks of arbitration itself and of the financial background against which the employers would have to meet any arbitration award. But they were out-voted by a unanimous employer block vote.

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The 4% offer was duly made in full Burnham and rejected by the teachers without withdrawal. The offer of arbitration then followed. That too was rejected, after a withdrawal for consideration by the teachers.

It is not clear where matters will go from here. I imagine that the employers believe that they have established quite a strong defensive position, and that they may look to public opinion to bear on teacher union attitudes. No date has been arranged for the next meeting, though there are hints that the teachers may requisition one within a fortnight, as they are entitled to do under the rules. How fast and how successfully they will move to induce disruption in schools is uncertain.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Yours,*

*Keari -*

CONFIDENTIAL

30 JAN 1985

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**CONFIDENTIAL**

NAPM AT 2811  
2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

28 January 1985

Dear Keith,

I refer to your letter of 23 January to Nigel Lawson.

Whilst I can well understand the employers' wish to avoid the possibility of widespread disruption in the schools, I believe that we should strongly oppose any immediate reference to arbitration on the lines indicated in your letter. As you yourself recognise, the stakes would be very high and it would be quite inconsistent with our general position that negotiated settlements should be reached wherever possible, with arbitration only as a last resort. In the present case we have not even reached the stage of making an initial offer, let alone establish what the realistic difference between the two sides is going to be. To go to arbitration with a gap of the order of 8% or more, and with no negotiations having taken place, seems to me unacceptably risky.

There is an additional point. In both last year's teachers' arbitration (which was itself only 4 or 5 months ago) and the recent APT&C award the arbitrators clearly paid a good deal of regard to the affordability argument deployed by the employers. It is in my view vital that we keep this argument to the forefront and I believe that we need to demonstrate to any arbitrator that we have done our utmost to persuade the Unions of the strength of that case. To go to arbitration as early as is now proposed looks very much like asking the arbitrator to do the employers' job for them. This would, I suggest, not only weaken the 'affordability' argument but might influence the arbitration towards the Trade Union's position.

Your ever  
Patrick

PATRICK JENKIN

N.B This letter is copied as before.

The Rt Hon Sir Keith Joseph MP



EDUCATION  
Teacher's Can  
A-3





NBPM AT 20/1

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State for Education and Science  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1 7PH

25 January 1985

*Dear Secretary of State*  
TEACHERS' PAY

Thank you for sending me a copy of your letter of 23 January to Nigel Lawson about the possibility that, at the Burnham (Primary and Secondary) meeting on 28 January, Management might make a low offer (on the expectation that it would be refused) and then proceed immediately to propose arbitration.

I find this disturbing. While I follow the reasoning which leads you to regard this possibility as "less unacceptable" than some other scenarios, I am by no means convinced that it would be wise to move to arbitration so soon. It seems to me that there is a real risk of reducing Management scope for manoeuvre. Moreover, in purely Scottish terms, I fear that such a speedy concession by Burnham Management might exacerbate the existing Scottish difficulties - about which I have written separately to colleagues - and make it even harder for me to persuade the two Sides of the SJNC(SE) to take on the task themselves of looking at pay and conditions of service together.

I should prefer it, therefore, if you felt able to instruct your representatives to resist any immediate move to arbitration in Burnham on the 28th. I entirely accept of course that any eventual move to arbitration must be from as low a base as possible, but from what you say there seems no danger of Burnham Management wishing to make other than a low offer.

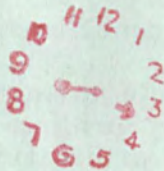
Copies of this letter go to the Prime Minister, to Nigel Lawson and other Members of E(PSP), to the Secretaries of State for Wales and Northern Ireland and to Sir Robert Armstrong.

*Yours sincerely*  
*E S Gowans*

E S GOWANS  
Private Secretary  
Approved by the Secretary of State  
and signed in his absence

Education, Teachers Pay: Pt 3

28 JAN 1985





MSB  
28/1

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

25 January 1985

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State*

**BURNHAM (P&S)**

Thank you for your letters of 17 and 23 January.

I agree that at Monday's meeting your representatives should argue and vote on offers as you proposed in your letter of 17 January. But I should be grateful if they would also do everything they can to prevent the employers making an offer of arbitration. That would effectively bring negotiations to a halt as soon as they began. It would fly in the face of our often repeated assertion that arbitration should be a last resort and the arbitrator might well lean in the teachers' favour, concluding that the employers had made no attempt to reach a settlement. I am in any case not convinced that this tactic would succeed in heading off industrial action: at present the NUT are on record as saying that they will not go to arbitration this year.

Looked at more widely too, there are problems in an immediate offer of arbitration. It would repercuss on other public service negotiations this year and make arbitration for these groups harder to resist.

The outcome of arbitration is always uncertain. The arbitration awards for teachers and local authority APT & C staff in the 1983-84 round were clearly influenced by the fact that other public service groups which negotiate their pay had settled for less than 5 per cent. The panel would have no such touchstone available if the teachers' negotiations went to arbitration early in the current round and the teachers would be bound to insist that the Chairman of the 1984 arbitration panel was changed.

For the longer term, I welcome the fact that you are exploring alternative proposals on teachers' contracts/conditions of service. But although I was encouraged by your judgement that the risk is low, I remain concerned that sooner or later the employers' proposals will be revived. While there may be scope for argument about how expensive those proposals might be, they could involve the employers in a very substantial increase in costs. I must make it clear that Treasury Ministers could not agree to any additions to public expenditure on this account, even if most or all of the cost fell beyond the planning period.

Given the possible sums involved, I think it would be helpful if our departments could examine together the options for progress on teachers' terms and conditions of service. I have therefore asked my officials to contact yours and to report back to both of us in due course.



Copies of this letter go to the Prime Minister, other colleagues on E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Yours Sincerely,*

*Margaret O'Hare*

NIGEL LAWSON

*(approved by the Chancellor  
and signed in his absence)*

EDUCATION: Teachers Pay:

Pt 3

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25 JAN 1985

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ASBPM  
CE NO  
AT 25/1

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....

Switchboard 01-213 3000

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1

25 January 1985

*Dear Keith,*

**TEACHERS' PAY (ENGLAND AND WALES)**

You sought views on the proposals in your letter of 23 January to Nigel Lawson.

I believe that it is too early for arbitration to be offered next Monday. It is too soon to write off the possibility of a negotiated settlement; and to offer arbitration at the first negotiating meeting - on the basis of an offer which would generally be seen as low - might lead the arbitrators, if the teachers agreed to arbitration, to the view that the employers had acted unreasonably. And surely there can be no need to offer arbitration so soon. The unions would find it hard to win much public support if they decided to take industrial action after only one negotiating meeting.

Looked at more generally there must, as you recognise, be a risk that an early award could be awkwardly high and repercussive. Moreover for the Government to go along, albeit reluctantly, with so early an offer of arbitration would fit badly with our general policy that arbitration should be viewed very much as a device of last resort, and would make it harder for us to resist arbitration for the NHS and for the Civil Service should the need to do so arise.

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I would therefore prefer your representatives at the meeting next Monday to argue and vote against an offer of arbitration.

Copies of this letter go to the Prime Minister, to the Chancellor, to the other members of E(PSP), to the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

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G. G.



NBPM AT 24/1, CCAO  
SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

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The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

24 January 1985

*Dear Nigel,*

SCOTTISH TEACHERS' PAY

I last wrote to you about teachers' pay on 21 November 1984, when I indicated the line which I proposed to take in responding to the request by the Scottish teachers for an independent review of their salaries.

You will recall that, while I was entirely clear that there could be no question of acceding to that request, I was concerned to respond with a positive alternative proposal. With your agreement, therefore, I wrote on 11 December to the Teachers' Side of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)), making the point that it was the statutory responsibility of the SJNC(SE) itself to determine the salaries and conditions of service of school teachers in Scotland. My letter went on to indicate that "I should be prepared to consider on their merits, and in the framework of the Government's existing public expenditure plans for Scotland as a whole, any proposals relating to pay and conditions of service together which might result from detailed examination undertaken by the SJNC(SE)". I added that, to be convincing, such a review would have to deal with a number of specific areas where existing arrangements appeared not to be in keeping with present day requirements.

The response of the Teachers' Side was to reject entirely the idea of seeking to work out an acceptable package within the SJNC(SE). I wrote to them again, however, on 8 January indicating my disappointment at their initial attitude, making the point that in any form of employment the questions of pay and conditions of service are inevitably linked, and expressing the hope that they would give further thought to the possibility of making progress within the SJNC(SE) as being the best way of obviating disruption within the schools and of serving the real interests of all concerned - children, parents and the general public as well as the teachers themselves.

The matter was considered again by the full SJNC(SE) on 15 January, when the Teachers' Side invited the Management Side to make a joint approach to me for further discussion - partly to try to persuade me to change my mind about an independent review and partly to seek clarification about the availability of financial resources and about the list of conditions of service points which I had stipulated must form part of any acceptable package. After considerable debate and a division of view on broadly Party lines, the Management Side agreed to the idea of a joint approach. It is, however, abundantly clear that the position of the two Sides is very different, with the Teachers still hoping for an independent review of pay alone and Management seeking an independent review of pay and conditions of service. In the course of Oral Questions on 16 January I announced that I was prepared to meet the SJNC(SE), and this meeting has now been fixed for 28 January.

In the meantime disruption in the schools has been growing. The Educational Institute of Scotland (EIS), with a membership of over 40,000 of the 54,000 teachers in Scotland, began a series of selective strikes in the closing weeks of last term. Following a membership ballot which by a substantial majority agreed to intensification of action, they are now mounting 3-day strikes in named schools from Tuesday to Thursday of each week. The main target at present is a hard core of schools in the constituencies of Allan Stewart and myself, as the responsible Ministers. It is intended that in the weeks ahead these schools will be joined on a cumulative basis by other schools in our constituencies, together with selected schools in the constituencies of 6 other Ministers. At the same time complementary local action is also taking place on a rolling basis for a week at a time only, in other areas throughout Scotland.

Information from education authorities suggests that well over 60 per cent of all teachers in the schools involved have been participating in strike action and that in all the areas where action has taken place the schools concerned have been seriously affected, although most of them have been able to remain open for some pupils. The position is made more serious by the fact that the Scottish Secondary Teachers Association and the National Association of Schoolmasters/Union of Women Teachers, with memberships of about 7,000 and 1,200 respectively, have now also decided to take strike action - on different days from the EIS. This will entail many moderate teachers who have never previously been on strike taking industrial action.

Already the EIS refusal to co-operate with new curricular developments has made it necessary for me to announce the postponement by one year of Phases 2 and 3 of the introduction of the new Standard grade of the Scottish Certificate of Education (SCE). I have made clear my determination to do everything in my power to ensure that Phase 1, involving courses on which pupils are already embarked, goes ahead as planned; but, if the EIS continue to prove disruptive, even this will be inadequately taught and assessed, with serious consequences for the children involved. Moreover, the EIS have very recently announced that they will be withdrawing co-operation from all administrative arrangements normally undertaken by teachers in connection with the SCE Ordinary and Higher grade examinations due to be held in May. My officials are considering urgently with the Scottish Examination Board how best this threat can be countered, but if the EIS pursue their current line to the letter it will be impossible to avoid pupils suffering some serious consequences.

All this industrial action is of course designed to exert pressure on us by its effect on pupils and their parents. There is already real anxiety on the part of parents whose children are due to sit examinations which will determine their future career prospects. As many parents with ambitions for their children are our supporters, there are signs of restiveness on the part of some of our own Back-benchers. My mailbag shows little evidence of support for the Government's position. Against this background, Allan Stewart and I are making strenuous efforts to put across the Government's case. In essence, this is that on the one hand we for our part have pointed to a perfectly reasonable way of handling the teachers' claim, while on the other it is utterly reprehensible that any professional body of men and women should be acting in such an irresponsible manner at the expense of the pupils in the schools and strike action will not advance the teachers' cause in any way. But it remains to be seen which way public opinion will swing.

Against this depressing background it is my intention when I meet the SJNC(SE) on 28 January to reiterate very strongly that I have no intention of setting up an independent review and that I remain convinced that the only way forward lies in the SJNC(SE) itself undertaking a review, of the scope and within the financial parameters which I have already indicated. I shall of course continue to appeal to the teachers to refrain from action calculated to do lasting harm to their pupils and stress that this is in no circumstances justifiable. The room for manoeuvre, however, is very limited, particularly since at present the teachers are firmly opposed to any suggestion that they might "trade conditions of service for pay". The outlook is certainly not encouraging.

I shall report further after the meeting on the 28th, when I hope to be in a better position to judge the whole situation.

I am copying this letter, as previously, to the Prime Minister, Members of E(PSP), the Secretaries of State for Wales and for Northern Ireland and Sir Robert Armstrong.

*Yours  
wv,  
George.*

EDUCATION: Teachers' Pay, P43

24 JAN 1985

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C O N F I D E N T I A L



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*HT*  
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DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
H M Treasury  
Parliament Street  
London SW1P 3AG

23 January 1985

*Jan Higdel,*

TEACHERS' PAY (ENGLAND AND WALES)

My letter of 17 January summarised the instructions given to my representatives for the Burnham (Primary and Secondary) meeting on 28 January. Those stand but need to be supplemented as regards arbitration. I gather that there is now a chance that the employers might see merit in an offer in the 3% - 4% range (which they would expect to be refused) followed at once with an offer of arbitration. Their line of reasoning might be - no prospect of a negotiated settlement arising from the structure talks now abandoned by the teachers - no real possibility that the teachers will willingly accept what the authorities can afford to offer - a third party solution ie arbitration is inevitable at the end of the day - better to offer arbitration now on a low base, depriving teachers of justification for disrupting schools and (if there be no substantial disruption) of the chance to influence an arbitral body with a display of strong feeling. The risk, from the employers' point of view, would be that arbitration might yield a figure uncomfortably high for them but not so high that we would ask Parliament to set it aside. However, if they judge that risk inevitable eventually (since no negotiated settlement is possible) they may prefer to face it sooner rather than later and minimise teacher propoganda and trouble in schools.

*L.Nemo.* I know that some ACC people are beginning to think along such lines, but have not sought to encourage. Looking at the matter from a purely departmental standpoint, I must confess to regarding an early offer of arbitration on a lowish base offer as less unacceptable than the possible alternative of lengthy disruption in schools, followed by arbitration at the end of the day, perhaps after an increased offer. I recognise that we must

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consider much wider implications. If the teachers were to accept arbitration quite quickly, bargaining in the other public services might virtually cease until the result was known. A low result would help elsewhere and vice versa, but there is no way of forecasting what level of award would emerge. What is clear is that the stakes in public sector pay terms would be higher than if arbitration (for teachers or any other major group) were deferred until much later in the pay round. I am also very conscious of George Younger's interest, and invite him to consider whether an early offer of arbitration here might help the position in Scotland.

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In departmental terms, I am inclined to think that my representatives should not over-stoutly resist any employer proposal to offer arbitration, provided that is associated with a low opening offer. They might do that by recognising that there is force in the "lesser evil" argument and by not pressing their contrary weighted vote. But they would continue to make clear the Government's strong preference in principle for a negotiated settlement and seek to minimise the base for any arbitration. They would also make it clear to the employers that there would no question of adjusting local authority expenditure for 1985-86 on account of any arbitration outcome.

I should be glad of your views, in the particular and general contexts, by close of play Friday, 25 January. Copies of this letter go to the Prime Minister, to the other members of E(PSP), to the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

Kevin  
Kevin

C O N F I D E N T I A L

EDUCATION  
Teaching Pay  
Pt 3.

24 JAN 1985

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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

CONFIDENTIAL

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

17 January 1985

Dear Nigel .

BURNHAM (P&S)

Thank you for your letter of 19 December about school teachers' pay.

As you say, the NUT's outright rejection means that the employers' proposals are not a real negotiating possibility. I believe that there is considerable advantage in the Government allowing the case to rest on the failure of the proposals to pass the test of negotiability. For me now to intervene on grounds of acceptability or affordability would attract to the Government the widespread public opprobrium falling upon the NUT for wrecking the structure talks, and create public opposition between Government and the local authority employers. I do not see the need for this, since I do not regard silent reliance on the NUT as a high risk.

I have already made very clear how stringent are the tests of affordability and educational acceptability which I would apply to any reform package which emerged from employer-union discussion. Both know direct from me how tight public expenditure constraints are and how difficult it would be to obtain additional funds even for an ideal reform package. In the event, the discussions on the employers' proposals never went far enough for there to be any realistic exchanges on the overall cost of the proposals and their phasing. The estimates that the Department made necessarily entailed a number of bold assumptions about the manner of implementing and phasing the proposals; change some of these assumptions (eg assume a September 1985 implementation with no April 1985 or April 1986 "ordinary" annual pay increase over and above the increases entailed in implementing the structure reform) and the employers' proposals would not look so unaffordable to the public eye that I could justify seeking an occasion to denounce

# CONFIDENTIAL

them on that score. (The cost of the package on this basis would, in pay terms, be 4.8% in financial year 1985/86 rising to 9.3% the following financial year and to nearly 15% at maturity, after 7 years.) I do not suggest that such assumptions are any more realistic than those which the employers may be making, or that they are in any sense negotiable. My point is that no set of such assumptions has been tested in negotiation, making it very difficult for me to state publicly that the proposals are unaffordable tout court. As respects the educational acceptability of the package, I have also made clear to both sides that I am far from regarding the employers' package as ideal - it does not provide a convincing foundation for effective management within the schools and I do not think that it makes sufficiently central the principle that pay should be more directly related to standards of professional performance. But the package does contain some very desirable elements - for example arrangements for the rigorous assessment of performance and a more precise definition of the teacher's contractual duties and responsibilities - and I am convinced that if I were now to seek occasion publicly to present my doubts about some aspects of the package, this would not assist my continuing pursuit of the desirable elements of the package.

The existence of the employers' proposals is not, I suggest, an obstacle to the examination of other approaches to improving the management and appraisal of teachers. You will have seen the wide publicity which has been given to my suggestion that we should consider the possibility of making regulations which would lay upon employers a statutory duty to make periodic assessments of their teachers. This is a possibility on which I am already consulting the employers and teacher unions. As for obtaining better contracts, we must remember that the Government is not the employer. Teachers are employed by 104 local education authorities and 5,000 governing bodies of voluntary aided (ie largely church) schools. This makes for obvious difficulties in promoting a coordinated approach to revising teachers' contracts, but there have been private exchanges at official level on the possibility of introducing tighter contracts which would help employers to ensure the continuous, efficient operation of their schools. That course is clearly not unthinkable or impossible, but success would require the simultaneous agreement of a significant proportion of LEAs and preferably, but improbably, all 104 of them. I do not think it realistic to suppose that a handful would invite direct conflict with their teachers by unilateral action in isolation from the great majority. The tradition of a national, collective approach to teachers' conditions of service leaves me pessimistic about any early advance on the contractual front. Meantime I will continue to encourage the employers to stand firm in the face of any disruptive action which some teachers may take this year and to insist upon the fulfilment of the terms of teachers' current contracts. Your officials have been sent a copy of the guidance which the Council of Local Education Authorities issued in December to its members on combating disruptive action.

The next meeting of the Burnham (P&S) Committee is on 28 January when the teachers seem likely to press for a quantified offer.

I propose that the instructions set out in my letter to you of 30 November should stand for the 28 January meeting so far

# CONFIDENTIAL

as any employer proposals to offer more than 3% are concerned (ie strongly resist by argument and weighted vote, using the veto if necessary to block any proposed offer over 4%). But with a settlement date of 1 April, it would be inappropriate for my representatives to strongly resist an offer at or below 3% if the employers should favour that: I am adjusting the November instructions for use on 28 January in this small regard only.

Copies of this letter go to the Prime Minister, to the other members of E(PSP), to the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Ernie Cross*

*Kent*

EDUCATION

Teacher's Pay

pt. 3.

1985-1986



## EMPLOYMENT OF NEWLY — TRAINED TEACHERS

### Summary

Results from a survey by the Department of Education and Science (DES) of teachers who in 1983 successfully completed initial training courses in public sector institutions in England and Wales are presented. Where appropriate these are compared with results from a survey by the Universities Council for the Education of Teachers (UCET) covering courses in University Departments of Education (UDEs).

Of all those from public sector institutions for whom information was available in October 1983

— 77 per cent had obtained teaching posts or the firm promise of posts in the United Kingdom (UK), compared with 71 per cent in the previous year and 67 per cent in October 1981. The proportion obtaining posts in maintained schools in England and Wales was 66 per cent, which was higher than in the two previous years;

— 8 per cent had taken up non-teaching employment in the UK or were working abroad, including 2 per cent who were reported to be still seeking a teaching post. These percentages were similar to or slightly lower than in the two previous years;

— 12 per cent remained unemployed and were reported to be still seeking a teaching post, compared with 16 per cent in the previous year and 18 per cent in 1981.

Students obtaining either a Postgraduate Certificate in Education (PGCE)<sup>1</sup> or a Bachelor of Education (BEd) degree accounted for 86 per cent of all successful leavers and their pattern of employment is generally similar to that summarised above. The main difference is a higher proportion obtaining posts in maintained schools in England and Wales (72 per cent in 1983). The remaining 14 per cent of successful leavers had mostly undertaken further education and other specialist courses.

Thirty eight per cent of the unemployed had had secondary level training. Relative to numbers completing courses, unemployment of secondary<sup>2</sup> level trained teachers was on average only about half what it was for those with other training.

The largest absolute numbers of the secondary level unemployed were in English, art, physical education and history; mathematics and the sciences were among the smaller groups. In relation to numbers being trained physical education does not appear to have had high unemployment whilst geography and religious education do, although not among the highest in absolute terms. Most subjects had fewer reported as unemployed than in 1982 but there were more in French and the same in mathematics.

1 Including art teacher's certificate/diploma.

2 Throughout this bulletin the group referred to as 'secondary' contains small numbers of students trained for Further Education (FE) level in non-Further Education Teacher Training Centre (FETTC) courses.

**Table 1 Destinations by type of course**

Type of course	Percentage of those for whom information was available who:												Percentage									
	Percentage of those for whom information was available who:												Total: all destinations									
	a. Had obtained a teaching post <sup>1</sup> in any institution in UK			b. Were reported as unemployed and still seeking a teaching post			c. Were in non-teaching employment in UK but reported to be still seeking a teaching post			d. Were working overseas or in non-teaching employment in UK and not at present seeking a teaching post			e. Had proceeded to destinations other than a, b, c, or d <sup>2</sup>									
October of each year	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983				
<b>Public sector institutions:</b>																						
Postgraduate Certificate in Education <sup>3</sup>	76	77	78	..	..	..	9	9	8	2	1	1	8	8	7	5	5	6	100	100	100	
Postgraduate Certificate in Education <sup>4</sup>	67	72	77	62	67	73	19	16	13	4	2	2	5	5	5	5	4	3	100	100	100	
Bachelor of Education	67	69	75	63	64	71	17	15	13	5	4	3	6	7	5	5	5	4	100	100	100	
of which																						
BEd (Honours)	67	70	75	63	65	71	17	15	13	5	4	3	6	7	5	4	4	4	100	100	100	
BEd (Ordinary)	67	68	75	64	64	71	16	16	11	5	4	3	5	7	6	6	6	5	100	100	100	
One year specialist Certificate in Education	87	86	89	83	85	84	7	8	5	1	2	1	2	1	3	2	3	3	100	100	100	
All public sector courses <sup>5</sup>	67	71	77	59	62	66	18	16	12	4	3	2	6	6	5	4	4	4	100	100	100	

.. Not available.

1 In the public sector surveys but not in the UDE surveys (see note 3) this includes the firm promise of a post in any UK institution.

2 Excluding full-time BEd course.

3 Subject of a separate survey but included here for comparison with the public sector. Non-PGCE courses in UDEs are not included because of their relatively small numbers of students.

4 Including art teacher's certificate/diploma.

5 Including courses not shown above (three-year Certificate in Education; Further Education Teacher Training Centre (FETTC); non-BEd concurrent). Actual figures for 1983 reported for all courses are given in Table 6.

Forty one per cent of unemployed successful leavers were seeking teaching employment anywhere in the UK without restriction on location compared with 50 per cent in 1981 and 55 per cent in 1982. Women continued to be less mobile than men.

**Main destinations by type of course (Tables 1 and 6)**

Information on destinations is available for 86 per cent of leavers from public sector institutions in 1983. Table 1 analyses destinations for this proportion, with comparative figures for earlier years. Actual numbers recorded in the 1983 survey are summarised in table 6. Some 10,300 students successfully completed courses in 1983. This was some 2,200 less than in the previous year, 3,000 less than in 1981 and 5,600 less than in 1980. These reductions in the output of new teachers follow Government decisions to reduce the size of the training system, taken in the light of falling numbers of pupils and of vacancies for teachers. The reduction in output between 1982 and 1983 relates specifically to the decision to reduce targets for intake to the PGCE in 1982 by 20 per cent; this will have contributed to the improvement in the employment prospects of new teachers.

With the exception of leavers from FETTCs more than 90 per cent of teaching posts obtained by leavers from public sector training institutions were in maintained schools in England and Wales. Success rates in obtaining teaching posts were higher than in 1981 or 1982 for all types of public sector courses. As in previous years, leavers from one-year specialist courses had above average success in obtaining teaching posts. The proportion of 1983 leavers from UDE PGCE courses obtaining teaching posts was similar to that applying to the main public sector courses and showed no significant increase compared with 1982. In 1981 and 1982 a larger proportion of these leavers had obtained teaching posts than of those from the main public sector courses.

Percentages of leavers who were reported as unemployed and still seeking a teaching post in 1983 were generally lower than in 1982 or 1981. Leavers from UDE PGCE courses in 1983 fared better in this respect than those from the main public sector courses though the difference was much less than in 1981 or 1982.

The proportions of leavers who were working overseas or were in non-teaching employment in the UK were generally rather lower than in 1982. In 1983, as in 1982, only about one-third of the public sector leavers working overseas or in non-teaching employment were reported to be still seeking a teaching post in the UK.

**Training specialisms of those reported as unemployed and still seeking a teaching post (Tables 2, 3 and 4)**

Table 2 shows the proportion of leavers reported as unemployed and still seeking a teaching post who had trained to teach at secondary level. These were generally similar in 1982 and 1983 but rather lower than in 1981. Those unemployed who were from public sector BEd courses included in each year a relatively small proportion who had trained to teach the secondary age groups whilst those who were from public sector PGCE courses had trained mainly for secondary teaching. The unemployed from UDE PGCE courses were even more heavily weighted towards secondary training, reflecting the high proportions on secondary courses in those institutions.

Table 3 shows the phase of training and the secondary subject specialisms of those trained in public sector institutions who were unemployed and reported to be still seeking a teaching post. It also puts the 1983 figures in perspective by relating them to the output of newly-trained teachers in those phases/subjects.

In 1983 as in 1982 and 1981 the largest block of secondary level unemployed were English specialists (67). They were followed by art (55), physical education (31) and history (30). Other subjects had fewer than 30 each. Compared with 1982 there were reductions in the numbers unemployed in most areas but nursery education specialists increased from 13 to 18 and French specialists from 20 to 24. Mathematics specialists were unchanged at 27. Sciences as a group had 27 compared with 38 in 1982.

For the first time public sector institutions were asked in 1983 to report the phase/subject specialism of all successful leavers, not only of those who were unemployed. There is therefore a

**Table 2 Leavers reported as unemployed and still seeking a teaching post analysed by training received**

England and Wales	Percentage <sup>1</sup>					
	Percentage of unemployed who had:					
	Secondary training			Other training <sup>2</sup>		
October of each year	1981 <sup>3</sup>	1982 <sup>3</sup>	1983 <sup>3</sup>	1981 <sup>3</sup>	1982 <sup>3</sup>	1983 <sup>3</sup>
<b>Type of course</b>						
UDEs:						
Postgraduate Certificate in Education <sup>4</sup>	88	83	85	12	17	15
Public sector institutions:						
Postgraduate Certificate in Education <sup>5</sup>	58	56	56	42	44	44
Bachelor of Education	30	24	24	70	76	76
of which						
BEd (Honours)	35	27	27	65	73	73
BEd (Ordinary)	25	21	18	75	79	82
All public sector courses <sup>6</sup>	42	37	38	58	63	62

1 1983 numbers for public sector institutions are given in table 3.

2 Nursery, infant/junior (primary) or nursery and primary, middle (including junior/secondary) and training to teach handicapped pupils (as main subject of training).

3 There were 67 unemployed leavers in 1981, 75 in 1982 and 53 in 1983 for whom no training breakdown was reported. The percentages shown could be influenced by this omission.

4 See footnote 3 to table 1.

5 Including art teacher's certificate/diploma.

6 Including three-year Certificate in Education, one-year specialist Certificate in Education and non-BEd concurrent but excluding FETTC.

common subject classification between the unemployed and all completers. To arrive at unemployment rates it has been assumed that leavers for whom no destination information was available were distributed between destinations, phases and subjects in the same proportions as all leavers.

Table 3 indicates that against an overall average unemployment rate of 12 per cent, leavers with nursery, infant/junior (primary) and middle specialisms had relatively high unemployment and secondary specialists relatively low (9 per cent). There were however wide variations between secondary subjects. Art either by itself or combined with light craft (18 per cent), history (15 per cent), English and religious education (14 per cent) and geography (12 per cent) were among the higher rates, whilst commercial and business studies (2 per cent), home economics (3 per cent), craft, design and technology, chemistry and physics (4 per cent) were well below average. Among subjects with higher rates, however, numbers reported as unemployed were lower than in 1981 or 1982 and also lower than the numbers of unfilled vacancies reported in the January 1984 Form 618G return from local education authorities.

There were also some notable differences in unemployment rates between courses in some phases/subjects (not shown in the table). For example, among those who were reported to have training for teaching handicapped children as their main subject, PGCE holders had 19 per cent unemployment, compared with 7 per cent for BEd (Honours) and 9 per cent for BEd (Ordinary). Among those with middle, including junior/secondary, training, PGCE holders had 21 per cent unemployed, BEd (Honours) 15 per cent and BEd (Ordinary) 15 per cent; history specialists with PGCEs had 14 per cent unemployed, with BEd (Honours) 11 per cent and with BEd (Ordinary) 37 per cent. Although there are significant differences between courses in these examples it should be remembered that where numbers are small, year to year fluctuations may affect relatively strongly the numbers unemployed. Also, the element of estimation in calculating unemployment rates means that small differences between rates for different phases, subjects and types of courses may not be significant.

**Table 3 Phase/subject specialism of unemployed leavers**

England and Wales	1983 unemployed leavers from public sector institutions						1982 unemployed leavers	1981 unemployed leavers
	PGCE <sup>1</sup>	BEd (Honours)	BEd (Ordinary)	One-year Specialist Certificate in Education	Total: all courses <sup>2</sup>	Total: all courses <sup>2</sup>		
	Number <sup>3</sup>	Number <sup>3</sup>	Number <sup>3</sup>	Number <sup>3</sup>	Number <sup>3</sup>	Percentage <sup>4</sup>	Number <sup>3</sup>	Number <sup>3</sup>
October of each year								
<b>Phase/subject of training</b>								
Handicapped pupils <sup>5</sup>	7	4	6	—	17	11	27	32
Nursery	13	4	1	—	18	22	13	9
Infant/junior (primary) <sup>6</sup>	77	159	101	—	337	17	608	653
Middle (including junior/secondary)	64	91	51	—	206	16	289	377
Total of above	161	258	159	—	578	17	937	1071
Secondary of which	209	95	35	12	351	9	556	779
Mathematics	18	4	5	—	27	8	27	26
Sciences:								
Chemistry	3	1	—	—	4	4	7	11
Physics	4	—	—	—	4	4	4	4
Biological sciences	7	3	—	—	10	6	16	36
Other	5	4	—	—	9	9	11	20
Languages:								
French	19	2	3	—	24	10	20	31
Other	4	—	—	—	4	5	5	11
English <sup>7</sup>	40	20	7	—	67	14	86	130
History	18	6	6	—	30	15	69	90
Geography	10	3	2	—	15	12	28	49
Religious education	19	7	1	—	27	14	38	32
Craft, design and technology	2	—	—	4	6	4	7	14
Commercial and business studies	1	—	—	—	1	2	8	2
Economics/social studies/liberal studies	3	2	—	—	5	6	29	32
Art/art and light craft	45	9	1	—	55	18	71	113
Home economics	1	3	2	—	6	3	23	19
Music	4	2	—	8	14	6	34	29
Physical education	5	18	8	—	31	5	61	80
Other subjects	1	11	—	—	12	6	12	50
Total: all phases 1983	393 <sup>8</sup>	368 <sup>8</sup>	205 <sup>8</sup>	15 <sup>8</sup>	982 <sup>8</sup>	12	.	.
1982 <sup>9</sup>	637	360	371	25	1568	16	1568 <sup>8</sup>	.
1981 <sup>9</sup>	829	391	407	24	1917	19	.	1917 <sup>8</sup>

. Not applicable.

— Nil.

1 Including art teacher's certificate/diploma.

2 Including unemployed from three-year Certificate in Education courses and non-BEd concurrent courses but excluding FETTC courses.

3 Actual numbers as reported by institutions. No adjustments have been made for leavers for whom no information was available.

4 Estimated percentage of successful leavers with that phase/subject of training.

5 As main subject of training.

6 Or nursery and primary.

7 Including drama and drama with English.

8 Including unemployed leavers for whom phase/subject specialism not available. Totals therefore exceed the sum of the individual phase/subject figures.

9 Column headings are as for 1983 figures above the line.

Table 4 summarises the unemployment rates for secondary and other training for the main types of course. Rates for 1983 have been calculated on two bases. For comparison with 1981 and 1982 they have been based on numbers on final year of course the previous autumn. These show generally lower unemployment rates than in 1981 or 1982 (though not for UDE PGCEs) and, as in previous years, lower rates for those with secondary training than with other training. 1983 rates have also been calculated on the basis of numbers of successful leavers by secondary or other

training, as in Table 3. As would be expected, they show generally higher rates than on the other basis. They show little difference overall between the main courses (PGCE 13 per cent, BEd (Honours) 13 per cent, BEd (Ordinary) 11 per cent).

**Table 4 Estimated unemployment of successful leavers as percentage of numbers on/completing course**

England and Wales	Percentages unemployed <sup>1</sup>											
	Leavers with secondary training in				Leavers with other training <sup>2</sup> in				All unemployed leavers in			
Easter and Summer leavers	1981 <sup>3</sup>	1982 <sup>3</sup>	1983 <sup>3</sup>	1983 <sup>4</sup>	1981 <sup>3</sup>	1982 <sup>3</sup>	1983 <sup>3</sup>	1983 <sup>4</sup>	1981 <sup>3</sup>	1982 <sup>3</sup>	1983 <sup>3</sup>	1983 <sup>5</sup>
<b>Type of course</b>												
UDEs:												
Postgraduate Certificate in Education	8	7	7	..	12	17	17	..	8	8	8	..
Public sector institutions: Postgraduate Certificate in Education <sup>6</sup>	16	12	9	10	23	17	16	20	18	14	11	13
Bachelor of Education of which	13	10	8	8	15	15	13	16	14	14	11	13
BEd (Honours)	..	..	..	9	..	..	..	16	..	..	..	13
BEd (Ordinary)	..	..	..	5	..	..	..	15	..	..	..	11
All public sector courses <sup>7</sup>	15	12	9	9	18	17	13	17	17	14	11	12

- .. Not available.  
<sup>1</sup> Percentages unemployed at October of each year and reported to be still seeking teaching employment. Successful leavers for whom no information was available have been assumed to be unemployed and still seeking a teaching post in the same proportions, by course, by secondary or other training and by year, as those for whom information was available.  
<sup>2</sup> Nursery, infant/junior (primary) or nursery and primary, middle (including junior/secondary) and training to teach handicapped pupils (as main subject of training).  
<sup>3</sup> Based on comparison with numbers on final year of course the previous autumn.  
<sup>4</sup> Based on comparison with numbers of successful leavers by secondary or other training (not collected in previous years).  
<sup>5</sup> Based on comparison with numbers of successful leavers.  
<sup>6</sup> Including art teacher's certificate/diploma.  
<sup>7</sup> Including three-year Certificate in Education, one-year specialist Certificate in Education and non-BEd concurrent courses; excluding FETTC courses.

### Mobility of leavers reported as unemployed and still seeking teaching posts (Table 5)

Information was available about the mobility of 73 per cent of the 1983 leavers reported as unemployed. Women remain significantly less mobile than men based on the proportion seeking teaching posts anywhere in the UK without restriction on location. In 1983 both men and women PGCE holders were less mobile than those with BEd (Honours).

### Coverage of the survey

The DES circulated questionnaires to all public sector institutions carrying out initial teacher training in England and Wales asking about the destination of those who successfully completed courses in 1983. Some of the tables in this bulletin include, for comparative purposes, figures derived from the UCET survey in respect of PGCEs and reference has been made to some of these comparisons in the text. Comparison has not been made with non-PGCE courses in universities because of their relatively small numbers of students.

Public sector institutions were asked to return completed questionnaires to the DES by 11 November 1983 in respect of information at 28 October 1983. Returns were submitted in respect of an output of over 10,000 students. There were no non-responding institutions but destination information was unavailable for over 1,400 students: approximately 14 per cent of the output (16 per cent in 1982). Therefore figures for the destinations of the total 1983 output from teacher training institutions can only be estimated and estimates will vary according to the underlying assumptions. Thus, actual returns received show that 6,829 leavers from public sector teacher training institutions had obtained teaching posts (or the firm promise of one) at any institution in the UK. Assuming the same proportion obtaining posts among the 1,448 leavers

**Table 5 Mobility of leavers reported as unemployed and still seeking a teaching post**

England and Wales	a. Percentage of unemployed for whom mobility information was available who were seeking post anywhere in the UK without restriction on location												b. Total 1983 unemployed for whom mobility information was:			
	Men						Women						Available		Not Available <sup>1</sup>	
October of each year	1981 %	1982 %	1983 %	1983 Number <sup>2</sup>	1981 %	1982 %	1983 %	1983 Number <sup>2</sup>	1981 %	1982 %	1983 %	1983 Number <sup>2</sup>	Men	Women	Men	Women
<b>Type of course</b>																
Public sector institutions: Postgraduate Certificate in Education <sup>3</sup>	68	63	52	34	41	48	37	73	49	53	40	107	66	200	15	46
Bachelor of Education of which	68	65	59	38	46	52	41	155	49	54	43	193	64	382	12	83
BEd (Honours)	66	61	61	25	52	58	45	116	54	59	47	141	41	256	7	43
BEd (Ordinary)	71	71	57	13	41	46	31	39	45	49	35	52	23	126	5	40
One-year specialist Certificate in Education	33	67	29	2	50	64	20	1	46	65	25	3	7	5	—	—
FETTC	71	51	32	7	32	24	11	1	50	42	26	8	22	9	20	7
All public sector courses <sup>4</sup>	68	64	51	81	45	51	39	230	50	55	41	311	159	596	47	136

- <sup>1</sup> Excluding 102 unemployed for whom no mobility information was available for whom male/female split was also not available: PGCE 66; BEd (Honours) 21; BEd (Ordinary) 11; one-year specialist Certificate in Education and non-BEd concurrent 4.  
<sup>2</sup> Actual numbers as reported by institutions.  
<sup>3</sup> Including art teacher's certificate/diploma.  
<sup>4</sup> Including courses not shown above (three-year Certificate in Education; non-BEd concurrent).



about whom institutions had no information, some 7,900 would have obtained teaching posts (77 per cent of the output). The corresponding figure for UDEs would be about 3,800, giving a total of some 11,700 teaching posts obtained, of which some 900 would be trainees from FETTCs.

### Comparison with the Form 618G return of teachers

The January 1984 return of teachers employed by local authorities in England and Wales showed that 8,559 teachers who successfully completed courses of initial teacher training at UDEs and public sector institutions in England and Wales in 1983 were in full-time permanent appointments or appointments of at least one term's duration in maintained nursery, primary and secondary schools in England and Wales. This figure is below the estimate of 11,700 teaching posts obtained mentioned in the previous paragraph. The surveys of teachers successfully completing courses of initial teacher training include the following types of appointment which are excluded from the Form 618G return:

- temporary or part-time in maintained nursery, primary and secondary schools in England and Wales;
- full-time or part-time, permanent or temporary, elsewhere in the maintained sector (special schools; further education) in England and Wales;
- in England and Wales outside the maintained sector;
- in the United Kingdom outside England and Wales.

Also there may be some teachers who obtained appointments in the autumn term and were included in the survey figures who were not in post in January and were therefore excluded from the Form 618G return.

(Since 1981 the survey of teachers successfully completing courses of initial teacher training in public sector institutions has included a question on posts obtained in maintained schools in England and Wales but this information was not collected in the UDE survey. In 1982 and 1983 the UDE but not the public sector survey distinguished temporary appointments from the rest.)

### Further information

Statistical Bulletins on corresponding surveys of public sector institutions since 1978 are 7/79, 14/80, 13/81, 11/82 and 13/83. For 1977 the results were summarised in 'Trends in Education' 1978 — Winter Issue pp 22-29.

Enquiries about the statistics derived from the survey and requests for copies of the questionnaire should be addressed to Statistics Branch, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH (Tel 01-928 9222 ext 2506). Press enquiries should be made to the Department's Press Office at the same address (ext 3501/7).

Detailed statistics about education in the United Kingdom are published in annual volumes of 'Education Statistics for the United Kingdom'. The 1984 edition, published by HMSO containing 1982/83 data, will be available this Autumn.

**Table 6 Employment state of 1983 leavers by type of course as reported by public sector institutions at October 1983**

	England and Wales								Number
	Postgraduate Certificate in Education (PGCE) <sup>1</sup>	Bachelor of Education (BEd)			One-year specialist Certificate in Education	Further Education Teacher Training Centres — Certificate in Education (FE)		Total: all courses <sup>2</sup>	
		Honours Degree	Ordinary Degree	Total		Graduates on courses	Non-graduates on courses		
<b>Number reported in survey:</b>									
Obtained teaching post or firm promise of one in any UK institution of which	2383	2061	1374	3435	272	284	435	719	6829 <sup>3</sup>
In maintained schools in England and Wales	2242	1953	1308	3261	257	53	47	100	5880 <sup>3</sup>
Proceeding to full-time course of further study or research	42	29	43 <sup>4</sup>	72	4 <sup>5</sup>	12 <sup>5</sup>	13 <sup>5</sup>	25 <sup>5</sup>	143
Taking up employment in UK other than teaching but not still seeking a teaching post	64	69	75	144	7	12	9	21	239 <sup>6</sup>
Taking up teaching or other post abroad (including VSO)	76	67	35	102	2	19	12	31	211
Taking up employment in UK other than teaching and still seeking a teaching post	60	89	51	140	2	7	7	14	216
Unemployed and still seeking a teaching post and not included above	393	368	205	573	15	42	16	58	1040 <sup>7</sup>
Others, including those who have deferred entry to teaching for personal reasons	63	70	47	117	5	—	2	2	189 <sup>8</sup>
No further information	553	398	235	633	32	140	86	226	1448 <sup>9</sup>
<b>Total reported in survey</b>	<b>3634</b>	<b>3151</b>	<b>2065</b>	<b>5216</b>	<b>339</b>	<b>516</b>	<b>580</b>	<b>1096</b>	<b>10315<sup>10</sup></b>

<sup>1</sup> Including art teacher's certificate/diploma.

<sup>2</sup> Including courses not elsewhere specified (non-BEd concurrent and three-year Certificate in Education).

<sup>3</sup> Including 20 from courses not elsewhere specified.

<sup>4</sup> Excluding those proceeding to full-time BEd Honours courses.

<sup>5</sup> Excluding those proceeding to full-time BEd course.

<sup>6</sup> Including 3 from courses not elsewhere specified.

<sup>7</sup> Including 1 from courses not elsewhere specified.

<sup>8</sup> Including 2 from courses not elsewhere specified.

<sup>9</sup> Including 4 from courses not elsewhere specified.

<sup>10</sup> Including 30 from courses not elsewhere specified.

### Digest of Education Statistics

The DES publishes annually a 'Digest of Statistics' of education in England, priced £2. The main features of the publication are its handy size, easy reference and that it contains the latest figures available (usually 1982-83 in the current edition) in around 30 simple tables, showing time series of the most sought after statistics in educational finance, school pupils and teachers, school leavers, 16-19 year olds, further and higher education, and overseas students. Enquiries relating to the digest should be directed to the DES Statistics Branch (Tel 01-928 9222 Extn 2157) but orders for copies of the current edition of the 'Digest of Statistics' (published December 1983) should be sent to Room 337, Department of Education and Science, Mowden Hall, Staindrop Road, Darlington DL3 9DG.

Further copies of this bulletin and of earlier issues can be obtained from the Department's Statistics Branch, Elizabeth House, York Road, London SE1 7PH (Tel 01-928 9222 Extn 2776).

Titles published over the last year are:

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- 13/83 Employment of Newly-Trained Teachers
- 14/83 Teachers in Service and Teacher Vacancies 1982—83
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- 16/83 School Standards and Spending: Statistical Analysis
- 17/83 Higher Education in Great Britain
- 1/84 Pupil/Teacher Ratios for each Local Education Authority in England — January 1983
- 2/84 Education Statistics for the United Kingdom, 1983 Edition
- 3/84 Student Awards — Figures for 1981—82
- 4/84 Pupils under Five Years in each Local Education Authority in England — January 1983
- 5/84 Enrolments on Non-Advanced courses in Further Education
- 6/84 Statistics of Schools in England — January 1983
- 7/84 Students from Abroad in Great Britain in 1982—83 and Provisional Information for 1983—84
- 8/84 Enrolments on Advanced Further Education Courses, October 1983
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- 10/84 Finance
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DES produces these detailed education statistics, including time series and regional data, annually. The Digest of Statistics provides summary time series data for all sectors.

DES data sets are available from:

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Darlington DL3 9BG

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*CCNO*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

19 December 1984

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*John Kerr*

*MBM*  
*α*

**BURNHAM (P&S)**

Thank you for your letter of 12 December reporting the outcome of the meetings held on 5 and 7 December.

Despite the response of the teachers' spokesmen at both meetings, I remain seriously concerned about the proposals for pay and conditions of service put forward by the local authority employers. The unions now know how much extra money would be available under the employers' plan. Your own estimate, in your Parliamentary answer of 4 December, was of a cost rising to £650m a year. The NUT's opposition has ensured that those proposals are no longer on the table but the other teachers' unions have said that they are willing to discuss them and the NUT position might conceivably change.

I am grateful for your willingness to veto the proposals on grounds of cost, should the need arise, but I am sure that the Government needs to make its opposition plain now. The present proposals clearly fail the tests of negotiability and affordability and I understand that you also have doubts about their acceptability on educational grounds. These three arguments for rejection will never be stronger than they are now and, as I pointed out in my letter of 4 December, the existence of the present proposals makes it difficult to take any other approach to the changes you wish to see in the management of the teaching force. Legislation apart, you might, for instance, like to examine the case for the immediate introduction of a new contract for new entrants to the teaching profession and, just possibly, for teachers changing schools or moving to new posts on promotion.

Copies of this letter go to the Prime Minister, to the other members of E(PSP), to the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*John*  
*Nigel*

NIGEL LAWSON

EDUCATION

Pt 3 Teachers Pay



1965-2-17

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DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

12 December 1984

*Dear Nigel,*

BURNHAM (P & S)

This letter is to inform you and colleagues of the outcome of the 7 December meeting of the Burnham (Primary and Secondary) Committee and of the 5 December meeting of the subordinate Joint Working Party on Salary Structure.

On 5 December the teachers' spokesmen told the employers that they would be taking no further part in the Joint Working Party discussions. This message was repeated at Burnham on 7 December. On that date the Management Panel declined to agree that the Joint Working Party should be formally stood down and invited the teachers (effectively the National Union of Teachers majority on the teachers' side) to reconsider. They showed no willingness to do that. There is thus no prospect that the Joint Working Party will reconvene in the near future and no forum in which the employers' proposals can be further pursued. The employers did not withdraw their proposals, for they want to use them to help defend their position in a difficult pay bargaining season, but they are clear that they should not import them into the formal Burnham arena. (Should their resolve weaken at the next meeting, my representatives would if necessary block such importation by recourse to the veto, in accordance with current instructions.) Attention in Burnham will now focus on the teachers' 1985 claim for a minimum increase of £1200 pa for all teachers as a first step in a phased return to 1974 pay relativities. On 7 December the Management Panel declined to make a quantified offer in response to that claim.

/London

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

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London weighting was also on the 7 December agenda. The Management side offered £6(2.33%) increase in the fringe area allowance (now £258 a year). This was rejected and negotiations will resume at the next meeting.

The next meeting of the Burnham (P & S) Committee is expected in early January. The employers must expect to be pressed then for a quantified offer. The current instructions to my representatives will stand for that meeting unless there are unexpected developments in the meantime.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

*Evans -*

*Kear*



CONFIDENTIAL

NBA  
AT 5/12  
CC 100

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

5 December 1984

Dear Keith,

Thank you for sending me a copy of your letter of 30 November to Nigel Lawson.

As far as the joint working party meeting on 5 December is concerned I share your general view that we should seek to avoid giving the teachers the opportunity to blame the Government for any breakdown. Whilst the cost of implications of these particular proposals appear to be unacceptable, there seems to me to be much to be gained from some elements of the overall package.

Assuming that there is a breakdown of the talks on 5 December, tactics for the Burnham meeting two days later do present problems. My strong view is that we should do all we possibly can to avoid any quantified offer being made, without recourse to the use of the veto by your representatives. If the vote goes against them then at this very early stage in the pay round I would much prefer to see no offer above 3%, notwithstanding that our pay assumption does not apply directly to local government. But since, as I understand it, your power of veto is exercisable only on total cost grounds, this may be difficult to achieve.

Once one gets beyond the 3% threshold, then it becomes a matter of judgement where to pitch the limit and I appreciate your reasoning for say 4% rather than 3½%. But I very much hope that we can avoid reaching that situation.

I am sending copies of this letter to the Prime Minister, members of E(PSP), George Younger, Nicholas Edwards, Douglas Hurd and to Sir Robert Armstrong.

Your ever  
Patrick

PATRICK JENKIN

The Rt Hon Sir Keith Joseph MP

Education Pt 3  
Teachers Pay

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CONFIDENTIAL



*NBPM AT 4/12*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

4 December 1984

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State for Education and Science  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1

*Dear Secretary of State,*

**SCHOOL TEACHERS' PAY AND CONDITIONS (ENGLAND AND WALES)**

Thank you for your letter of 30 November which crossed with mine of the same date.

I agree with the instructions which you plan to give your representatives for the 7 December meeting of the Burnham (Primary and Secondary) Committee, and with the reasoning that lies behind them.

However, I have difficulties with the line you suggest on the employers' proposals on pay structure and conditions of service for the meeting on 5 December. For the reasons set out in my letter of 30 November, I remain convinced that the local authorities' proposals should be dropped as quickly as possible and I should be grateful if you could try to secure this on Wednesday, if necessary by making your own opposition plain.

The Teachers' Panel voted by only a narrow majority to withdraw from the talks. We cannot assume their position will remain unchanged, particularly once their members realise how much many of them would stand to gain financially from the employers' proposals. I am sure you will also be considering how best to take forward the changes you wish to see in the management of the teaching force. But as long as the present proposals remain on the table, it seems unlikely that any other approach which we would regard as acceptable on educational and cost grounds is likely to make much progress.

Copies of this letter go to the Prime Minister, the other members of E(PSP), to the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Yours sincerely,  
Margaret Thatcher*

NIGEL LAWSON

*(Approved by the Chancellor  
and signed in his absence)*

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-4 DEC 1984

**CONFIDENTIAL**

NBPM

AT

30/11

CC 20

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON SW1P 3AG

30 November 1984

Dear Chancellor,

**SCHOOL TEACHERS' PAY AND CONDITIONS (ENGLAND AND WALES)**

Discussion of the local authority employers' proposals concerning the pay structure, teachers' duties and responsibilities, performance appraisal and management resume on 5 December. However, I understand that in yesterday's meeting of the Teachers' Panel the National Union of Teachers exercised its block vote to carry by 16 to 15 a proposal to withdraw from those talks. There is therefore every prospect of breakdown on 5 December, with the teacher majority subsequently seeking to prosecute its entirely unrealistic claim for structural change and a minimum increase of £1200 pa for all teachers from April 1985, in the next meeting of the Burnham (Primary and Secondary) Committee itself, on 7 December.

This letter concerns the instructions which I propose to give my representatives for the 5 December meeting, and for the Burnham meeting on 7 December. As regards the 5 December possibilities, I intend to instruct them to reiterate my reserved position on the employers' proposals which, to stand any chance of success, must pass the tests of negotiability, acceptability and affordability, to which I referred in the House on 14 November. I have already made plain to the employers the difficulties which their proposals present me with as regards the second and third of these tests. But the ordering of the tests is important and I would not on 5 December want to be seen as destroying an honest attempt by the employers to secure improvements in teacher commitment, appraisal, professionalism and management. It is likely that the teacher majority will try to present breakdown in such a way as to lay the blame at the door of the employers or the Government. The employers and the Government will be better served if breakdown is seen to arise directly from the NUT's refusal to consider matters such as performance appraisal and clearer contractual obligations. No matter how things go on 5 December, the existence of the employers' proposals would seem likely to leave them better placed and more willing to

CONFIDENTIAL

stand against the teachers' long-term objective of a return to favourable 1974 relativities, beginning with a minimum £1200 increase from next April.

It now seems unlikely that the employers' proposals will survive 5 December, but if they did I would expect the employers to proceed very cautiously in the formal Burnham forum on 7 December. My representatives would argue for more time to consider what (if anything) might be offered by way of a straight pay increase from April 1985: if necessary they would have recourse to the veto to prevent an excessive offer - see below.

It is difficult to assess the likely employer reaction in the expected event of breakdown on 5 December. It is possible that they might want to make a quantified offer in Burnham on 7 December, simultaneously upbraiding the NUT leaders for having forsaken the one path which they think might lead to an acceptable conclusion. If in the event they should be minded to follow that course, it seems to me quite likely that they would want to offer visibly more than 3%, in the hope of winning some grass root support for their preferred alternative and with recollections of last year, when the management panel was widely criticised for sticking too long to its original 3% offer and so (it was said) missing an opportunity for settlement at an "affordable figure" - unspecified, but seen by commentators as significantly below the 5.1% which finally resulted from arbitration. I fear they would regard a 3% offer as tactically inept, signalling a readiness to see a re-run of last year's difficulties. For my part, I would regard any quantified offer on 7 December as premature, even in the light of breakdown on 5 December. The teachers have already been asked to spell out more detail on their claim, and the employers could certainly seek adjournment to consider their position. My representatives would therefore argue strongly and vote against any quantified offer on 7 December. If they should be out-voted, there would then be the question of possible recourse to the veto. Nice judgments are involved here. Clearly my representatives would have to veto any proposed offer which would set an unfortunate early signal to other negotiators. Last year my final veto level was 4.5%. For 7 December it must certainly be lower: the choice is effectively between 3 1/2% and 4%. The level is not disclosed to the employers (unless the veto has to be used) and so does not indicate any level of expectation on my part. Rather it defines the range within which I am ready to see offers decided by vote within the management panel. If set too low and brought into play, the results are likely to be unfortunate. I believe that to set it so as to preclude an offer of 3 3/4%, say, should the employers be strongly for that, would be seen as unreasonable. The result could be a rift with the employers with the risk of an early offer of arbitration. (My representatives would certainly oppose any such offer of arbitration but might not prevail in voting: the veto is not available on the question of access to arbitration.) I conclude that my representatives should strongly resist by argument and weighted vote any quantified offer on 7 December, and if the circumstance arises veto any proposal to offer more than 4%.

London Weighting (1984) is on the 7 December agenda. The inner and outer London rates were increased by 5.1% at the last meeting,

CONFIDENTIAL

but the fringe area rate remains for settlement. The employers are committed to making an offer on 7 December. My representatives will argue for settlement below 5.1% and I would hope for some employer support. But history suggests that the employers not affected by London Weighting may not stand firm, and at the end of the day I fear that a 5.1% (£12 pa) increase may result.

If you should have views on my intended line for the 5 December discussions and the 7 December negotiations I should need to have those by the afternoon of Tuesday 4 December.

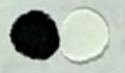
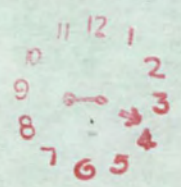
Copies of this letter go the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

Yours sincerely,

Elizabeth Hodd

Approved by the  
Secretary of State  
and Signed in his  
absence

10/11/50





MSAN  
AT 3/4  
MS

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

30 November 1984

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State*

**SCHOOL TEACHERS' PAY AND CONDITIONS OF SERVICE  
(ENGLAND AND WALES)**

Thank you for your letter of 19 November. I am grateful to you for keeping me so closely in touch with developments.

Since you wrote, I understand that the NUT have rejected the proposals circulated by the local authority employers on 15 November, and that your officials have had an opportunity to make estimates of the cost of the proposals. I do not see how we could realistically expect the local authorities to agree to absorb costs of the size shown in those estimates.

Nor is there any chance that we could increase provision to accommodate the costs either in 1985-86 or in the later years. Indeed, even to give the impression that we would seriously consider doing so would be wrong. Unions in teaching and elsewhere would conclude that we were now willing to countenance increases in public expenditure to finance substantial increases in pay. That would undermine the position we have taken collectively on public service pay in recent years, not least the firm stance you took on the teachers' 1984 pay claim. I was therefore particularly pleased that you underlined the importance of affordability in your speech during the education debate on 14 November.

Under the circumstances, I can see no advantages and considerable risks in allowing the proposals to be debated at any length in Burnham, or even to be left on the table. I hope that you will feel able to make it clear to the employers that the present proposals are completely unacceptable on cost grounds. I suggest that we should aim that they should be abandoned at the working party meeting on 5 December.

Copies of this letter go to the Prime Minister, the other members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

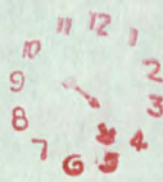
*Yours sincerely,  
Margaret Thatcher*

NIGEL LAWSON

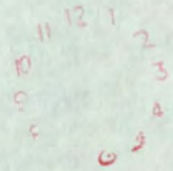
*(Approved by the Chancellor and  
Signed in his absence)*

EDUCATION  
Teachers' Plan

3 DEC 1984



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010  
FROM: P L GREGSON CB, DEPUTY SECRETARY



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-930 8121 ext 233 8339

Mr John Graham  
Private Secretary to the  
Secretary of State  
Scottish Office  
Dover House

Our ref: P.01447

28 November 1984

CONFIDENTIAL

*Dear John,*

SCOTTISH TEACHERS' PAY

The Chancellor of the Exchequer and your Secretary of State had a discussion at 12.00 noon today in Conference Room A in the Cabinet Office about the draft letter to the Teachers' Side Joint Secretary of the Scottish Joint Negotiating Committee for Teaching Staff in School Education, which was attached to your Secretary of State's letter of 27 November. The Secretaries of State for Education and Science and Employment, and the Parliamentary Under Secretary of State, Department of the Environment (Mr Waldegrave) were also present.

... I attach the revised text of the letter which was agreed at the meeting.

I am sending copies of this letter and the attachment to the Private Secretaries of the Chancellor of the Exchequer, the Secretaries of State for Education and Science, the Environment, Social Services and Employment and to Andrew Turnbull, 10 Downing Street.

*Yours sincerely*

*Peter Gregson*

P L GREGSON

CONFIDENTIAL

DRAFT OF A LETTER FOR THE SECRETARY OF STATE TO SEND TO:

Robert Beattie Esq  
Joint Secretary  
Teachers' Side  
Scottish Joint Negotiating Committee for  
Teaching Staff in School Education  
46 Moray Place  
EDINBURGH EH3 6BH

TEACHERS' SALARIES

You wrote to me on 14 August on behalf of the Teachers' Panel of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) to request that I establish an independent body to review the salaries of Scottish school teachers. Your letter referred only briefly to increased workload arising from recent educational developments and to annual erosion of the relative salary position of Scottish teachers; but at my invitation representatives of the Teachers' Side of the SJNC(SE) met me on 23 October to amplify their case, and I have seen also various documents published by individual teachers' associations. I have had the opportunity too of discussion with representatives of the Management Side of the SJNC(SE), and I have very recently seen an advance copy of a report prepared by a working party of the SJNC(SE) in the matter of teachers' workload. I have received also a number of representations in the matter from other organisations and individuals.

I have taken careful note of all the points made. It appears to me that the case being advanced by the Teachers' Side depends essentially upon the claims (i) that the salaries of teachers have been eroded in recent years and (ii) that teachers have over the same period experienced considerable increases in workload. On pay, it is of course no part of the Government's policy that salary increases should be indexed either to the rate of inflation or to some measurement of pay increases in the economy generally. Such an approach would be inconsistent both with the determination of the Government to defeat inflation and with our general policy of seeking to limit local authority expenditure. However, pay awards to teachers over the last 10 years or so have in fact been very closely comparable with those made to other groups of local authority employees in Scotland.

The awards have been consistent with what has been needed to recruit and retain teachers, and with what can be afforded. These are, as you know, the yardsticks by which the Government believes pay should be determined throughout the whole economy. It has been put to me that teachers nevertheless constitute a special case, in that they have experienced substantial additions to their workload in recent years. It must, however, be borne in mind that teachers are by no means alone in having had to come to terms with new technologies and new methods of working. I recognise that new curricular developments have involved individual teachers in increased work; but I am not satisfied that the extent of this is as great as has sometimes been suggested, that it affects more than a minority of teachers at any one time, or that this is more than a temporary phenomenon. It should be remembered also that I have already made provision in rate support grant settlements for the employment of additional teachers in secondary schools and that I have agreed to a shortening of the school year in order to facilitate additional days of in-service training for teachers.

In the circumstances, therefore, I am not persuaded that I should be justified in establishing an independent review of the sort requested. However, under statute it is of course the responsibility of the SJNC(SE) to determine the salaries and conditions of service of school teachers in Scotland. I should be prepared to consider, on their merits and in the framework of the Government's existing public expenditure plans, any proposals relating to both of those matters which might result from examination undertaken in the statutory forum of the SJNC(SE).

I am sending a copy of this letter to the Management Side Joint Secretary of the SJNC(SE). I am also making it public by means of a press announcement.

8 NOV 1984

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10 DOWNING STREET

Note: spoke to PM who was content with this approach. Spoke then to John Graham who said that Scottish office would be seeking, within this frame work to negotiate a friendlier tone to the letter.

From the Private Secretary

df  
28/4

Prime Minister

Teachers in Scotland have been conducting a campaign of disruption which they are threatening to escalate. The immediate cause of their dissatisfaction is the fact that Scottish teachers last year received 4.5% (non-adjusted) while south of the border there was an adjusted award of 5.1%.

The SJNC (SE) is pressing the Secretary of State to establish an independent body to review salaries. After discussion with colleagues, it has been agreed:

- (i) that Mr Younger will not himself establish a review
- (ii) that he will tell SJNC (SE) that under their statutes they are free to conduct a review themselves but
- (iii) that if they do hold a review it ought to consider conditions of service as well as pay, and pro

TO DOWNING STREET

(10) if it looks at both aspects, he will consider its findings "on their merits and in the framework of the Government's existing expenditure plans".

Mr Younger proposes to announce this tomorrow. Content?

AT

28/11



CCND

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

27 November 1984

Dear Nigel,

SCOTTISH TEACHERS' PAY

Both you and Keith Joseph have replied today to my letter of 21 November, a common theme being disquiet at my intention to invite the SJNC(SE) to undertake a review embracing pay and conditions of service. I understand the basis for these reservations; but I feel that I must be seen to be offering some form of positive response to the representations I have received if I am to make any impact on teachers' and parents' opinion in a campaign by the former in which they have, hitherto, held the initiative.

I believe that I can do so, while meeting your concerns, by simply referring to the statutory responsibility of the SJNC(SE) for both pay and conditions of service and suggesting that they be exercised together. The attached draft letter to the Teachers' Side Joint Secretary illustrates what I intend.

I must add that I am now under very great pressure on timing, for the reasons set out in the penultimate paragraph of my letter of 21 November. I hope therefore that you will be able to agree to the line I propose in the enclosed draft without need for a meeting.

I am copying this letter to the Prime Minister, Members of E(PSP) and Sir Robert Armstrong.

Yours well,

George

DRAFT OF A LETTER FOR THE SECRETARY OF STATE TO SEND TO:

Robert Beattie Esq  
Joint Secretary  
Teachers' Side  
Scottish Joint Negotiating Committee for  
Teaching Staff in School Education  
46 Moray Place  
EDINBURGH EH3 6BH

#### TEACHERS' SALARIES

You wrote to me on 14 August on behalf of the Teachers' Panel of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) to request that I establish an independent body to review the salaries of Scottish school teachers. Your letter referred only briefly to increased workload arising from recent educational developments and to annual erosion of the relative salary position of Scottish teachers; but at my invitation representatives of the Teachers' Side of the SJNC(SE) met me on 23 October to amplify their case, and I have seen also various documents published by individual teachers' associations. I have had the opportunity too of discussion with representatives of the Management Side of the SJNC(SE), and I have very recently seen an advance copy of a report prepared by a working party of the SJNC(SE) in the matter of teachers' workload. I have received also a number of representations in the matter from other organisations and individuals.

I have taken careful note of all the points made. It appears to me that the case being advanced by the Teachers' Side depends essentially upon the claims (i) that the salaries of teachers have been eroded in recent years and (ii) that teachers have over the same period experienced considerable increases in workload. On pay, it is of course no part of the Government's policy that salary increases should be indexed either to the rate of inflation or to some measurement of pay increases in the economy generally. Such an approach would be inconsistent both with the determination of the Government to defeat inflation and with our general policy of seeking to limit local authority expenditure. However, pay awards to teachers over the last 10 years or so have in fact been very closely comparable with those made to other groups of local authority employees in Scotland.



It has been put to me that teachers nevertheless constitute a special case, in that they have experienced substantial additions to their workload in recent years. It must, however, be borne in mind that teachers are by no means alone in having had to come to terms with new technologies and new methods of working. I recognise that new curricular developments have involved individual teachers in increased work; but I am not satisfied that the extent of this is as great as has sometimes been suggested, that it affects more than a minority of teachers at any one time or that this is more than a temporary phenomenon. It should be remembered also that I have already made provision in rate support grant settlements for the employment of additional teachers in secondary schools and that I have agreed to a shortening of the school year in order to facilitate additional days of in-service training for teachers.

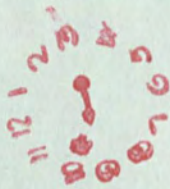
In all the circumstances I am not persuaded that I would be justified in establishing an independent review of the sort requested. There is, however, another possible way forward. Under statute, it is the responsibility of the SJNC(SE) to determine not only the salaries but also the conditions of service of school teachers in Scotland, and in my view it is only right that these two aspects of employment should be considered together. Thus, it would be open to the SJNC(SE) itself to conduct a wide-ranging review in an attempt to reach agreement on a package of measures covering both pay and conditions of service.

As you will appreciate, I cannot give any advance guarantee on funding. If, however, as a result of a review of this kind the SJNC(SE) were to recommend to me a package of proposals which I considered acceptable, I would be prepared to consider with my Ministerial colleagues the case for any provision - over and above Government guidelines on pay - that might be necessary to implement it. I envisage that, in relation to conditions of service, the review would have to deal specifically with areas where existing arrangements appear not to be in keeping with present-day requirements - including the definition and prescription of teachers' responsibilities in relation to preparatory work for teaching duties, lunch-time and playground supervision of pupils and attendance at meetings with parents, and the question of control by employers of time within conditioned hours when teachers are not in contact with classes. While the review was in train, I would of course expect all disruptive action by teachers within the schools to cease.

I am sending a copy of this letter to the Management Side Joint Secretary of the SJNC(SE). I am also making its terms public by means of a Parliamentary statement and a press announcement.

Education PTS  
Teachers Pay

12 NOV 1984



CONFIDENTIAL



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon George Younger MP  
Secretary of State for Scotland  
Dover House  
Whitehall  
LONDON SW1A 2AU

26 November 1984

*Geo George.*

SCOTTISH TEACHERS' PAY

Thank you for copying to me your 21 November letter to Nigel Lawson. The problems you face in Scotland in connection with the pay and other conditions of service of teachers are similar in kind, if different in detail, to those which face us in England and Wales. The differences in the statutory positions may mean that we cannot follow identical courses of action, but I think it must be desirable for us to respond in broadly similar ways.

With that in mind I am glad to see you have decided against setting up an independent review of teachers' pay or an independent review of both pay and other conditions of service.

I quite see, however, that you do not wish to be thought to be taking a wholly negative attitude in the face of current pressures. Moreover, I can see that you share my view that it is going to be important for the employers to bring about improvements in other conditions of service so that they can manage their schools more effectively. Nevertheless, I wonder whether it is necessary for you to go as far as to invite the SJNC(SE) to undertake a wider review of pay and conditions of service. Would it not be sufficient for you to indicate to both the employers and the teachers that you think it would be right for the SJNC(SE) to undertake this work if they think a review desirable? That would seem to me to be consistent with the statutory functions of the SJNC(SE); it would enable you to distance yourself a little further from any commitment to the outcome of the review; and it would I think be analogous to the position I have taken in relation to the Burnham Committees. I have not invited either of them to undertake reviews, although I have indicated that I welcome their work on the salary structure and related conditions of service. I have also indicated, that without any commitment to the outcome, I shall be prepared to consider any package of proposals they may wish to put forward, and if I judge them sufficiently worthwhile, to bring them before colleagues.

CONFIDENTIAL

CONFIDENTIAL

I am sending copies of this letter to the Prime Minister, members of E(PSP), the Secretaries of State for Wales and Northern Ireland and Sir Robert Armstrong.

Yours,

Ken -

CONFIDENTIAL

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26 NOV 1984



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

26 November 1984

The Rt. Hon. George Younger MP  
Secretary of State for Scotland

*Dear Secretary of State*

**SCOTTISH TEACHERS' PAY**

Your letter of 21 November crossed with mine of the same date.

I fear your proposal gives me great difficulty. I recognise that you cannot prevent the two sides in the SJNC(SE) from setting up their own review. But I am concerned that you should not appear to encourage such a review by inviting the two sides to carry it out - that would make it much more difficult for you to distance yourself subsequently from the review's results. It therefore seems to me that your proposal carries almost the same risks, both to public expenditure in Scotland and of repercussions elsewhere, as an independent review conducted with your authority. We need to consider these risks carefully, and I suggest we meet with colleagues concerned as soon as possible. In the meantime, although I recognise the pressures you are under, I must ask you to make no commitments.

This letter has been copied to the Prime Minister, the other members of E(PSP) and Sir Robert Armstrong.

*Yours sincerely,  
Margaret O'Hare*

NIGEL LAWSON

*(Approved by the Chancellor  
and signed in his absence)*

26 NOV 1984

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F. B.  
CONFIDENTIAL

MR TURNBULL

23 November 1984

SCOTTISH TEACHERS' PAY

George Younger wants a response to his note on Monday morning in advance of his meeting with the SJNC on Thursday. The Chancellor is unlikely to agree with his proposals and may want a meeting.

Scottish teachers are taking unconstitutional industrial action in pursuit of an independent review of their pay. Although cloaked in the usual terms (erosion of living standards etc) it has been triggered by the 5.1% arbitration award to English teachers compared to their (non-arbitrated) 4.5%. Each have different pay structures but the Scottish office is surprisingly unable to say which is best.

George Younger's proposal to refuse an independent review but have one by the SJNC instead is a wolf in sheep's clothing. He states in his letter that the management side are in sympathy with the teachers: the result is a foregone conclusion. Any statement by him short of a guarantee that no extra funds will be available will have the opposite effect of that wanted.

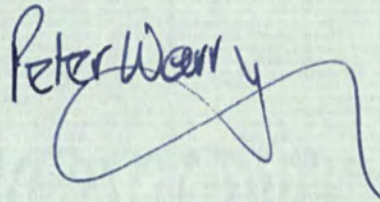
There is virtue in trying to wrap this up with the structural issues of staffing levels, conditions, curricula etc. Keith Joseph is facing similar problems introducing his teaching reforms. Any review will cost money but if it achieves the changes to the education system then it could be worth it.

If we give in to industrial action and agree the review it will inevitably lead to a chain reaction across the public sector. On the other hand a straight refusal, although correct, may be politically insupportable.

CONFIDENTIAL

CONFIDENTIAL

The least bad option may be to say that we will do nothing whilst unconstitutional industrial action damages our childrens' education. But if the action ends we could be disposed to recommend that the SJNC should consider structural issues and any consequent salary adjustment and report in time for the next pay review. If the report recommends extra money then the authorities will have to find it from savings elsewhere.

A handwritten signature in blue ink that reads "Peter Warry". The signature is stylized with a large, sweeping flourish that loops back under the name.

PETER WARRY

CONFIDENTIAL



NBPm

BT

22/11

cc

CST

MST

Sir P Middleton

Sir T Burns

Mr Bailey

Mr Anson

Mr Evans

Miss Kelley

Mr Gordon

Mr P Davis

Mr Faulkner

Mr P Rayner

Dr Rowlatt

Mr Riley

Miss Rutter

Mr Vernon

Mr Cropper

Miss Sinclair

Mr Gilhooly

Mr Westwater

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

21 November 1984

The Rt. Hon. George Younger MP  
Secretary of State for Scotland

#### SCOTTISH TEACHERS' PAY

I see from the current Monitoring Report that you met both the teachers' and management side towards the end of October on the question of an independent review of Scottish teachers' pay.

An independent pay review, set up with your authority, would, of course, have far-reaching implications, not only for teachers in England and Wales, but also for other public service groups such as the NHS, local authority employees and the Civil Service. We should need to consider the issues involved very carefully indeed before taking such a step. I should therefore be grateful if you could give those of us directly responsible for the pay of other public service groups full opportunity to think this matter through before any decision is taken.

I am copying this letter to the Prime Minister, to the other members of E(PSP) and to Sir Robert Armstrong.

NIGEL LAWSON



B/F with Treasury 1 pu, OFS  
response AT 22/11  
cys

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

21 November 1984

Dear Nigel,

SCOTTISH TEACHERS' PAY

When I wrote to you on 16 August I had just received from the Teachers' Side of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) a formal request that I should "establish an independent body to review the salaries of Scottish teachers". I said that, when I had been able to consider this request in detail, I would write to you again.

The request has been supported by a campaign of disruption in schools, mainly organised by the Educational Institute of Scotland (EIS). It has mostly taken the form of a policy of non-co-operation with new curriculum developments, which has already done considerable damage to our proposals for the introduction of the new Standard grade of the Scottish Certificate of Education. The original expectation was that the disruptive action would apply only to new developments; but it has been directed also at developments which are already far advanced, where pupils are already taking the necessary classes with a view to sitting the new examinations in 1986. There is a real danger that in the very near future many schools will run out of teaching materials and that no new materials will be prepared. I consider that it is already too late to revert to the previous methods of teaching - and it would involve a serious breach of faith with the pupils - but clearly there are great difficulties ahead. The education authorities have given me an assurance that they will support me in trying to maintain the progress already made, but they are not prepared to give me unqualified guarantees that they will be able to deliver. In addition, the teachers - and this involves other teachers' unions than the EIS - are now embarking on disruptive action of a "work to contract" nature which is likely to affect particularly the grey areas such as lunchtime and playground supervision, parents' meetings and so on. Finally, the EIS are currently making plans for selective strike action at a later date and have made a specific threat to disrupt examinations in 1985.

Against this background, I have now met representatives of both the teachers and of Management to discuss the situation. The teachers claim to have lost patience with a process of salary negotiations in which the value of their earnings, compared with the cost of living, is eroded year by year and in which they see themselves as constantly losing ground compared with other groups of

earners. They regard the Houghton review of 1974 and the Clegg review of 1980 as having, in their day, dealt with accumulating injustices and they say the time has come for another such review and for establishing a method of calculating their salaries which will avoid for the future the evils of which they complain. The other main plank of their argument is that curricular and other developments in Scotland have enormously increased the workload of teachers and added to its complexity, to an extent which justifies additional remuneration. In short, their case is that, while they have been taking on additional work, their remuneration has been progressively reduced in real terms and by comparison with other groups.

The Management Side of the SJNC(SE) are broadly in sympathy with the teachers on the matter of erosion of salaries through inflation, though they have admitted to me that the teachers have received very much the same salary increases as other groups of local authority employees and they could not assure me that granting the request by teachers for an independent pay review would not open the door to similar requests by others. They also take the view that recent curricular developments, particularly in the secondary school, have added considerably to the workload of the teachers. They support the claim for an independent review, but argue that any review should take account also of teachers' conditions of service, management of schools and staffing levels. They are particularly concerned about conditions of service, where they say that the teachers are over-generously treated and that the conditions impede effective management of the education service.

In the light of Government policy on pay, and of my own measures to curb local authority expenditure in Scotland, I am quite clear that there can be no question of my acceding to the teachers' request for an independent review extending only to salaries. Such a review would have to be justified on the grounds that the teachers were a special case, who could be clearly distinguished from any other group, but I do not think that this is so. I recognise that new curricular developments have involved many teachers in increased work, but I am not satisfied that the volume is such as they claim, that it affects more than a minority of teachers at one time, or that its effects will be permanent.

However, I still have to face the prospect of very serious disruption of the educational system in Scotland. Already considerable damage has been done to new curricular developments, particularly Standard grade, to which the Government is committed and in which we have invested a good deal of political capital. I am also receiving a considerable volume of representations from parents who are deeply concerned about the education of their children and it is important that my decision should be capable of being presented, if at all possible, in such a way as to get parents and the public on to our side. I am conscious also of the argument put to me by Management Side of the SJNC(SE), that there is a case for taking advantage of this approach by the teachers to commission a wide-ranging inquiry into teachers' pay and conditions of service etc; there is no doubt that existing conditions of service do stand in the way of progress and, like Keith Joseph, I would very much like to move towards strengthening the hand of management in this area.

I therefore propose that, in replying to the teachers, I should

- (i) reject the request for any sort of independent review but
- (ii) indicate that, subject to certain conditions, I would be prepared to invite the SJNC(SE) itself to undertake a wider review embracing pay and conditions of service. (The SJNC(SE), unlike Burnham, has of course a statutory responsibility covering both areas.)

In doing so, I would make it clear that such a review must deal specifically with a range of matters which have been giving concern to Management -including the definition and prescription of teachers' responsibilities in relation to preparatory work for teaching duties, playground and lunchtime supervision and periodical attendance at meetings with parents, and the vexed question of control by employers of that part of a teacher's conditioned hours which is not spent in class contact. I would indicate also that I would expect all disruptive action by teachers in schools to cease forthwith. On finance, I would go no further than saying that, if - and only if - a package which I considered acceptable were to emerge from a review of this kind by the SJNC(SE), I would be prepared to consider with my Ministerial colleagues the case for any additional provision that might be necessary to implement it. I would of course give no advance guarantee of any sort that extra funds would be forthcoming.

In my judgement a response of this kind, while in no way conceding the teachers' request for an independent review, would represent a positive answer on my part, affording a reasonable change of wrong-footing the teachers and winning public opinion to our side. Moreover, a review within the SJNC(SE) of the sort which I envisage would provide the opportunity for some real productivity gains on the part of management. As I have indicated above, I would be under absolutely no obligation to fund any package with financial consequences which we regarded as unacceptable. Nor would the local authorities themselves, given the constraints which I have imposed on their spending, be in a position to reach any settlement involving substantial additional costs unless I was prepared to make additional financial provision available to them.

As I have said, the difficulties in the schools are now becoming acute and the EIS have just announced an escalation of action if I have not responded to the teachers' request this week. While I see no necessity to do that, I would like to announce a decision by the middle of next week - in advance of a meeting of the SJNC(SE) on 29 November and in good time before 5 December when I am top of the list for oral questions and am sure to be pressed hard in the matter. This being so, I should be glad to know as soon as possible and in any event by midday on 26 November that you are content with the line which I propose to take.

I am sending copies of this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Wales and Northern Ireland and Sir Robert Armstrong.

Yours very,

George.

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Teacher Pay Pt. 3

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## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

19 November 1984

*Dear Nigel.*

## SCHOOL TEACHERS' PAY AND CONDITIONS (ENGLAND AND WALES)

Our officials are in touch about the ambitions of local authority employers to negotiate with the teacher unions a package of changes which would quite radically alter the present pay structure and introduce a three year entry period before career appointment, a system of performance appraisal and significantly tighter definitions of teacher responsibilities, those to be expressed contractually. Last week I called in their leaders to review their intentions in the light of a draft document recently completed by them. I wished them to be in no doubt about my position before they might unveil any proposals to the teachers. I also took the opportunity to put my position on the record during the 14 November Education Debate in the House.

On 15 November the employers presented a slightly amended package to the teachers - a copy is being sent to your officials. They have also sent copies to all local education authorities in England and Wales and released the text to the press. The document makes it clear that the proposals are the employers, and their spokesman very properly presented them as such and explicitly reserved my position in the meeting with the teacher unions.

I cannot predict how far these proposals will run. Meantime I shall continue to look at other options, particularly in the area of performance appraisal. Meetings of the working party in which the proposals were presented and of the Burnham Committee

/statutorily

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG



statutorily responsible for negotiating teachers' pay have been fixed for 5 and 7 December respectively. I will write again before those meetings.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

*Conlon,*

*Kerr.*

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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

5 November 1984

*Ian Nidd,*

TEACHERS' PAY (ENGLAND AND WALES)

The Burnham (Primary and Secondary) Committee met yesterday.

The main business was the presentation of the teachers' claim for 1985. That was presented in the traditional context - "to secure ..... salary levels in line with the principles of the [1974] Houghton Report". In detail it seeks a single scale of £7,250 to £15,250 for classroom teachers, plus a system of allowances above that for posts of special responsibility and for heads and deputies: any staging arrangements should provide for a minimum increase of £1,200 pa for every teacher from 1 April 1985. These aspirations are quite unrealistic.

In response the Management Panel leader said the Panel would consider the claim and referred to the employers' concern to see a restructuring of the pay scales. No offer was made: the Management Panel did not even consider possible offers. I understand that the employers hope to decide in mid-November on a package which might be offered. I do not yet have details, but I have arranged to meet some of their leading members and will keep you and other colleagues informed about the position and the instructions I propose to give my representative ahead of the next Burnham meeting, which is likely to be in late November.

The second item was London Weighting for teachers from 1 April 1984. The Committee agreed that the Inner and Outer London rates should be increased by 5.1%, and that the employers would make an offer in respect of the fringe areas at the next Burnham meeting. (My representatives opposed the latter point, but were out-voted within the Management Panel.)

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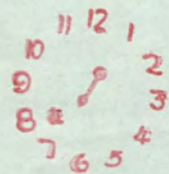
Copies of this letter go to the Prime Minister, members of E(PSP),  
the Secretaries of State for Scotland, Wales and Northern Ireland,  
and to Sir Robert Armstrong.

*Conrad*

*Keir*

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5 NOV 1984



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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

5 October 1984

Dear Nigel,

SCHOOL TEACHERS' LONDON WEIGHTING

We corresponded earlier this week about teachers' London Allowance. In the event the 3 October meeting of the Burnham Primary and Secondary Committee proved very unsatisfactory and failed to achieve a settlement.

Despite the strong arguments of my representatives and their use of the weighted vote the management panel decided to offer 5.1% from 1 April on the inner and outer allowances, but against any increase to the fringe area allowance. All the other members of the panel apart from the chairman voted for this offer. The teachers rejected it because there was no offer to the fringe.

Discussion will be resumed at a future meeting yet to be fixed.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Northern Ireland, Scotland and Wales and Sir Robert Armstrong.

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Ken

15 OCT 1984

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Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

2 October 1984

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State*

**TEACHERS' LONDON WEIGHTING**

You wrote to me on 1 October, setting out the instructions you propose to give your representatives on the Burnham Committee, should there be substantive negotiations about London Weighting at tomorrow's meeting.

I agree with you that there is no case on recruitment and retention grounds for an increase in London Weighting this year, but that the local authority employers will be unwilling to take so robust a line. I also agree that it would not be right to use your veto over this issue.

However, I do not think your representatives should refrain from voting against increases until the 4.5 per cent level is reached. That would be to acquiesce in increases which are unjustified on merits and would undermine the useful precedent set in the case of the Civil Service (where a six month delay will keep the cost of the increase to 2 per cent this year) and make it more difficult to press for increases below 4.5 per cent for other public service groups which have yet to settle their London Weighting for the 1983-84 pay round.

It is a tactical judgement, which you are best placed to make, whether your representatives should vote against any increase in London Weighting. But it would be generally helpful if they argued that offers above 2 per cent should be phased to keep their 1984-85 cost down to 2 per cent, and voted against offers above that level.

Copies of this letter go to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, the other members of E(PSP) and to Sir Robert Armstrong.

*Yours sincerely,  
Margaret O'Hara*

NIGEL LAWSON

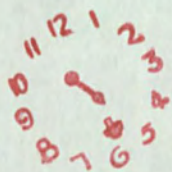
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and signed in his absence)*

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*C/D*



-3 OCT 1984



CONFIDENTIAL



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1P 3AG

W3M.

1 October 1984

*See Nigel.*

The Burnham Primary and Secondary Committee meets on Wednesday 3 October when it is expected that the teachers' panel will make an oral claim for an increase in London allowance from 1 April 1984. We do not know whether that expected claim will be quantified or expressed in general terms.

There has been no discussion of London weighting so far this year within the Committee. If a claim is tabled, therefore, my representatives will urge the management panel simply to receive the claim so that it can be given a considered response. However, the local authority employers may well see this as an opportunity to begin to rebuild their negotiating bridges with the teachers following this year's difficult proceedings. I therefore need to decide on the instructions to give my representatives against the possibility of the employers wishing to negotiate a settlement on the day.

You agreed last year, in your letter of 11 July 1983, that it would be undesirable to employ the veto in negotiations on London weighting and that my representatives should rely on argument backed by the weighted vote. I continue to take the same view.

My representatives will seek to secure the lowest possible settlement and they will argue that there are no grounds for any increase this year - whether by reference to consideration of cost compensation or by reference to problems of recruitment and retention in the London area. However, even though the employers' capacity to pay has already been stretched to the limit by the 5.1% arbitral settlement I do not think that my representatives will succeed in convincing the employers that there should be no increase.

I expect that despite these arguments the employers will decide to offer an increase and notwithstanding the London weighting increase of just 4% (delayed by 6 months) to be applied to the Civil Service,

be unwilling to accept a ceiling below 4.5%, management's final offer for the general pay scales in this year's pay round. My voting power will therefore probably be most effectively used at this level and I propose to instruct my representatives to vote against any offer in excess of 4.5%. I propose additionally to instruct my representatives to support any proposition that the settlement should operate from 1 October rather than 1 April.

I am sorry that this late addition to the Committee's agenda means that I must ask for any comments you may have by midday on Tuesday 2 October.

Copies of this letter go to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland and Wales, members of E(PSP) and Sir Robert Armstrong.

*Concor*

*Keir*

Teacher's Pay.

**CONFIDENTIAL**



NBM a-AB  
2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

2 October 1984

Dear Secretary of State

TEACHERS PAY - LONDON WEIGHTING

I refer to your letter of 1 October to Nigel Lawson. Obviously we must expect that any offer made to the teachers on Wednesday will set the tone for awards to other local government groups and I wonder, therefore, whether there would not be tactical advantage in placing rather more emphasis on the precedent of the Civil Service London Weighting award as a fall-back to the argument that no increase is justified anyway? Realistically, however, I think that the employers' side will link the award to pay in some direct way and I would obviously prefer the line to be held at 4.5% in view of the knock-on effect on the APT&C pay and London Weighting position.

Copies of this letter go to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland and Wales, members of E(PSP), and Sir Robert Armstrong.

Yours sincerely  
AHDavis

P PATRICK JENKIN  
(approved by the Secretary of State  
and signed in his absence)

The Rt Hon Sir Keith Joseph

EDUCATION: Teachers Pay ...

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*From the Private Secretary*

7 September, 1984

TEACHERS' PAY ARBITRATIONS 1984

In his letter to the Chancellor of 5 September, your Secretary of State recommends that the Government should not seek Parliamentary override of the arbitration awards for schools and further education teachers. The Prime Minister agrees with his recommendation.

I am sending a copy of this letter to the Private Secretaries to members of E (PSP), John Graham (Scottish Office), Colin Jones (Welsh Office), Graham Sandiford (Northern Ireland Office), Henry Steel (Attorney General's Office) and to Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss E. Hodkinson  
Department of Education and Science

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Treasury Chambers, Parliament Street, SW1P 3AG

7 September 1984

The Rt Hon Sir Keith Joseph MP  
 Secretary of State for Education and Science  
 Department of Education and Science  
 Elizabeth House  
 York Road  
 LONDON  
 SE1 7PH

*Dear Secretary of State,*

TEACHERS' PAY ARBITRATIONS 1984

In his absence abroad I am replying to your letter of 5 September to the Chancellor about the arbitral recommendations on the pay of school and further education teachers. I am sure that you are right to conclude that we should not seek to overturn these. It will however be important for us to underline that no additional funding is being provided to local authorities to help meet their costs.

I am copying this letter to the Prime Minister, Members of E(PSP), the Attorney General, the Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

*Yours sincerely*

*Peter Rees*

PETER REES

*Approved by the Chief Secretary  
 and signed in his absence*



WSPM

AT 7/9

CC NO



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU  
TELEPHONE: 01-233 3000

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON  
SW1P 3AG

7 September 1984

Dear Chancellor of the Exchequer,

TEACHERS' PAY ARBITRATION 1984

In George Younger's absence I am responding to Keith Joseph's letter of 5 September about the Arbitral Bodies' reports on the pay of school and further education teachers in England and Wales.

As George pointed out in his letter of 26 June and as Keith recognises in his letter to you, any award in excess of 4.5% is potentially embarrassing for us in Scotland. The Scottish teachers settled reluctantly at that figure, but they did settle without industrial action and without demanding arbitration, and they may now feel that they have lost out by doing so. This will strengthen the hand of those who favour the use of industrial action in Scotland. As Keith points out, we already have a demand for an independent pay review. This is being backed up by a campaign of action. At present this takes the form, mainly, of non-cooperation by teachers with new curricular developments, though some groups of teachers have taken advantage of the situation to take more disruptive action on matters of local dispute. The main campaign is planned to escalate later in the autumn, and I fear that the English arbitral award will tend to encourage the teachers' leaders to hold to this course.

Finally, it seems certain that, at the very least, the Scottish teachers will press hard, in the 1985 pay review, for restored parity with their English colleagues.

Nevertheless, I would on balance agree with Keith that the difficulties associated with seeking a Parliamentary override of the arbitral award are such that it should not be attempted and that he should give effect to the award. I must however give warning that I do not think it will be possible, in the 1985 pay negotiations, to stand out against a claim by the Scottish teachers for an increase which puts them back on a par with their English counterparts.

Copies of this letter go to the Prime Minister, Keith Joseph, other members of E(PSP), the Attorney General, the Secretaries of State for Wales and Northern Ireland and Sir Robert Armstrong.

Yours sincerely

*E. Kinsey*  
ALLAN STEWART

Approved by the Minister  
and signed in his absence.

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AT 7/9

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ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

01-405 7641 Extn

The Rt.Hon.Sir Keith Joseph MP  
Secretary of State for Education and Science  
Elizabeth House  
York Road  
London SE1 7PH

6 September 1984

*Dear Keith*

TEACHERS' PAY ARBITRATIONS 1984

In your letter of 5 September to the Chancellor of the Exchequer you invited me to confirm that nothing has happened since my letter of 9 July 1980 which might lead me to qualify the advice I gave in that letter. That advice has, in fact, been expanded by my letter of 25 July 1980 to your predecessor, Mark Carlisle, and by correspondence between officials in your Department and here in March and April 1982.

I can confirm, however, that nothing has happened since 1982 which causes me to qualify the advice that has been given by me and my officials on Section 4(2) of the Remuneration of Teachers Act 1965.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer and other members of E(PSP), the Secretaries for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

*Yours Gra  
Michael*

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Circulation List:

The Prime Minister  
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Secretary of State for Trade and Industry  
Chancellor of the Duchy of Lancaster  
Secretary of State for Employment  
Chief Secretary, Treasury  
Secretary of State for Transport  
Minister for the Arts.  
Secretary of the Cabinet



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AT 519

~~CCNO~~

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

5 September 1984

*Dear Nigel,*

**TEACHERS' PAY ARBITRATIONS 1984**

I received the Arbitral Bodies' Reports on School and Further Education teachers' pay late yesterday. The recommendation for school teachers is a straight 5.1%. For further education the recommendation is 4.6% for all, plus £330pa for those at the top of the lowest Lecturer grade - overall cost just under 5.1%. London Weighting remains to be negotiated separately for both groups. Under the Remuneration of Teachers Act I am required to give effect to those recommendations unless "each House of Parliament resolves that national economic circumstances require that effect should not be given to the recommendations", in which case I may substitute my own determination by order.

I do not regard the question of acceptance or override as clear-cut. Acceptance would make it more difficult to secure our desired settlement with the civil service. It would also seem likely to make for difficulties in Scotland, where the teachers settled at 4.5% this year and now press for an independent review for 1985. And, looking ahead to next year, acceptance would seem likely to affect negotiating prospects for those other local authority groups which settled this year at 4.5%. Considerations of this kind must make us uneasy about the implications of acceptance.

From the education standpoint the arguments are mixed. The recommendations would increase the pay bill for teachers by 0.6% (some £31m) over the last offers made by the management side.

We have made it clear that no additional funding will be offered to local authorities and that the expenditure constraints will not be relaxed. Thus this additional cost would impact adversely on the local education service - on books, equipment, maintenance or the numbers of teachers employed. That I should very much regret. On the other hand, the school teachers' union leaders are clearly disconcerted by these arbitral recommendations and may well seek to channel their exaggerated expectations into

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a campaign for an independent review, following the Scottish lead. What public support they might gather for that is uncertain, given that they secured an independent arbitration this year. I fear that to seek Parliamentary override would significantly strengthen their position in that regard. The lay public might well fail to understand a decision to seek over-turn of arbitral recommendations at this level, against the background of settlements, awards and offers elsewhere.

We need also to consider the Parliamentary process which would be involved in override and the risks attendant upon that. The test set out above is a strict one and it is not clear to me that we could easily justify moving override resolutions. Michael Havers advised my predecessor on this aspect in 1980. I am enclosing a copy of his letter of 9 July and would invite him to confirm that nothing has happened since which might have led him to qualify that advice. We also need to have regard to the political risks of an attempt at override if we are not confident that both Houses would support. In anticipating the possible reactions in Parliament (and outside) we should bear in mind that we found £233m from the reserve towards the recent review body awards to nurses, doctors and dentists, for increases well above 5.1%.

On balance, I conclude that I should not seek to overturn these arbitral recommendations. In giving my decision on the matter I would propose to reaffirm our position on local authority expenditure. But I am very ready to listen to counter-argument if you or colleagues should wish to offer that. If I am to accept the recommendations, though, there would be advantage in doing so quickly, so depriving the unions of excuse for continued campaigning in schools. Might I therefore ask for your views by midday Friday?

Copies of this letter go to the Prime Minister, members of E(PSP), the Attorney General, the Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

*Emm.*

*Kevin*

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TO SECRET



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Mr Walker	
INFO	✓
Mr K Robinson	
Mr Simpson	
Miss Stewart	
Mr Wilson	
Mrs Misset	
Mr E L Evans	
Mr E Hodge	
Mr L Smith	
Mrs Jetha	

ROYAL COURTS OF JUSTICE  
LONDON, WC2A 2LL

01-405 7641 Extn 3201

Rt Hon Mark Carlisle QC MP  
Secretary of State  
Department of Education & Science  
Elizabeth House  
York Road SE1 7PH

9 July 1980

Dear Mark,

1

I have seen John Biffen's letter to you of 3 July and would like to comment on the suggested use of the "Two-House resolution procedure."

If such a resolution was passed then that would be the end of the matter and there could be no legal basis for attacking you for failing to carry out your statutory duty to give effect to the increases.

My note of caution arises from the wording of section 4(2) of the Remuneration of Teachers Act 1964 ie "that national economic circumstances require that effect should not be given to the recommendations (of the arbitrators)".

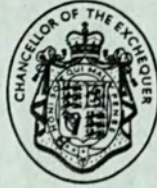
It is likely to be argued against you that this subsection was contemplating a situation like the 1931 economic crisis and that its use in the present circumstances had not been intended by Parliament. HMG would therefore have to satisfy both Houses that the present national economic situation was the justification for the Resolution and that it was not simply that HMG did not like the award.

I would have thought that the Prime Minister's statement on Monday went a long way to establishing the justification required but I felt it right to warn you that it must be clear that the Resolution is not being used just because HMG thinks the award is too high.

It will of course be necessary to emphasise that the real value of the offer is 13.2%.

I have copied this letter to all the recipients of John Biffen's letter.





*AKO*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

23 August 1984

J S Graham Esq  
Private Secretary to the Secretary of State  
for Scotland  
Scottish Office  
Whitehall  
LONDON SW1

*N  
23/8*

*Dear John,*

**TEACHERS' PAY**

*20/7*

The Chancellor was grateful for the letter of 16 August from your Secretary of State reporting the latest developments in the Scottish Joint Negotiating Committee for Teaching Staff in School Education. We note that your Secretary of State will be writing again when he has had an opportunity to consider the detailed items of the letter he has received from Scottish teachers, asking him to establish an independent body to review their salaries.

I am copying this letter to the Private Secretaries to the Prime Minister, to the other members of E(PSP), to the Secretaries of State for Education and Science, Wales and Northern Ireland, and to Sir Robert Armstrong.

*Yours sincerely,*

*Margaret O'Mara*

Miss M O'Mara  
Private Secretary

EDUCATION Teacher's Key

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7 6 5  
4 3 2

23 AUG 1984



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

2 July 1984

*Dear Chancellor of the Exchequer,*

TEACHERS' PAY

When I wrote to you on 26 June about the forthcoming arbitration on teachers' pay in England and Wales I mentioned demands in Scotland for an independent review of teachers' pay. I am now writing to report further developments.

The Educational Institute of Scotland (EIS), by far the largest of the Scottish teacher unions, have announced their intention to press for a major independent review of teachers' salaries in time for its findings to be published before the 1985 salary negotiations. They have drawn up a plan of campaign which, in addition to a considerable propaganda effort and attempts to engage political support, envisages that from the beginning of the 1984/85 school session EIS members should withdraw from all work connected with curriculum development (including further work on my far-reaching reforms of school and further education for the 14-16 and 16-18 age groups), co-operative teaching in the lower classes of secondary schools and the introduction of microcomputers in schools. The proposed EIS campaign includes also a "work to contract" approach, involving withdrawal from all extra-curricular activity, which they threaten to begin in the autumn; they propose to prepare contingency plans for various forms of strike action thereafter. I understand that they hope also to persuade other teachers' organisations outside Scotland to take action on a UK basis.

I have now received a letter from the Teachers' Side of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) - on which the EIS predominates - giving me advance notice of their formal decision to seek an independent review of the level of salaries paid to Scottish teachers. The SJNC(SE) will be meeting on 27 July, when the Teachers' Side propose to invite the Management Side to make joint cause with them in order to secure such a review.

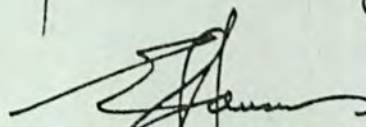
I am in no doubt that, if the EIS are able to mount a successful campaign on the lines which they envisage, there would be very serious educational repercussions in the Scottish schools. Nevertheless, I am clear that in current economic circumstances a pay review of the kind sought by the teachers would not be acceptable. Another review on Houghton or Clegg lines might well recommend significantly larger pay increases - especially if "catching up" were involved - than the country could afford and I certainly could not envisage this at a time when I am taking very firm action to control local authority expenditure in Scotland.

As regards the discussions on 27 July, I propose to instruct my representatives on the SJNC to make it quite clear in the preliminary meeting of the Management Side that the Government could in no circumstances be committed to fund any excessive pay settlement in the 1985 pay round and that an independent review would in the circumstances be pointless and simply store up trouble for Management generally. I would hope that it might be possible to persuade the local authority representatives that the right course is to stand up to the teachers, despite the difficulties. I think, however, that there is a very real risk that the local authorities will be tempted to make common cause with the teachers in seeking an independent review, in an attempt to purchase their goodwill and to put the blame for any disruption in the schools fairly and squarely on my shoulders. If this does happen, my representatives will clearly have to dissociate themselves formally from the rest of the Management Side; and I propose to instruct them that, in these circumstances, they should simply reserve my position completely in the subsequent full meeting of the SJNC(SE) and indicate that I shall respond in due course to any formal request made to me by that body.

Unless I hear to the contrary by close of business on 25 July, I shall assume that you are content with the line which I propose to take. I shall of course report further to colleagues about the outcome of the forthcoming meeting of the SJNC(SE).

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Education and Science, Wales and Northern Ireland and to Sir Robert Armstrong.

Yours sincerely



E. S. GOWANS  
Private Secretary  
(Approved by the Secretary of State  
and signed in his absence)

Teachers Pay; Education A3.

23 JUL 1984

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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

13th July 1984

*Dear Nigel.*

**TEACHERS' PAY ARBITRATION 1984: CHAIRMANSHIP**

Earlier this week there was regrettable public disclosure and discussion of the names under consideration for this arbitration. ACAS, rightly in my view, has decided that the arbitration should not proceed under any of the names which appeared in the Press, and has offered 5 new names for consideration by the two sides. CVs are attached.

Sir Charles Carter was my second choice (after Lord Robens) for the 1982 teachers' arbitration, though in the event he was not appointed. I should be quite content to see the arbitration proceed under him this year, though I doubt if the teachers would share that view. Professor Armstrong, though not such a strong personality, is a knowledgeable and experienced arbitrator and since 1980 has done some local authority arbitrations which had regard to ability to pay and which were seen as favourable to the employers' side.

Professor Drake has much less experience and is not a national figure. But I understand that he has done good work for the EEF at regional level and is regarded by the Department of Employment as incisive, worldly rather than merely academic, and an effective chairman who produces lucid and well considered reports. Professor Thomason has substantial experience as an arbitrator and, I believe, is regarded as businesslike, though not always subtle on big issues. However, he is currently a member of the DDRB. I think this last fact must put him well down my preferred order. Lastly, I have doubts about Mr Singleton on grounds of age and background.

My preferred ranking is therefore Carter and Armstrong (first equal), followed by Drake, Thomason and Singleton, in that order. Unless you or colleagues should express a different view by close of play on Monday 16th July, I will instruct my representatives to try to secure a Management Panel response to ACAS consistent with that ranking. Whether that can be secured will as usual depend on employer views, not yet known.

/I am sending

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P

CONFIDENTIAL

CONFIDENTIAL

I am sending copies of this letter to the Prime Minister, the Secretary of State for Employment and Sir Robert Armstrong.

*You can.*

*Ken 2.*

CONFIDENTIAL

NAME

Prof. E. G. A. Armstrong BA MCom PhD

DATE OF BIRTH

1923

EDUCATION AND QUALIFICATIONS

Birmingham University BA MCom PhD (Industrial Relations)

LAST MAIN APPOINTMENT

From 1977 Manchester Business School - Professor of Industrial Relations.

CAREER

1940-1942 H. Hope & Sons Ltd, Smethwick - Accounts Clerk.  
 1942-1947 HMF Army  
 1950-1956 Cadbury Brothers Ltd - Management  
 1956-1966 University of Aston - Lecturer in Industrial Relations and Industrial Law.  
 1967-1977 Manchester Business School - Senior Lecturer in Industrial Relations.  
 1967-1974 Various assignments for NPEI + CIR

OTHER INFORMATION

Published works include Books on Industrial Relations and many articles.

From 1977 - Deputy Chairman of the Central Arbitration Committee

Home

Cranbrook  
 High Lea Rd.  
 New Mills  
 Nr Stockport  
 DK 12 3BT.

Work

University of Manchester  
 Booth Street West  
 Manchester  
 M15 6PB.  
 tel - 061 273 8228  
 Ex 117.  
 ~ Ex 114

tel - 0663 42045



Name: CARTER, Sir Charles Frederick,  
MA FBA

Date of birth:  
15 August 1919

Address and telephone number:

Place of work

Policy Studies Institute  
Research and Management  
Committee  
1/2 Castle Lane  
London SW1E 6DR

01-828 7055

Home

'Bankhead'  
The Banks  
Seascale  
Cumbria  
CA20 1QN

Present main appointments:

Chairman, Research and Management Committee, PSI, March 1978

Other appointments

Lecturer in Statistics, University of Cambridge, 1945-1951  
Fellow of Emmanuel College, 1947-1951 (Hon Fellow since 1965).  
Professor of Applied Economics, Queen's University, Belfast,  
1952-1959.

Stanley Jevons Professor of Political Economy and Cobden  
Lecturer, University of Manchester, 1959-1963.

Chairman of a Conciliation Committee between The British  
Textile Employers Association and the Northern Counties  
Textile Trades Federation (appt by parties, not DEP) 1969.

Member of Panel, National Conciliation Board, Co-operative  
Wholesale Society Ltd - 1969.

Secretary General, Royal Economic Society, 1971-1975

Chairman, Centre for Studies in Social Policy, 1972 March 1978  
(merged with PSI).

Director, Friends' Provident Life Office.

Chairman, Research and Management Committee, Policy Studies  
Institute, March 1978-

Vice-Chancellor, University of Lancaster - 1963 September 1978  
(Retired)

Personal particulars

Educated Rugby School; St John's College, Cambridge.

Publications in the field of economics.

Award Clifford Smith Prize, Open Scholar, Christ Church,  
Oxford 1970.

Vice-President, Workers' Educational Association.

Hon DEcon Sc, National University of Ireland.

Official appointments

Various expert committees in scientific, industrial and social  
studies fields 1953-1965.

Member, Committee on Higher Education, Republic of Ireland, 1960.

Member of Independents' Panel of Industrial Court, 1961-1963.  
Independent Chairman, various Boards of Arbitration, 1962-  
Single arbitrator in industrial disputes, 1962-1965 and 1968--  
Member, Working Party to review superannuation arrangements  
of university teachers, 1964.  
Chairman, Schools Broadcasting Council, (DES) 1964-1971.  
Chairman, British Broadcasting Corporation, General Advisory  
Council, (MPT) 1964-1971.  
Member, Advisory Council on Technology, 1964-1966.  
Chairman, North-West Economic Planning Council, 1965-1968.  
Member (part-time), Post Office Board for the North West  
1970-1973.  
Chairman, Committee for the Review of the Post Office (Industry)  
1975-July 1977.

June 1979

NAME

Professor C D Drake MA LL B  
The Faculty of Law  
University of Leeds  
Leeds LS2 9JT

Tel: 0532431751 Ext 6390

DATE OF BIRTH

1.1.1924

EDUCATION AND QUALIFICATIONS

1948 MA Cambridge

1949 LLB Cambridge

1950 Called to the Bar, Middle Temple

PRESENT MAIN APPOINTMENT

Dean of the Faculty of Law, University of Leeds

CAREER

Pupillage at the Bar

Insurance Brokerage firm, Newcastle-upon-Tyne

Law Lecturer, Newcastle Polytechnic

Senior Lecturer in Law, Durham

Professor in Law, University of Leeds

OTHER INFORMATION

Author of Books on Law

Assistant Editor, Industrial Law Journal

ACAS Arbitrator 1975 -

Name: Norman SINGLETON CB Date of Birth: 1913

Address: 34 Willoughby Road  
Hampstead  
London NW3 Tel: 01-435 1504

Present Position: Retired

Qualifications: Emmanuel College, Cambridge

Background details: 1935-69 Ministry of Labour (1956-60  
Under Secretary - Civil Service  
Pay Research Unit)  
1969-74 Secretary/Deputy Chairman -  
Commission on Industrial Relations  
1975- ACAS Arbitrator  
1976- Deputy Chairman Central Arbitration  
Committee

Thomasen, Professor George Frederick, <sup>CBE, MA, PhD</sup> MBIM, CIPM

Date of birth: 27 November 1927

Place of work	Home
University College of South Wales and Monmouthshire Department of Industrial Relations and Management Studies PO Box 78, Cardiff CF1 1XL 0222 44211 Ext 2064/2065	The Red House 12 Mill Road Llanishen Cardiff CF4 5XB 0222 754236

Present main appointments:

Professor of Industrial Relations and Management Studies,  
University College, Cardiff. 1969  
(Dean, Faculty of Economics 1971-1973); (Deputy Principal  
(Humanities) 1974-1977)

Other Appointments:

Held Leverhulme Fellowship for 2 years. (1960/1961)  
Assistant to Managing Director, Flex Fasteners Ltd. 1960-1962  
Employed by the Steel Company of Wales Ltd. November 1966  
Chairman, Committee of Inquiry into Relations within the  
Newport Passenger Transport Undertaking. (1967)  
Acting Head of Industrial Relations Department, University  
College of South Wales and Monmouthshire. 1966-1969  
Reader in Industrial Relations, University College of South  
Wales 1969  
Member of Panel, National Conciliation Board Co-operative  
Wholesale Society. 1969  
Executive Member, Council of Social Service for Wales and  
Monmouthshire  
Chairman of two inquiries (private) into differences between  
the EBC and ABS on grading 1972  
Member Panel of Arbitrators for improvements in pay and  
structure of Job Evaluation Agreement between the  
Banking Staff Council and the NUBE 1972 (Private)  
PM's Chief Examiner in Industrial Relations. Private  
Arbitrator for the Banking Industry

Personal Particulars:

Sociologist - special line in management study  
BA Sheffield; MA Toronto; Phd Cardiff  
Publications: "Personnel Managen's Guide to Job Evaluation."  
(IPM), etc  
Member: BIM; IPM; Royal Society of Arts; Council of Social  
Service (Wales) 1963

Official Appointments:

Served as Dep Chairman/Chairman on various wages councils (DE)  
Member of Panel of arbitration for dealing with demarcation  
disputes within the Boilermakers Society (DE) 1967-1969  
Arbitrator in industrial disputes (DE) 1967-1974 (ACAS) 1974-  
(7 cases between 1974-Dec 81)  
Member, Panel of Arbitrators for South Wales, for dealing with  
demarcation disputes within the Shipbuilding and Shiprepairing  
Industry (DE) 1970-1974; (ACAS) 1974 -  
Chairman, Board of Arbitration between the Guernsey Civil  
Service Association and the States Civil Service Board. 1974  
Member, Panel to consider representations about Employment  
Agency licences (DE) November 1976  
Chairman, Committee of Inquiry into a dispute at Odhams (Watford)  
Ltd. (DE) September 1974  
Chairman, Committee of Inquiry regarding the London Fire Service,  
1976-1977

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AT 9/17

Treasury Chambers, Parliament Street, SW1P 3AG  
 01-233 3000

The Rt Hon Sir Keith Joseph Bt MP  
 Secretary of State for Education and Science  
 Department of Education and Science  
 Elizabeth House  
 York Road  
 London SE1 7BH

9 July 1984

## TEACHERS' PAY ARBITRATION

You wrote to me on 4 July about the appointment of arbitrators for teachers' pay.

Assuming that ACAS would not impose a Chairman unacceptable to the management side, I agree with the tactics you propose to adopt in the fourth paragraph of your letter. For the employers' side member we need a persuasive negotiator, who is highly cost-conscious. Either Mr Ramsey or Mr Betts would be acceptable from this point of view. The latter, however, is still engaged in British Telecom's pay negotiations. Even if available, he might feel that he was in an awkward position, given that BT management have already offered 4.9 per cent to their workforce.

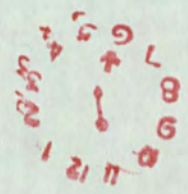
I agree with you that there could be advantage if the primary and secondary arbitration process were to overlap with that for the further education teachers. It should be helpful, as you suggest, if the same individuals handle both arbitrations. I think it will also be important to try to ensure that the primary and secondary teachers' arbitration does not progress very far before the arbitrators turn to the f.e. teachers. As I said in my earlier letter of today, if we cannot achieve a primary and secondary award before the summer recess, it could be to our advantage if the award were to come as late as possible.

I have copied this letter to the Prime Minister, Nicholas Edwards and Tom King; and to Sir Robert Armstrong.

*Handwritten signature of Nigel Lawson*

NIGEL LAWSON

Education: Teachers' Pay Pt 3.



- 9 JUL 1984





Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

5 July 1984

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

A handwritten signature in dark ink, appearing to read 'Sir Keith Joseph'.

#### TEACHERS' PAY 1984

Thank you for your letter of 26 June, and for keeping me so fully in touch with developments. I have also received George Younger's letter of 26 June and your response of 3 July. I shall be replying separately to your letter of 4 July about possible chairmen and employers' representatives on the arbitration panel.

I agree that the terms of reference for the arbitration could have been worse. I am pleased to hear that the award is to be confined to 1984-85 and that the arbitrators have been steered firmly away from the longer term issue of teachers' pay structure and responsibilities.

I am sure that you will be taking all the steps you can to encourage a moderate award, but there is of course no guarantee that it will not be awkwardly high, both in its immediate effects on local authority expenditure, and in its repercussions on other public service negotiations, particularly in the next pay round. Its implications for increased public expenditure could therefore extend much more widely. George Younger has already pointed out the difficulties which could result for Scottish educational groups and there could be much wider effects on local authority and central government employees if this year's settlement is significantly above 4.5 per cent.

It was for these reasons that I raised the possibility that we might seek Parliamentary override in my letter of 7 June. Of course, this is not a step to be taken lightly, and we cannot reach any decision before we know the arbitration award. But as we may need to go down that route, I am anxious that we should minimise the difficulties as far as possible.

When I wrote on 7 June, I hoped it would be possible to seek override, if need be, before the summer recess, at the start of the school summer holidays. I suspect this option is no longer a practical possibility but I should be grateful if you would examine it.

If it is clear that there is no chance of an award before the summer recess, there is, of course, nothing to be gained in pressing for an early decision. Indeed, you might wish to consider whether tactically it would be better if the award came as late as possible during the recess, shortening the gap until the start of the next Parliamentary session.

It also occurs to me that it would be worth considering the possibility of negotiating an increase in teachers' pension contributions as part of this year's pay settlement. Apart from the pensions policy arguments, which we are



discussing in E(PSP), this would enable us to offset at least some of the public expenditure repercussions of a high arbitration award, and, if the award were not too high, could offer an alternative to override.

I understand that our officials are already in touch about your department's contribution to the employers' evidence. I am sure you will be driving home the point you have already made in the House that there can be no question of providing additional funding from central government towards the cost of an excessive teachers' pay settlement. I should add that I also rule out allowing any disregard for local authorities who spend above their targets because of the teachers' settlement.

Copies of this letter go to the Prime Minister, to Nicholas Edwards, Patrick Jenkin, Tom King and George Younger; and to Sir Robert Armstrong.

NIGEL LAWSON

A handwritten signature in dark ink, appearing to read "Nigel Lawson", with a large, sweeping flourish at the end.

Teachers Pay : FE DUCATION Pt 3.



NBPM

AT 4/7

2  
~~CCNO.~~

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

4 July 1984

*Nigel*

**TEACHERS' PAY ARBITRATION**

ACAS are now consulting the two sides of Burnham on possible chairmen and side members of the arbitral bodies for further education and school teachers' pay. Although there must constitutionally be two bodies with two hearings, I think that the management's objectives will be best served by common membership so that there is some prospect of the compromised position of the further education teachers (whose negotiators originally accepted a 4.45% offer) being carried over into the consideration of the school teachers' case.

Each side has the right to tell ACAS that they find inappropriate some or all of the people suggested as chairmen or to indicate preferences. Each side can also suggest other names for consideration by ACAS. In this field the "employers' side" is the management panel of the relevant Burnham Committee. In the end it will be for the management panels to decide what to say to ACAS. I would expect the employer members of those panels to have substantial regard to my views and, as in other panel matters, I have a weighted vote if voting is necessary. But I cannot determine the outcome.

The ACAS shortlist for chairmen is as follows:

Mr S McDowall  
Sir John Wood  
Professor L C Hunter

The particulars provided by ACAS are attached. The list of chairmen is disappointing in both length and composition. In 1982 we were offered five names. As regards those offered this time, Sir John Wood chaired the teachers' arbitrations in 1980 when the school teachers were awarded 14.5% and the further education teachers 14.9%: I hope we can avoid him this time. Professor Hunter is independent Vice-Chairman of the Police Negotiating Board and the teachers have made considerable play

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during this year's negotiations about their earnings relative to those of policemen. I fear that he may tend to think in comparability terms: I also understand that he has something of a reputation as a compromiser. On the other hand I understand that Mr McDowall showed himself receptive to management's arguments based on capacity to pay when he shared the 1982 arbitration on Scottish school teachers' pay. Not surprisingly, our understanding is that he would be unpopular with the NUT. I think that my representatives should argue within the management panel that ACAS should be advised that a list of three, with two unacceptable names in it, is unacceptable as a whole.

Tactically, the panels might seek to improve their chances of securing the appointment of Mr McDowall if they were to suggest other names, ranking those after Mr McDowall but ahead of Professor Hunter and Sir John Wood. Two experienced arbitrators who might be so considered are Professor Tom Johnston, Principal of Heriot-Watt University, and Mr Ian Buchanan of Dundee University (1982 ACAS details attached). Professor Johnston chaired the 1982 (E & W) school teachers' arbitration which awarded 6.0%, compared with the intended "last offer" of 5.9% favoured by the employers but vetoed by my representatives. Mr Buchanan awarded the Scottish further education teachers an increase exactly matching the employers' final offer, in 1980. Both were involved in the 1983 water dispute. Mr Buchanan was the mediator whose report was rejected by the unions: Professor Johnston chaired the subsequent arbitration which produced the final settlement. Subject to your views, I do not think either should be regarded as compromised by his part in that exercise. In favour of Mr McDowall, Johnston and Buchanan is their Scottish connection which means that they will be well aware of the Scottish schools and further education settlements at 4.5% this year. My proposed ranking is therefore McDowall, Johnston, Buchanan, Hunter, Wood. As noted above, we cannot guarantee that ACAS will not appoint from McDowall, Hunter and Wood: my representatives will therefore contend within the management panel that Sir John Wood is particularly unacceptable.

The ACAS shortlist for the management side member is as follows:

Mr C J Hardie  
Mr R J Ramsey  
Mr M J M Clark  
Mr T P Lyons

Of these, Mr Hardie's professional background could be useful (since the management's case rests squarely upon the local authorities' financial position) but his track record (employers' side on the 1981 seamen's arbitration) is not that encouraging. Mr Ramsey was a member of the Megaw Inquiry and should I think be our front runner as the management's side member. Another who might be considered is Mr Michael Bett (1982 details attached). He sat with Professor Johnston on the 1982 arbitration which awarded 6% for school teachers (E & W). I understand that all three are regarded as tough-minded realists, and I propose to advise the management panel that my preferred ranking is Ramsey, Hardie, Bett. However, I would welcome any observations you have on that or on the others suggested by ACAS.

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As yet, I have no indication of the local authority associations' opinions on the names now before us. My representatives should make my views known by Thursday if at all possible. I would therefore particularly welcome comments (if any) before close of play on that day.

Copies of this letter go the Prime Minister, Nicholas Edwards, Tom King and Sir Robert Armstrong.

*Edwards.*

*King.*

CONFIDENTIAL

CHAIRMAN

Name: McDOWALL Stuart MA CBE

Date of birth: 19 April 1926

Address and telephone number:

Place of work

Department of Economics  
University of St Andrews  
St Salvator's College  
St Andrews  
Fife KY16 9AL

0334 ~~74112~~ 76161

Present main appointments:

Senior Lecturer, Department of Economics, University of St Andrews, 1961-

Other appointments

Formerly Consultant to Glenrothes Development Corporation  
Formerly Consultant to Nairn Williamson Ltd  
Currently Consultant to the Highland and Island Development Board  
Personnel Manager, Michael Nairn and Co Ltd 1956-1961 (Production  
Manager 1951-1956)  
Past Secretary, Scottish Economic Society  
Past Member, Scottish Universities Council on Entrance  
Past Master, United Colleges of St Andrews

Personal particulars

Married

Educated: University of St Andrews (1st Class MA Economics and Modern  
History 1951)

Official appointments

Principal Associate (part-time) Tayside Study (S of S Scot) 1969-1970  
Single arbitrator in industrial disputes (DE) 1972-1974  
Arbitrator (ACAS) 1974-  
A Deputy Chairman, Central Arbitration Committee February 1976-  
Arbitrator - annual pay settlement involving the two sides of the  
NJC for Salaries of Academic Staff in Colleges of Education in Scotland 1981  
Chairman Arbitration - annual pay settlement for the Scottish JNC for  
Teaching Staff in School Education 1982

# CHAIRMAN

Professor Sir John Crossley WOOD CBE LL.M. Date of Birth 3 Jan 1928

Address: Faculty of Law                      Home Address: 44 Ranmoor Cliffe Rd  
The University                                      Sheffield S10 3NS  
Sheffield S10 2TN                                      Tel: 0742-303355  
Tel: 0742-75555

## Present

Appointment: Edward Bramley Chair of Law, Sheffield University 1969-

Background: Senior Lecturer in Law Sheffield University and Lecturer Manchester University to 1964  
General practice as a barrister in Manchester  
Second Chair of Law, Sheffield University 1964-69

## Other

### Details:

Chairman Central Arbitration Committee 1976-  
Single arbitrator (DE) 1967-74 (ACAS) 1974-  
Standing Independent Chairman of the Conciliation Committee for the Spinning Doubling and Weaving Sections of the Cotton and Man-made Fibre Textiles Industry 1970-  
Various Wages Councils Appointments (DE) 1963-  
Independent Chairman of Board of Arbitration for the Yorkshire area JIC for the Freestone and Sandstone Quarrying Industry 1968  
Chairman, Arbitration Tribunal to settle a dispute between BBC and Association of Broadcasting Staffs, March  
Chairman, discussions between British Overseas Airways Corporation and British Air Line Pilots Association, 1968  
Chairman, Commission of Inquiry into the Road Haulage Wages Council (DE) 1969-  
Chairman, Court of Inquiry into a dispute at Standard-Triumph, Liverpool, 1969  
Chairman, Board of Arbitration, Michelin Tyre Co and AEF 1969  
Chairman, Court of Inquiry into a dispute between Newtownabbey UDC and GMWU (appointed by MHSS Northern Ireland) 1970  
Chairman, Court of Inquiry into a dispute at Pilkington Brothers, St Helens, 1970  
Member, Safety and Health Inquiry Panel (DE) 1970-72  
Member, Independents' Panel, Industrial Arbitration Board (DE) 1970 - January 1976  
Chairman, Court of Inquiry into a dispute at Larne Harbour between Transport and General Workers' Union and the General and Municipal Workers' Union (MHSS, NI) 1970  
Member (part-time), Commission on Industrial Relations (DE) 1971 - 1974  
Chairman, Arbitral Body to settle a pay claim by Teachers in Colleges of Further Education (DE) 1971  
Chairman, Committee of Inquiry into a dispute between the Teesside, LEA and the Governors of the Sacred Heart School, and the NAS and UWT (DES and DE) 1973  
Member, Council, Advisory, Conciliation and Arbitration Service, August 1974 - February 1976  
Chairman, Inquiry into a dispute at BLMC, Cowley (ACAS) 1975



Member, Legal Studies Board, Council for National  
Academic Awards (DES), 1975-  
Member, Review of the Police Negotiating Machinery  
(Home), August 1977-  
Member, ILO Committee of Experts on the Application  
of Conventions and Recommendations, March 1977-

*Chairman, Standing Commission on Pay Comparability C.S. 1980*  
*March 1981*

CHAIRMAN

NAME

Professor L.C. Hunter MA D. Phil.

DATE OF BIRTH

8.8. 1934

EDUCATION AND QUALIFICATIONS

Hillhead High School, Glasgow  
Glasgow University (MA)  
University College Oxford (D. Phil)

PRESENT MAIN APPOINTMENT

1970 - Professor of Applied Economics, University of Glasgow

CAREER

Formerly Senior Lecturer in Applied Economics, University of Glasgow.

1969 - 70 Professor of Social and Economic Research,  
University of Glasgow

OTHER INFORMATION

1972 Member, Court of Inquiry into a dispute between NCB and NUM (DE)

1974 Chairman, Post Office Arbitration Tribunal (DE)  
Joint Author "Urban Worker"

Name: HARDIE Charles Jeremy Mawdesley BPhil (Econs)

MEMBER

Date of Birth: 9 June 1938

Address and telephone number:

Place of work

Home

The Old Rectory  
Metton  
Norfolk  
NR11 8QX  
Tel: Cromer 761765

Present main appointments:

Partner, Dixon Wilson & Co since 1975

Other appointments:

Junior Resident Fellow, Trinity College Oxford 1967-68  
Fellow and Tutor in Econs, Keble College Oxford 1968-75

Personal Particulars:

Married: 2 sons, 2 daughters

Education: Winchester College, New College, Oxford, Nuffield College,  
Oxford (BPhil Econs). ACA 1965, Peat, Marwick, Mitchell & Co,  
Nuffield College, Oxford 1966-67.

Official appointments:

Director; National Provident Institution 1972-77, Deputy Chairman 1977-80,  
Chairman 1980-;

Alexanders Discount Company Ltd 1978- , Deputy Chairman 1981-

Stockholders Investment Trust Ltd 1979- , Stockholders Investment Trust Ltd 1979-

Unilever Pensions Investment Management Ltd 1980- , IBM UK Pensions Trust  
Ltd 1981- , NAAFI 1981- , John Swire and Sons 1982-

Member, Monopolies and Mergers Commission 1976- , Deputy Chairman 1980- ,  
Council, Oxford Centre for Management Studies 1978- , Hammersmith Health

Authority 1982- , Trustee, Esmée Fairbairn Charitable Trust 1972-

# MEMBER

Name: RAMSEY, Robert John CBE, CIPM, FRSA

Date of birth: 16 August 1921

Address and telephone number:

Place of work

Institute of Personnel Management  
IPM House  
Camp Road, Wimbledon  
London SW19 4UW  
01-946 9100

Home

47 Eastwood Road  
Leigh-On-Sea  
Essex SS9 3AH

070 72884

Present main appointments:

President, IPM October 1981-

Other appointments

Joined Ford Motor Coy as trainee 1937; in 1958 charge of Labour Relations in various sectors of the company's British factories until 1962, when appointed deputy labour relations director until 1969  
Member, Joint Employer/Union Council set up to improve labour relations in the Motor Industry 1969-  
Director, Labour Relations, Ford Motor Company Ltd 1969-1973  
Member, Institute of Directors  
Member, CBI Employment Policy Committee, 1975 - March 1981  
Member, Council of the Industrial Society, 1978-1981  
Director, Ford of Britain Board September 1974 - 25 March 1981 (Retired)  
Director of Industrial Relations, Ford Motor Co Ltd 1973 - 25 March 1981 (Retired)  
Member, Board Yorkshire Television, September 1982-

Personal particulars

Married  
Educated: Royal Liberty School, Romford  
Bilingual English/French  
HMF RAF (F/LT) 1939/1945 WAR (POW)  
CBE New Year 1977. CIPM 1977; FRSA 1979

Official appointments

Member, Commission for Racial Equality (HO), April 1977-June 1982  
(He has special responsibility for the Commission's affairs in London)  
Member, Inquiry into Civil Service Pay (CSD), July 1981-July 1982 (Reported)

MEMBER

Name: CLARKE, Michael John Marshall

Date of birth: 3 February 1927

Address and telephone number:

Home

Osbaston House  
Osbaston  
Monmouth  
Gwent, S Wales  
0600 - 3596

Present status: retired

*January* Director, Personnel Policies, BSC, 1977-1983 )

Other appointments

Assistant Director, The Industrial Society 1964 - 1967  
General Manager, Industrial Relations, British Steel Corporation 1967 - 1969  
Director, Personnel and Social Policy, Strip Mills Division, British Steel Corporation 1970 - 1975  
Director, Social Policy, Personnel Planning and Research, BSC. September 1975-1977

Personal particulars

Married

Official appointments

Member, Court of Inquiry into a dispute at Pilkington Brothers, St Helens  
1970  
Member, Employers Panel of the Industrial Arbitration Board 1971 - 1976  
Member, Central Arbitration Committee February 1976-  
Member, Iron and Steel Industry Training Board December 1977-September 1982  
Member, Review Body, Employment and Training Act 1973 1979  
Member, Police Arbitration Tribunal (Home), 1980-  
*Side Member, ACAS Boards of Arbitration, Employers' panel 1979-*

MEMBER

NAME

DATE OF BIRTH

Terence Patrick LYONS

2 September 1919

"Winter Ride"  
2 Rosefield  
Kippington Road  
Sevenoaks  
Kent

Tel Sevenoaks 456989

EDUCATION AND QUALIFICATIONS

Wimbledon College  
King's College, London (Hons Classics)  
London School of Economics (1 year course in Personnel Management)  
Companion - Institute of Personnel Management  
Fellow - Institute of Bankers

PRESENT MAIN APPOINTMENT

Retired  
Senior Consultant - Pauline Hyde & Associates  
Senior Visiting Fellow - City University Business School

CAREER

1948 - 1954	Unilever Limited
1954 - 1960	Philips Electrical Industries Limited
1960 - 1966	Ilford Limited (Group Personnel Manager)
1966 - 1969	Staveley Industries Limited (Director of Personnel)
1969 - 1981	Williams & Glyn's Bank Limited (Executive Director, Personnel)

OTHER INFORMATION

1971 - 1973	President	Institute of Personnel Management
1975 -	Chairman	Manpower Services Advisory Panel, C.B.I.
1976 - 1977	Chairman	Education and Training Committee, C.B.I.
1977 -	Vice Chairman	" " " "
1975 -	Member	Monopolies and Mergers Commission
1981 -	Member	Manpower Services Commission
1980 -	Member	Council of The Open University
1980 -	Director	Industrial Training Services Limited

PUBLICATIONS

1971 "The Personnel Function in a Changing Environment" (Pitmans)

Numerous contributions to Personnel and Banking publications

RECREATION

Sailing Golf and Music

CLUBS

Army and Navy  
Wilderness Golf  
Chipstead Sailing

Volume:- 3

Name: BETT, Michael MA, FIPM

Date of birth: 18 January 1935

On CSD ...Yes  
(DE, PCP, DTI)

Address and telephone number:

Place of work

Home

British Telecom  
2 Gresham Street  
London EC2  
01-432 1234

The Spinney  
10 Lodge Road  
Bromley, Kent  
01-460 2846

Present main appointments:

Director of Industrial Relations and Personnel, British Telecom April 1981-

Other appointments

Joined Engineering Employers' Federation as Graduate Trainee IR, 1958.  
Deputy Director, Manchester Engineering Employers Association 1964-1966.  
Joint Secretary, Engineering Employers Federation 1966-1963. Assistant Director  
(Industrial Relations) 1968-1970. Director (Industrial Relations) 1970-1972.  
Member, Management Board, EEF, July 1972- December 1977 (Resigned)  
Personnel Director, General Electric Co Ltd 1972-December 1977  
Chairman, Action Learning Trust  
Director of Personnel, BBC, December 1977 - 3 April 1981

Personal particulars

Married

Educated: Aldenham School; Pembroke College, Cambridge BA (History)  
RAF Army (National Service)

Official appointments

Member, Working Party on Large Industrial Sites (NEDO).  
Member (part-time) Pay Board (DE) 1973-1974  
Member, Board of Arbitration to resolve a difference between the General Council of  
Shipping and the National Union of Seaman (ACAS) 1975.  
Member (Part-time) Levy Exemption Appeal Referees (TSD) (DE) November 1975-  
Member, Civil Service Arbitration Tribunal (DE), November 1977-  
Member, Committee of Inquiry Into the United Kingdom Prison Service (Home)  
November 1978-1979

C.H.(2)

NAME

DATE OF BIRTH

Professor T L Johnston MA PhD  
14 Mansion House Road  
Edinburgh EH9 1TZ  
Tel 031-225-8432  
EDUCATION AND QUALIFICATIONS

9.3.1927

PRESENT MAIN APPOINTMENT

1981 - Vice Chancellor

CAREER

- 1955-66. Lecturer, Political Economy, Edinburgh University.
- 1966-69. First Professor of Economics, Heriot-Watt University, Edinburgh.
- 1969-72. Dean of Faculty of Humanities, Heriot-Watt University, Edinburgh (3 year appointment).
- 1972-76. Professor and Head of the Department of Economics, Heriot-Watt University, Edinburgh.
- 1977-80. Chairman, Manpower Services Committee for Scotland.

OTHER INFORMATION

Member of the list of arbitrators in industrial disputes (DE - now ACAS) 1965-

Member of Panel of Arbitrators dealing with demarcation disputes within the Boilermakers Society.

Member of Panel of Arbitrators dealing with demarcation disputes within the Shipbuilding and Repairing Industry.

Several appointments as Chairman, Board of Arbitration involving the Post Office and Post Office Unions.

Involvement with various Wages Councils.

Carried out enquiry into the reorganisation of Staff Representation in the Banking Industry.



Name: BUCHANAN Ian Loraine BA AIB

Date of birth: 2 January 1930

Address and telephone number:

Place of work  
Department of Economics  
University of Dundee  
Perth Road  
Dundee  
Angus DD1 4HH  
0382 23181 Ext 401

Home  
7 Beechwood Terrace  
West park  
Dundee DD2 1NW  
0382 65276

Present main appointments:

Senior Lecturer, Department of Economics, University of Dundee  
1962-

Other appointments:

Formerly with Lloyds Bank Ltd, Newcastle upon Tyne 1945-1952  
Assistant Sales Control Manager, Imperial Chemical Industries  
1957-1962  
Lecturer in Economics, Queen's College, University of St Andrews  
1962-1969  
Economic Adviser, (seconded) Ministry of Housing and Local  
Government 1968  
Secretary, Inquiry into a dispute between Chrysler (UK) Ltd and  
EETPU (private arbitration) 1973  
Consultant to Tayside Study 1969  
Consultant for Murray Firth Study 1967

Personal particulars:

Married  
Educated: Rutherford Grammar School, Newcastle-upon-Tyne;  
University of Durham; Kings College, Newcastle-upon-Tyne BA  
(Economics)  
Associate of Institute of Bankers

Official appointments:

Single Arbitrator in Industrial Disputes (DE) 1972-1974  
Arbitrator (ACAS) 1974- (55 cases 1972-80, 11 cases 1950-2)  
Chairman, Arbitration on London Underground (LUE) Pay (DE), June  
1979.

Education: Teachers' Pay A3 .

CONFIDENTIAL

CENO



WSPM

AT 3/7

DEPARTMENT OF EDUCATION AND SCIENCE  
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
 TELEPHONE 01-928 9222  
 FROM THE SECRETARY OF STATE

3 July 1984

*San Nield.*

TEACHERS' PAY 1984

I have seen George Younger's letter to you of 26 June.

I recognise the real difficulties which an arbitral award to teachers in England and Wales in excess of 4.5% would cause for him and I shall indeed do everything I can to try to secure as low an arbitration award as possible.

As for seeking Parliamentary override, you yourself have already in your letter of 7 June noted the need to give this matter the most careful consideration in due course. Like you, I do not think that this is a step to be taken lightly and it is certainly not one on which we should pre-judge our decision.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Northern Ireland, Scotland and Wales and to Sir Robert Armstrong.

*Lawson/Keir.*

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON SW1P 3AG

EDUCATION : Teachers Pay : P-3

23 JUL 1984  
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*u/ko**Annex coming**NBPM**26/2*

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

26 June 1984

*Dear Nigel,*

## TEACHERS' PAY IN 1984

The Burnham Primary and Secondary Committee met today. The meeting took the course which I envisaged in my letter of 20 June and it concluded with an agreement that this year's pay settlement should be referred to arbitration on the terms set out in the annex to this letter, those terms to be accompanied by a letter incorporating the supplementary statement also given in the annex.

*File with AT*

My representatives made clear my and the Government's continuing opposition in principle to arbitration. However, the terms which have now been agreed do at least make clear in the most decisive terms that the arbitrator is being invited to look at a one year pay settlement and nothing else. The terms could have been worse.

The arbitral process will now be set in hand by the independent chairman of the Committee who must according to the rules inform the ACAS and invite them to convene an arbitral body. My officials are already in touch with yours on our preparations for taking a full part in the arbitral process.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

*Nigel Lawson*

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treadury  
Parliament Street  
London SW1P 3AG

EDUCATION: Teachers Pay  
Pt 3

26 JUN 1984

11 12 1 min  
Great Lakes  
1984

TERMS OF REFERENCE

To determine in respect of the 12 month period beginning 1st April 1984 an increase in the salary scales and allowances (except London, Fringe Area and Social Priority allowances) in the light of the Teachers' Panel's claim and the Management Panel's response; without making any award or recommendation in respect of changes in the structure of teachers' pay and responsibilities.

---

A paragraph in the joint letter conveying the terms of reference would say:-

"The Burnham Committee has established a Joint Working Party which is examining the teachers' pay structure, duties and responsibilities and conditions of service. It is for this reason that the Committee does not wish the Arbitrators to make any alteration in the existing structure or even to comment upon it."



NBRM  
AT 26/2  
G 1/10

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

26 June 1984

*Dear Nigel,*

TEACHERS' PAY IN 1984

I am grateful to Keith Joseph for letting me see a copy of his letter to you of 12 June about the decision to offer arbitration on teachers' pay. I have now seen his further letter of 20 June.

I know that Keith will do everything possible to try to ensure as low an arbitration award as can be obtained. Any arbitration award beyond the 4.5 per cent which has already been accepted by teachers in Scotland would be potentially very embarrassing to me. In accepting 4.5 per cent the Scottish teachers complained that it represented further erosion of salary and said that their members should not be expected willingly to continue to undertake additional work in connection with Government-inspired curriculum development programmes if the Government were unwilling to provide more finance to meet higher pay settlements. The Educational Institute of Scotland proposes to mount a campaign, beginning in the autumn for a comprehensive review of teachers' pay, and the Scottish Secondary Teachers' Association has already put to me a proposal, which I have rejected, for "an immediate independent review of the salaries of teachers similar to that of Houghton". An award above 4.5 per cent south of the border would undoubtedly lend additional force to representations such as this.

Even if the teachers could be fended off until next year's pay negotiations, there would be considerable difficulties then, since the Scottish teachers would undoubtedly want to restore parity with their colleagues south of the border and obviously would be much more inclined to press for arbitration than they were this year. The difficulty for Management might be complicated also by the local authorities having to meet - like their English counterparts this year - an increase in superannuation contributions following the Government Actuary's quinquennial review of the Scottish Teachers' Superannuation Scheme.



I realise of course that we cannot guarantee an acceptable recommendation from arbitration proceedings. I think, however, that if there is an award in excess of 4.5 per cent we shall have to give very serious consideration to the case for initiating Parliamentary procedure to set it aside - difficult though that may be.

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Education and Science, Wales and Northern Ireland, and Sir Robert Armstrong.

Yours we,

George

CONFIDENTIAL

SE NO



ELIZABETH HOUSE,  
YORK ROAD,  
LONDON SE1 7PH  
01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

Prime Minister (2)  
To note X on next page

11

20 June 1984

AT 20/6

*Jim Nigel.*

TEACHERS' PAY IN 1984

The Burnham FE Committee met on 18 June and agreed that this year's pay settlement should be referred to arbitration on the terms set out in Annex A to this letter, those terms to be accompanied by the statement at Annex B.

My representatives argued against and voted against these terms. This accords with the strong line that we have taken against arbitration throughout. My representatives particularly argued against leaving open the possibility of an arbitrator deciding in favour of that part of the teachers' claim which seeks automatic progression for FE lecturers from Scale 1 to Scale 2. The Management Panel were unanimous in wanting to avoid a phased arbitral award and any forward look by the arbitrators at the sort of salaries FE lecturers might receive beyond the financial year 1984/85. After considerable debate in which my representatives argued that there should be absolutely no room for doubt, the local authority representatives on the Panel satisfied themselves that although it was impossible to prevent an arbitrator from interpreting terms of reference by his own lights, the precise reference to 1 April 1984 went as far as the Panel could get in seeking to preclude an arbitrator from determining or anticipating salary scales from any other dates. In the vote on whether to offer these terms to the Teachers' Panel, the two Associations were unanimously in favour and my representatives were therefore outvoted by 13 votes to 8.

All this said, the terms could be much worse, and I take some comfort from the incorporation of the provisional agreement reached in Burnham on 16 April which the Teachers Panel subsequently failed to ratify.

This arbitral process may be interrupted by the Association of Polytechnic Teachers (APT). The APT were given a seat on the Burnham FE Committee in 1980. Their admission was bitterly opposed by the National Association of Teachers in Further and Higher Education (NATFHE) who since then

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# CONFIDENTIAL

have refused to allow the APT to take part in Teachers' Panel meetings. Having been denied the opportunity to play its full and proper part in the deliberations on arbitration in accordance with the arrangements which the holder of my office makes under the Remuneration of Teachers Act 1965, the APT have announced their intention to apply for a judicial review seeking an injunction restraining the Burnham FE Committee from proceeding to arbitration until the arrangements have been properly complied with. It may well be, therefore, that the APT and the Courts could prevent the FE teachers from getting to arbitration before the school teachers.

X

The Burnham Primary and Secondary Committee meets on Friday. Following the outcome of Monday's meeting, the assumption must be that the Association of County Council's only condition for agreeing to a reference to arbitration will be that the arbitrator should be explicitly excluded from considering any reform to the teachers' pay structure. I propose to instruct my representatives to maintain our stand in principle against arbitration; to argue against and vote against harmful forms of words; and to avoid voting for any particular terms of reference - this would probably be represented as voting in favour of arbitration. If agreement on such terms proves difficult it is always possible that the Management Panel's attention will be drawn again to the possibility of higher offers. In the unlikely event of the Management Panel proposing to make an offer above 4.5% in total cost terms, my representatives will argue and vote against and, if need be, formally veto such an offer.

[In the meantime I have taken the opportunity at question time in the House today to place formally on record the Government's position that there can be no question of additional resources being made available to local authorities].

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Northern Ireland, Scotland and Wales and to Sir Robert Armstrong.

*Evans*  
*Keir*

CONFIDENTIAL

Terms of Reference

To determine the salary scales (and allowances except London and Fringe Area Allowances) to be paid to teachers in Further Education with effect from 1st April 1984 in the light of:-

- (a) The claim submitted by the Teachers' Panel
- (b) The response of the Management Panel
- (c) The provisional agreement reached in the Burnham Committee on 16th April 1984 (including the percentage increase applicable to all; the additional sum by which the maximum of the L1 scale was to be increased; and the agreement to conduct a fundamental review of the pay structure and related conditions of service).

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DES notes

- (a) Summarised in Teachers' Panel letter dated 24 February 1984 as:

"We seek a substantial percentage increase for all such staff on scales and allowances, sufficient to make a significant step towards the restoration of their standards of living and to return them to acceptable external relativities. We further seek one change in structure, namely the automatic transfer of Lecturers Grade I at the top of the scale to the appropriate point on the Lecturer Grade II scale."

- (b) As made in Burnham Committee meetings culminating in (c).
- (c) Set out in the Secretary of State's letter to the Chancellor dated 18 April 1984. The following statement was also agreed on 16 April:

"Both parties are agreed on the need for a fundamental review of the current salary structure and related conditions of service. The aim is to develop further the efficiency and flexibility of the service, and to ensure adequate career prospects for the teachers delivering that service. Both sides will aim to make significant progress so that next year's pay negotiations can take account of the position achieved. To emphasise the importance of this work elected members on both sides will play a major part in the conduct of the review, which will begin as a matter of urgency."

ANNEX B

The pay structure for FE Teachers is complex and diverse. Arbitrators and other third parties have commented in the past that it is difficult for them to appreciate the issues underlying structure proposals and to assess the implications and possible effect of change.

For these reasons arbitrators have usually confined their awards to straightforward pay increases on which they are confident of their expertise.

This cautious approach accords well with the wish of the Employers' Side and we know that is, in general, commended by the Teachers' Panel.

We therefore believe that we should together express to the arbitrators, in conveying the terms of reference, that both the Burnham FE Committee and the National Joint Council for FE Teachers have the shared view that general structural change is best brought about by negotiation in those bodies themselves or through mechanisms which they establish. On 16 April both Side acknowledged that the problems of the FE service required a full review of the system which should be conducted as soon as possible through these normal bargaining arrangements.

20 JUN 1964

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CONFIDENTIAL



CC No. 10  
 Pinner Minister (2)  
 AT 12/6

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 London SW1P 3AG

12 June 1984

*Dear Nigel,*

## TEACHER'S PAY IN 1984

As you will now have heard, the management panels of the Burnham Primary and Secondary and Further Education Committees yesterday decided in favour of arbitration provided acceptable terms are agreed by the teachers. I very much regret this and have already made clear the fact that there can be no question of any additional money to help employers to meet the cost of an arbitration award. My representatives argued against and voted against arbitration of any kind, in both panels. In the event, the resolution of the Association of County Councils (ACC) to hold out against arbitration in the face of disruptive action by teachers failed. In the Primary and Secondary Management Panel the voting was 22-18 in favour of conditional arbitration, only 3 members voting with my representatives. In the further education panel the voting was 11-9, with only one following the government vote.

Employer members of the Primary and Secondary Management Panel have now requisitioned a meeting of the Burnham Committee "for the purpose of discussing acceptable terms of reference to arbitration". The letter continues: "the Management Panel wish to make it clear that they are only prepared to go to arbitration on this year's pay claim alone, excluding entirely matters which are properly in the province of the Joint Structure Working Party". A similar limitation was envisaged for further education.

The Burnham Further Education Committee comes together again on 18 June and the Primary and Secondary Committee on 22 June. At those meetings my representatives will seek to limit the damage already done by insisting that the determination to limit the arbitral reference to this year's increase only should be maintained, whatever the teachers say. It will be important to prevent the arbitrators

CONFIDENTIAL

Offering hostages extending into 1985 and beyond, perhaps on questions of teacher management strictly outside the scope of Burnham. My representatives will also seek to ensure that any further education hearing is held before that for primary and secondary teachers, since the former group must be somewhat compromised before arbitration by their earlier non-ratified acceptance of a 4.45% offer in April. Conceivably that might help a little during a primary and secondary arbitration, though we would be unwise to expect too much gain from such sequencing.

As noted above, this outcome is most regrettable and entirely attributable to the employer's failure to hold firm in the face of disruption in schools. However, now that my representatives have been out-voted in both management panels, our concern must be damage-limitation, with the panels being encouraged to present the best possible case at arbitration. My officials will be in touch with yours about the kind of economic and financial evidence we would wish to see presented at arbitration.

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

G. G. G. G. G.

Kerr.



12 JUN 1984

9 8 7 6 5 4 3 2 1  
# 12 13 14 15 16 17 18 19 20  
21 22 23 24 25 26 27 28 29 30 31 32





NBP  
AT 2/8  
CC NO.

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

7 June 1984

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State,*

**TEACHERS' PAY 1984**

You wrote to me on 4 June asking for my comments on the instructions you should give your representatives at the Further Education Teachers, and Primary and Secondary Teachers meetings, on Friday and Monday next.

In my view, your representatives should continue to argue and vote against increases in the offers made to both these groups and against arbitration. Any vote by them in favour of arbitration, or even abstention, would undermine the stance we have been taking and would make it more awkward for the Government to refuse arbitration for non-industrial civil servants, and subsequently for the NHS.

Like you, I see real dangers in the employers' side pressing for flip-flop arbitration in the case of the school teachers. The likelihood is that the latter would quickly scale their claim down to something which the arbitrator might regard as quite reasonable, particularly if this kind of arbitration had been forced by the employers. Therefore I hope you will be able to impress on Mr Merridale the very high risks involved in the course that he apparently favours.

If arbitration does take place, we shall need to consider carefully whether it would be right to seek Parliamentary override. This is not of course a step to be taken lightly and I would not wish to prejudge our decision now. But even if the arbitration process is reasonably swift, I doubt if it could be completed before the end of June. This would leave very little time for the necessary Parliamentary steps to be taken before the Summer Recess.

I am copying this letter to the recipients of yours.

*Yours sincerely*

*Margaret O'Hara*

NIGEL LAWSON

*(Approved by the Chancellor  
and signed in his absence)*

Educa. Teachers Pay Pt 3

11 12 1 2 3 4 5 6 7 8 9 10 11 12

07 JUN 1984



Minister of State

Department of Employment:  
Caxton House Totnall Street London SW1H 9NF  
Telephone Direct Line 01-213..... 6670.....  
Switchboard 01-213 3000

Miss C E Hodgkinson  
Private Secretary to  
The Rt Hon Sir Keith Joseph Bt MP  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1

7 June 1984

*Dear Elizabeth,*

P & S AND FE TEACHERS PAY

My Minister of State, Mr Gummer, has seen your Secretary of State's letter of 5 June to the Chancellor of the Exchequer on which comments were invited by noon today.

He considers that your Secretary of State's representatives should continue to argue against, and vote against, arbitration at the meeting of the Burnham FE Committee tomorrow and at the meeting of the management panel of the Burnham P & S Committee on Monday 11 June. He believes that it would be undesirable for them to vote for arbitration, or to abstain from voting against it, in either forum. This would, in his view, be inconsistent with the Government's general stance and with its previous approach to these particular negotiations. It would also make it more difficult to justify refusing arbitration for the non-industrial Civil Service and for non-nursing NHS groups; which may shortly be necessary in both cases - if we are not to continue to have a situation where the employer is pushed to the highest possible limit and then arbitration is used to add a slice on top.

He takes the view that the possible tactical advantages of sending the FE teachers to arbitration before the P & S teachers (if arbitration proves to be inevitable) are insufficient to outweigh the need to continue to take a firm line against arbitration as such. It is in any event not clear how much weight an arbitrator would attach to the provisional agreement by the FE teachers' negotiators to 4.5%. Nor, if both groups were to go to arbitration, would it be possible to ensure that an award for FE teachers was made first even if their reference was made first.

He also considers that everything possible should be done to dissuade Mr Merridale from pursuing his idea of "flip-flop" arbitration for the P & S teachers if the voting at the meeting on Monday goes in favour of some form of arbitration. The terms of reference would need to be agreed with the teachers' unions and they would no doubt insist on substituting a more moderate claim (perhaps 6%?) for their present unquantified claim.

Copies of this letter go to the Private Secretaries to the Prime Minister, the members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

*Yours sincerely,*

*Jeremy Cowper*

JEREMY COWPER  
Private Secretary

Education  
Teaching Key  
1983

1983 JUN 07

07 JUN 1983



## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

BP with  
 reference NO  
 AT 5/16

NAPM  
 AT 6/16

Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON SW1P 3AG

5 June 1984

*Dean Hygel.*

## P&amp;S AND FE TEACHERS' PAY

There is to be a meeting of the Burnham FE Committee on Friday 8 June, and a meeting of the management panel of the Burnham P&S Committee on Monday 11 June. No meeting of the full Burnham P&S Committee is fixed at present, but one could follow shortly behind the management panel meeting. As you know, the present negotiating position is that the FE Committee agreed on a settlement at 4.5%, but the FE teacher unions failed to ratify that settlement. They now want a higher offer rather than arbitration. The P&S teachers have rejected a 4.5% offer, and want arbitration.

I met the AMA leaders, Mrs Harrison and Mr Pearman, yesterday, at their request. The AMA is anxious to bring industrial action in the schools to an end as soon as possible, at the lowest cost. They believe the way to achieve this is to send the FE teachers to arbitration first (on Friday), and to allow the P&S teachers to go to arbitration slightly later. They think it important to get the FE teachers to arbitration first, because a low arbitration award seems probable in the light of the teachers' negotiators' agreement to 4.5%. It is doubtful, however, whether the FE teachers would agree to a reference to arbitration this Friday. Because AMA want to end the industrial action in the schools they will not agree to delaying a P&S reference to arbitration by voting against it in the management panel meeting on Monday.

Mr Merridale, for the ACC, wants to prevent an FE reference to arbitration on Friday because he believes a P&S reference to arbitration should lead. He proposes to seek an agreement in the management panel on Monday to offer the P&S teachers "flip-flop" arbitration between the existing offer of 4.5% and "the teachers' claim". This claim has not been quantified as a single percentage, but the management panel would argue that it amounted to 31%. He does not expect the teachers to agree to arbitration on this basis, but hopes to win public opinion for the management position in advance of whatever reference to arbitration, on a "flip-flop"

sis, actually takes place. Mr Merridale recognises the difficulty of seeing precisely where this course of action would lead. It must be probable that the management committee discussion on Monday will leak and that the teachers will have formulated their claim as a percentage figure for arbitration purposes - at a level which will be judged as reasonable by the public - before a Burnham P&S Committee meeting can take place.

We must recognise that there are tensions between the AMA and the ACC. Mr Merridale is anxious that the FE teachers, where the negotiations are AMA-led, should follow behind the P&S teachers, while the AMA leadership not surprisingly takes the opposite view.

It is against this background, and against the wider background provided by the civil service pay negotiations and the review body recommendations we are to consider in Cabinet on Thursday, that I have to decide what instructions to give my representatives. Their present instructions are to veto offers above 4.5% and to vote against any proposal for arbitration. There is I think no risk at this stage of an offer above 4.5%, partly because of my veto but also because neither the AMA nor the ACC shows any inclination to make such an offer. On the other hand arbitration for one of the teachers' groups, or perhaps both, seems almost certain soon whatever instructions I give my representatives. I therefore have to consider whether they should vote tactically in an attempt to bring about what is likely to be the least damaging form of arbitration. I see the two main alternatives as being these:

- i. I could instruct my representatives to argue and vote against arbitration of any variety in both committees. The probability is that they would prevail with ACC support on Friday, but lose on Monday when both the ACC and the AMA are likely to vote in favour of arbitration for the P&S teachers. It is not certain that this would be the outcome, for I think the ACC may still be divided; but I believe that before the end of Monday enough AMA and ACC members would vote together to force arbitration. Moreover if Mr Merridale has his way the agreement will be for arbitration on the flip-flop basis. I believe that would be very dangerous. Consistent voting against arbitration might well therefore lead to the P&S teachers going to arbitration in advance of the FE teachers, and possibly on a flip-flop basis.
- ii. Alternatively, if I accept that there is going to be a reference to arbitration soon, I could seek to bring about a preferred form and order. Distasteful as any reference to arbitration would be, I think it would be less harmful for the FE teachers to be sent to arbitration first on the traditional basis - rather than the flip-flop basis. I could therefore instruct my representatives to begin their participation by arguing against any form of arbitration, but to concede that if there is going to be a reference to arbitration at all then the FE teachers should go first. To achieve this outcome, they would probably have to vote with the AMA against the ACC on Friday (even then the FE teachers may well refuse arbitration on that day).



Clearly neither alternative is attractive. But I do not see a third course that is preferable. The first course, though unlikely to yield a favourable outcome, is consistent with our views, and I propose to instruct my representatives to act accordingly.

They will have to say that I believe management should stand firm against a higher offer or arbitration, despite damage through industrial action, and wait for the teachers to see reason. I shall, of course, be accused of not caring about the education of our children, and of failing to offer any constructive suggestions. I propose to authorise one exception to this line. If, on Friday, it should become clear that the FE teachers would accept arbitration if it were offered, my representatives would abstain (but not vote with AMA against ACC), in recognition that an FE reference to arbitration is preferable to a P&S reference.

If you have comments on the instructions I propose to give my representatives, it will be important that I should receive them before mid-day on Thursday 7 June.

Copies of this letter go to the Prime Minister, the Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

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EDUCATION: Teacher Pay.  
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SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

17/5  
16 May 1984

Dear Nigel,

TEACHERS' PAY NEGOTIATIONS 1984

I am writing to report that at a meeting of the Scottish Joint Negotiating Committee for Teaching Staff in Further Education (SJNC(FE)) held on 5 May agreement was reached on a 4.5 per cent increase across the board to lecturers in local authority further education colleges, central institutions and colleges of education in Scotland. This is exactly in line with the 4.5 per cent award to school teachers in Scotland which Allan Stewart reported in his letter to you of 24 April.

My representatives had made it quite clear that the centrally-funded institutions, whose finances assume a 3 per cent pay increase in 1984, can expect no additional funding for a settlement over 3 per cent. The Management Side therefore considered the possibility of a differential offer of 4.5 per cent for the locally funded sector and 3 per cent for the centrally funded sector, but decided against this, partly for reasons of equity, partly because it would have seriously distorted salary scales which had been brought into conformity only within the last two years, and partly because of a threat of disruptive action by staff in the centrally-funded sector.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Education and Science, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours weis,  
George

EDUCATION: Teachers Pay  
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14/5

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

14 May 1984

*Dear Nigel.*

## TEACHERS' PAY 1984

I enclose copies of an exchange of letters with John Lovill, Chairman of the ACC Executive Council. He is clearly concerned lest other public service/sector settlements and offers should reduce the chances that school teachers will ultimately accept the present 4.5% offer. I imagine that he has nurses and perhaps also the Civil Service particularly in mind.

Clearly we can give him no guarantee that a settlement or offer above 4.5% will not arise elsewhere. However, school teachers are a large and now very visible body of public service employees, and it will be very much in our interest to try to avoid leap-frogging figures cropping up elsewhere, until their pay has been settled. It is for that reason that I bring this correspondence to your and colleagues' attention.

Copies of this letter and my correspondence with John Lovill go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Yours*

*Kevin*

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

14 May 1984

*Mr. Lovell*

PUBLIC SECTOR PAY SETTLEMENTS

Thank you for your letter of 2 May.

I share your hope that the teachers will come to accept the 4.5% offer now made to them. Friday's FE agreement in Scotland at that figure must help a little. Your point about the possible impact of other public service/sector settlements and offers is well taken by me, and I am now calling it to the attention of colleagues with responsibilities for other services and sectors.

*Erasmus*

*Kevin*

Mr J R Lovill CBE DL  
Chairman of the Executive Council  
Association of County Councils  
Eaton House  
66A Eaton Square  
London SW1W 9BH

6/15  
From: Mr J R Lovill CBE DL, Chairman of the Executive Council

ASSOCIATION OF COUNTY COUNCILS

EATON HOUSE, 66A, EATON SQUARE, LONDON, SW1W 9BH

The Right Hon Sir Keith Joseph MP  
Secretary of State for Education  
and Science  
Department of Education and  
Science  
Elizabeth House  
York Road  
LONDON  
SE1 7PH

2 May 1984

RECEIVED 4 MAY 1984

*Dear Keith*

PUBLIC SECTOR PAY SETTLEMENTS

It is wholly regrettable that the school teachers' union leaders have rejected the pay offer of 4.5 per cent, especially as teachers in Scotland and in colleges in England and Wales have settled at that figure.

The offer remains available and we must hope that sense will prevail though it is not likely to do so immediately and probably not until some time after the one-day strike on 9 May.

Teachers generally will be watching closely and be influenced by settlements and offers in other parts of the public service and public sector. I am sure that you and Ministerial colleagues will readily see this point. I should be most grateful for any assistance which can be given to avoid developments elsewhere which might jeopardise ultimate acceptance of 4.5 per cent.

*Yours ever  
John*

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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

2 May 1984

*Dear Nigel.*

SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

The Burnham (Primary and Secondary) Committee reached impasse yesterday.

This meeting was requisitioned by the employers without consultation with this Department. No doubt that action reflected disappointment that earlier overtures had failed to bring the teachers back to the negotiating table and the employers' wish to try again for a negotiated settlement. But it also created an expectation that the first move in resumed negotiations would be for them to make. In the event, the teachers refused to consider further negotiation unless the management panel was willing to make a quantified open offer. After careful consideration, the employers unanimously decided to offer 4.5%, which was rejected - again unanimously - by the teachers' panel. They then asked again for arbitration: that was refused, though with eight AMA members within the management panel voting for it against the ACC membership and my representatives' weighted vote, totalling 30.

It is not easy to see how this matter can be resolved. Much may depend on whether the teacher unions can sustain a campaign of action in schools against the background of a public offer of 4.5%. Piecemeal disruptive action must be expected immediately and the NUT have a one-day strike fixed for 9 May. I will take stock again at that stage if there are no developments in the interim. Meantime, I believe that our line should be that we regret very much the teachers' refusal of a 4.5% offer which stretches to the very limit their employers' capacity to pay and to deplore their willingness to take action designed to disrupt

/the education

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P

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the education of their pupils. I shall certainly be saying that I hope that the individual teachers will reflect on the irresponsible and unprofessional course that their union leaders intend that they should embark upon and reconsider the 4.5% offer which remains on the table.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Lawson,*

*Kear.*

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## Teachers' Pay

3.30 pm

**Mr. Giles Radice** (Durham, North) (*by private notice*) asked the Secretary of State for Education and Science if he will make a statement about the dispute on teachers' pay.

**The Secretary of State for Education and Science (Sir Keith Joseph):** I very much regret the teacher unions' refusal of a 4.5 per cent. offer which—as was made quite clear to them—would stretch to the very limit and for many beyond—their employers' capacity to pay. I am very sorry that the teacher unions should be willing to contemplate action designed to disrupt the education of their pupils. I hope that individual teachers will now reflect on the irresponsible and unprofessional course which union leaders are inviting them to embark, and that union leaders will reconsider the 4.5 per cent. offer which, I understand, remains explicitly on the table.

**Mr. Radice:** Does the Secretary of State realise that his own statement and actions have made a major contribution to the breakdown of negotiations and to the possible disruption of our children's education? Did he not write the unrealistic assumption of 3 per cent. into the education support grant, which has made it difficult for local education authorities? Did he not insult the teachers, 70 per cent. of whom earn less than £10,000 a year, by telling them that large numbers of candidates were coming forward for jobs at current rates of pay? Did he not influence the initial offer of 3 per cent. when Scottish teachers had already been offered 4.5 per cent.? Does he accept that the agreement with the further education lecturers shows that a settlement of 4.5 per cent. might have been possible a month ago if he had not so misjudged the position? Does he not understand that arbitration, which the teachers agree to accept, is the normal way out of teachers' disputes and would end this dispute before our children's education was seriously disrupted? Will he learn from his past mistakes, act before it is too late and put the weight of his office and the votes of his Department on the relevant Burnham committee behind arbitration?

**Sir Keith Joseph:** The short answer to all those questions is no, Sir. Once again the Labour party representative seeks to end a problem, which could be settled by realistic negotiation, by throwing taxpayers' money at it. It was not an insult to remind the teachers that large numbers of excellent candidates for the teaching profession are coming forward at present rates of pay. Moreover, union leaders had every reason to know that there were still prospects of negotiation and that they faced no wall at 3 per cent. My answer, therefore, is no, Sir.

**Mr. David Madel** (Bedfordshire, South-West): As resources are limited and as changes in the curriculum will require more specialist teachers, should not the present offer be accepted so that major salary structure talks can proceed in a reasonable atmosphere with no disruption in the schools?

**Sir Keith Joseph:** Emphatically, I answer yes to my hon. Friend. There are limited resources and only people in the Utopia occupied by Labour party representatives seem to think otherwise.

**Mr. Clement Freud** (Cambridgeshire, North-East): How is it that the Secretary of State can be so remote from

the profession that he represents that the rejection of a humiliating and unacceptable offer should come as a surprise to him? Will he accept that it is the intransigence of the employers that is exacerbating the misery of school teachers?

**Sir Keith Joseph:** If I represent anyone in the educational world, it is the pupils and their interests, which trade union leaders are threatening to damage.

**Mr. Alan Haselhurst** (Saffron Walden): Is not the paramount point, as we are so often told, the education of our children? Is that not generally assisted by the presence of a teacher in the classroom? Can my right hon. Friend encourage the reconsideration that he mentioned by stressing the need for talks on restructuring of teachers' pay and career prospects?

**Sir Keith Joseph:** I entirely agree with my hon. Friend. I hope that most teachers, who are responsible and dedicated people, will take that point of view. As for the discussions on the new structure for teachers' pay, I am interested in the outcome, but I have always made it plain that I shall commend it to my colleagues only if it is professional and reliable. The conduct of teachers, if they follow their union leaders' advice to disrupt pupils' education, will not encourage that attitude.

**Mr. Martin Flannery** (Sheffield, Hillsborough): Does not the Secretary of State realise that it is an abuse to talk about a long line of people wanting jobs at current rates of pay when 4.5 million people are out of work and want jobs? Does he remember the Houghton report on comparability of teachers' pay of 1974, which admitted that teachers had fallen more than 30 per cent. behind their professional colleagues? The Labour Government of the day put that right, but unfortunately that 30 per cent. has now been eroded. When the right hon. Gentleman talks about the union leaders telling teachers to strike, he should be aware that I have just been to a conference where teachers voted to tell their union leaders to lead them in a strike. Does he not realise that this orderly and moderate section of the community, which never willingly goes on strike—

**Mr. Speaker:** Briefly.

**Mr. Flannery:** —is now in desperation being forced, as a result of Government policy, to go on strike and that he should let arbitration proceed and settle the matter?

**Sir Keith Joseph:** One of the problems might precisely be that the trade union leaders concerned have just returned from seaside conferences with their active members like the hon. Member for Sheffield, Hillsborough (Mr. Flannery) who has just spoken so misleadingly. I believe—I am sure that many teachers would agree—that the attitude which led to the Houghton report was one of the stages of decline from which the Government and its predecessor have had to rescue the economy.

**Mr. Harry Greenway** (Ealing, North): Will my right hon. Friend urge the teachers to think again about embarking on action that will damage the examination chances of pupils and their prospects for later life, damage children who are already deprived by kicking them out of school when they need to be there and damage the nation's future by disrupting education without having gone through every possible avenue on talks on this important matter?

normally in Nottinghamshire, Leicestershire, Warwickshire, Staffordshire, Lancashire, Derbyshire, Cumbria and north Wales. Partial working took place at a further nine pits.

**Mr. Wilson:** The House will have greeted with great disappointment the Prime Minister's response to a request for an inquiry. If a failure by the security forces led to the death of a policewoman and causes concern to the people, if not to Government Members, will the Prime Minister promise that she will publish a report on her inquiry into the case and come before the House to tell us exactly what happened? Will she then tell us who was responsible for

any of the events which might have led to the unfortunate events and, in particular, to the death of the woman police constable?

**The Prime Minister:** No, Sir. I answered that question, but perhaps the hon. Gentleman could not hear it because of the noise. I said that I had already given instructions for the circumstances leading up to the event of 17 April in St. James's square, including intelligence and other information available, to be thoroughly reviewed. I went on to say:

"If there are lessons to be learnt with regard to the arrangements for handling, disseminating and assessing intelligence, the necessary changes will be made."

I am afraid that it may be inappropriate for security reasons to make a public announcement of any such changes.

**Sir Keith Joseph:** Yes, indeed. Mr. Speaker. I hope that teachers will reflect on those facts and realise that they have now been offered a 4.5 per cent. pay increase, which already exceeds the amount of money available to pay teachers in local authority budgets.

**Mr. Peter Hardy (Wentworth):** As the right hon. Gentleman professed concern for children, will he recognise that the thousands of people he claims are queueing up to join the teaching profession are scarcely capable of teaching young people who are taking O and A-levels in a few weeks' time? Is he not worried about those pupils? As he has committed himself to the cause of realism, would it not be realistic for him to agree to arbitration to avoid damaging the young people he is supposed to care for?

**Sir Keith Joseph:** I think the hon. Gentleman's question should be addressed to the trade union leaders concerned, as they are inviting their members to disrupt children's education. I do not think that arbitration is the answer — [HON. MEMBERS: "Why?"] Because the arbitrator does not have to find the money and can, therefore, regard affordability as just one of several factors, instead of what it is — the one determining factor.

**Mr. J. F. Pawsey (Rugby and Kenilworth):** Would my right hon. Friend care to spell out the relationship between the number of teachers and the size of wage settlements? There must be a relationship between higher wage settlements and fewer teachers.

**Sir Keith Joseph:** Yes, indeed. If the trade union leaders have not already explained that to their followers, let me do so. The consequence of exceeding the amount of money that local authorities have available for the pay of teachers will be fewer teachers. The important money available for books, equipment and maintenance may be once again in danger of being raided.

**Mr. Harry Ewing (Falkirk, East):** Will the Secretary of State explain why teachers or their union leaders should put any faith in a Government promise of salary restructuring when they have the example of the nurses, who were persuaded by the Prime Minister to take the same course at this time last year and who are about to be stabbed in the back by the Prime Minister?

**Sir Keith Joseph:** On teachers' salary restructuring, I have always made it plain that the Government would look kindly upon such proposals only if they are professional, watertight and based upon thorough and professional assessment.

**Sir Kenneth Lewis (Stamford and Spalding):** Is my right hon. Friend aware that the vast majority of teachers would be happy to pick up this award, and that the

disruption is caused by a dispute within various unions? The sooner those unions can get together and represent the whole of their membership, the better.

**Sir Keith Joseph:** I agree with my hon. Friend. The burden of responsibility falls clearly upon the trade union leaders. I hope that their members will think very carefully before following their advice.

**Mr. Ian Wrigglesworth (Stockton, South):** Will not the Secretary of State think again about what he has just said? Is it not a fact that the teachers' panels for Scotland and for the further education sector were prepared to accept 4.5 per cent., but that only 3 per cent. was offered to teachers in England and Wales? Was not that gross bungling by employers the cause of the approaching disruption? If the Secretary of State is genuinely concerned for pupils, he should want to attract the highest quality teachers possible into the profession. In order to do so, should he not restore the pay differentials with comparable professions that existed three or four years ago?

**Sir Keith Joseph:** I understand — this is on public record — that it was made clear to trade union leaders that negotiations for pay increases of more than 3 per cent. were available if the unions had persisted with them. There is no truth in the claim that teachers' trade union leaders faced a wall at 3 per cent.

**Mr. John Powley (Norwich, South):** If the dispute can be settled at 4.5 per cent. or higher, will the percentage of the education budget devoted to wages and salaries increase? Will that increase mean that there will be a drop in the percentage of educational resources devoted to books, teaching equipment and the maintenance of our schools?

**Sir Keith Joseph:** Yes — for many LEAs below 4.5 per cent., but certainly at 4.5 per cent.

**Mr. James Tinn (Redcar):** Will the Secretary of State expand on his statement that he rules out arbitration because the arbitrator would not have to find the money? Can the right hon. Gentleman think of any case in the history of industrial negotiation, public or private, in which an arbitrator has been expected to provide that money?

**Sir Keith Joseph:** No, but I am pointing out one of the fallacies in assuming that arbitration leads to a painless solution. I am explaining why I think that the employers were right to reject arbitration yesterday.

**Several Hon. Members rose —**

**Mr. Speaker:** Order. I remind the House that a private notice question is an extension of Question Time. Two very important statements are still to be made.

## Libyan People's Bureau (Closure)

3.44 pm

**The Secretary of State for the Home Department (Mr. Leon Brittan):** With permission, Mr. Speaker, I should like to make a further statement about matters connected with the shooting incident in St. James's square on 17 April.

On 25 April, I reported to the House the facts of the initial incident, and subsequent events up to the time of that statement. Today I shall complete my report of the events. I shall also deal with the public order issues connected with demonstrations and state how I intend to use my powers for the immigration control of certain nationals in future. My right hon. and learned Friend the Foreign Secretary will then give an account of our dealings with the Libyan people's bureau and the Libyan authorities in Tripoli. He will also deal with the steps that have been and will be taken in the diplomatic field in response to those events.

On the afternoon of Tuesday 24 April, Mr. Bagdadi, a member of the so-called revolutionary committee who had not been in the bureau at the time of the incident, was deported. On Friday 27 April, Mr. Matouk, another member of the revolutionary committee, was also deported.

On the evening of 25 April, a representative of the Libyan authorities, Colonel Shaibi, arrived in this country to discuss the arrangements for the departure from this country of those in the Libyan diplomatic buildings in London. The discussions relating to that were also attended by a Saudi diplomat as a representative of the power nominated to look after Libyan interests here after the breach of diplomatic relations. Colonel Shaibi pressed that the Libyan authorities should retain the use of one of their buildings after Sunday 29 April, but it was made clear to him that all the official premises were to be closed from Sunday night. The Libyans were also told that, after midnight on 29 April, when the buildings ceased to be diplomatic premises, the police would require to search them to satisfy themselves that no weapons or explosives were inside and that the buildings were safe. They were told that a representative of the protecting power—the Saudi Arabian Government—could be present if they wish. They were informed that, as a matter of safety, arrangements would have to be made to ensure that those leaving the people's bureau building were unarmed; and that they would be asked to answer questions to assist the police in investigating the murder of WPC Fletcher.

During the course of Thursday 26 April, the Libyans removed their diplomatic bags from the bureau building. On the same day some 112 people consisting of the families of Libyan diplomats, as well as some diplomatic staff from the buildings other than that in St. James's Square, left the country on a Libyan-Arab Airlines flight. Late on the evening of Thursday 26 April, the detailed departure arrangements for those inside the bureau were finalised. Those arrangements were put into effect on the following day, Friday 27 April. The 30 people in the Libyan people's bureau left the building in groups of five, beginning at about 9.50 am. After they had left the building, the police made sure that they were not carrying explosives or weapons. The search was carried out by the

use of electronic devices. The whole operation was witnessed by representatives of the Saudi Arabian, Syrian and Turkish embassies.

The 30 people who came out of the building were then driven, accompanied by the diplomatic observers, to the Civil Service college at Sunningdale, where they arrived shortly before noon. After an initial explanation of the procedure to be adopted during the remainder of the day, the police then proceeded with their inquiries, witnessed by two of the diplomatic observers. The identity of each of the Libyans was established by reference to their passports and other documents. They were invited to provide a full set of fingerprints, but declined to do so. They were then invited by the police to answer a number of questions. Each Libyan was questioned by two police officers using interpreters where necessary. Throughout the whole of that process, the diplomatic observers were free to go wherever they wished in the building. With the questioning completed, and the aircraft at Heathrow ready to return them to Libya, the group were escorted by the police to Heathrow, immigration formalities having been completed at Sunningdale. The aircraft left Heathrow at 7.30 pm.

At 4.10 pm yesterday afternoon the police entered the former bureau building through the back door, which was opened in the presence of a representative of the Saudi Arabian embassy by means of a rifle shot. The building was first examined by Royal Engineers and anti-terrorist squad explosives experts who satisfied themselves that it was safe, and was subsequently searched by anti-terrorist squad police officers for evidential purposes. That search is continuing. So far, two hand guns and a quantity of ammunition have been discovered in the course of the search of the former bureau premises. Firearms residue has been found on the carpet below the window from which the weapon was believed to have been fired and a spent cartridge case of the same calibre as the weapon used on 17 April has been found in the same room. Elsewhere in the building, the police have found accessories for sub-machine guns of the same calibre.

As I made clear last Wednesday, the view of the police was that they would not be able to obtain evidence to sustain a prosecution for the murder of WPC Fletcher without the co-operation of those concerned in the bureau. None of the police inquiries since then, whether at Sunningdale, St. James's square or elsewhere, or these discoveries, have altered the position. The police remain of the view that there is not sufficient evidence to sustain a prosecution against any individual. None the less, they are of the view that it is likely that the murder was committed by one of two people who were in the bureau. Both of these possessed diplomatic immunity. They therefore could not have been prosecuted under English law even if the necessary evidence had been available. The questioning at Sunningdale and other evidence obtained may well, however, provide information relevant to the investigation of bombings in London and Manchester in respect of which some people have already been charged. The information obtained at Sunningdale continues to be assessed.

Since my last statement to the House, I have been considering whether the law on demonstrations and marches, as it applies to such events held by foreign nationals, or generally, can helpfully be amended. Neither the police nor I have power to ban a static demonstration in advance.

~~Mr. Speaker: Order. I have dealt with the matter and I shall not take any more points of order on it. I cannot make any judgment on a matter which I said that I will look into. How can I?~~

## Teachers' Pay

5.42 pm

**Mr. Clement Freud** (Cambridgeshire, North-East): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 10, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"the breakdown in the teachers' pay negotiations."

I listened carefully to the private notice question earlier this afternoon. Had I gleaned from it the least vestige of hope of a settlement or even a glimmer of flexibility on the part of the Secretary of State for Education and Science I should have withdrawn my application, but there was none and I therefore proceed with it.

The matter is specific and important because in the next six weeks or so hundreds of thousands of pupils will sit their CSE and O and A-level examinations and the last few weeks before an examination might be said to be liable to be too crucial to the future of pupils. It is exactly the time when the co-operation of teaching staff is most required, and it is to be withheld. The matter is urgent because the longer the dispute is allowed to continue, the harder it will be to mend the relationships between local education authorities and teachers and between teachers and their pupils. The Government are getting good value from the teaching profession and I ask that, before any more harm is done to our children, you allow the House to debate the subject.

**Mr. Speaker:** The hon. Member for Cambridgeshire, North-East (Mr. Freud) asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he thinks should have urgent consideration, namely,

"the breakdown in the teachers' pay negotiations."

I have listened with care to what the hon. Gentleman has said but regret that I do not consider the matter appropriate for discussion under Standing Order No. 10. I therefore cannot submit his application to the House.

*CND* *2*



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Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1 3AG

*Prime Minister*

24 April 1984 *To note*

*Dear Nigel,*

*DR*

*24/4*

TEACHERS' PAY NEGOTIATIONS 1984

In George Younger's absence abroad I am writing to let you know that a pay settlement for teachers in Scottish schools has now been concluded. At a meeting of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) on 17 April the teachers accepted the offer, which George Younger reported in his letter of 22 March, of a 4½ per cent increase across the board.

The Educational Institute of Scotland, much the largest of the teacher associations, conducted a ballot of all EIS members. I understand that this ballot resulted in a 52 per cent vote to accept the 4½ per cent offer and a 48 per cent vote against. At the meeting of the SJNC(SE) the teachers' spokesman said that the offer was accepted with considerable reluctance, since in their view it represented a lowering of living standards.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Education and Science, Employment, Wales and the Environment and to Sir Robert Armstrong.

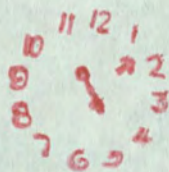
*MS*

*Yours ever,  
Allan*

ALLAN STEWART



24 Feb. 1984



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 ELIZABETH HOUSE,  
 YORK ROAD,  
 LONDON SE1 7PH  
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FROM THE SECRETARY OF STATE

18 April 1984

*Dear Nigel,*

## TEACHERS' PAY (ENGLAND AND WALES) 1984

Thank you for your letter of 16 April agreeing the adjustment proposed in my letter of 13 April to my representatives' instructions for these negotiations. In the event the Burnham (Further Education) Committee settled on Monday just outside my old limits and just inside the new ones, at 4.45% overall (4% on all scale points and allowances, except for London Weighting which remains to be settled, plus £330 pa for those on the top point only of the lowest lecturing scale). The range is 4% for the great majority to 7.38% for those on that scale maximum: the unions may seek to describe the settlement in those terms or, if pressed, as "about 4.5%".

I believe that this settlement can only help the situation on the school teachers' pay front, and do not exclude the possibility of a return to the negotiating table quite soon after Easter. For the immediate future, I think we should keep a lowish profile on school teachers' pay, to give the moderates amongst the teachers their best chance of persuading their fellows to seek a negotiated settlement within the limits now agreed between us.

I am sending copies of this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Emerson,*
*Kear*

 The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON SW1P

Education

PT 3 Teacher Pay

11 8 APR 1984



CONFIDENTIAL



CC 10  
NBpm  
AT  
12/4

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

Rt Hon Sir Keith Joseph Bt MP  
Secretary of State for  
Education & Science  
Elizabeth House  
York Road  
London SE1 7PH

16 April 1984

A handwritten signature in dark ink, appearing to read 'Sir Keith'.

TEACHERS' PAY (ENGLAND AND WALES) 1984

You wrote to me on 13 April reporting the latest developments on the teachers' pay negotiations.

I agree with the instructions you propose to give your representatives for both the Primary and Secondary and for the Further Education Teachers' negotiations, and that the ceiling in both cases should be 4.5 per cent. It is important, of course, that the local authority employers should continue to refuse to agree to arbitration; the outcome would be uncertain and could prove both expensive and damaging. I am sure you will therefore do all you can to bolster the local authorities if they show signs of weakening.

Copies of this letter go to those who received yours.

A handwritten signature in dark ink, appearing to read 'Nigel Lawson'.

NIGEL LAWSON

EDUCATION: Pay : PC-3.

0 11 12 1  
2 3 4  
5 6 7 8 9

16 APR 1984

ce ~~MS~~ 2

Prime Minister

To note.

AT 13/4

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

13 April 1984

Dear Chancellor,

ms

## TEACHERS' PAY (ENGLAND AND WALES) 1984

I wrote to you on 6 April about these negotiations, saying that I did not then regard a negotiated settlement on school teachers' pay as inconceivable. In fact there have been overtures this week, with the management panel suggesting a further meeting of the Burnham (Primary and Secondary) Committee but declining to answer in advance hypothetical questions about the offer which they might be willing to make. This morning the teachers decided that the management panel's message was insufficient to warrant a recall of Burnham, and by now both sides will have issued short statements to the press. The immediate prospects of a negotiated settlement must now be regarded as poor, with increased disruption in schools likely in the summer term in an attempt to make the management panel agree to arbitration. I shall be considering whether there is any action we might usefully take during or just after the school holiday period, to encourage a return to negotiation.

If the teachers had been willing to meet again in Burnham before Easter the sharp question facing the management panel would have been their willingness to offer 4.5% if they were assured privately in advance that the teachers would accept. That is the highest figure which any of the employers seem willing to contemplate, and it is now believed to be the lowest that the teachers might be persuaded to accept. Had that situation arisen, my view would have been that my representatives should not have blocked a settlement at 4.5%, though they should have continued

/to argue

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

to argue and vote against any increased offer without fore-knowledge that it would produce a settlement.

The teachers' refusal to meet again quickly in Burnham means that we do not have to address that question now as regards school teachers' pay. But the Burnham Further Education Committee meets on Monday 16 April. The likelihood must be that they will not move significantly forward, but await events on school teachers' pay. However, if there should be any chance at all of a negotiated settlement for further education teachers at 4.5% next Monday, then I think my representatives should have discretion to try to achieve that result. They would of course veto any offer above 4.5% and would not vote for any offer above 3% - that would be inconsistent with our pay assumption position. But there could be circumstances in which their abstention would be necessary to allow an employer majority to achieve a settlement at that level. If achieved, that would put some pressure on the school teachers to come back to the negotiating table and accept the same figure.

The question is thus whether we should now accept 4.5% settlements if available. My view is that we should. The alternative seems bound to be substantial disruption in schools and very probably arbitration at the end of the day. No-one on the employer side seems to think that arbitration might produce a result below 4.5%. I therefore propose to tell my representatives to act so as to achieve a further education settlement at or below 4.5% next Monday, if indeed such is available. It must follow, I think, that they should behave in similar fashion at any further meeting of the Primary and Secondary Committee.

I should need to have your comments on these revised instructions by 9.30am on the morning of Monday 16 April, at the latest.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

Yours sincerely,

Elizabeth Hooley

Approved by the  
Secretary of State  
and signed in his  
absence

10.0  
11.12  
11.11  
13 APR 1984

**CONFIDENTIAL**

DEPARTMENT OF EDUCATION AND SCIENCE  
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
 TELEPHONE 01-928 9222  
 FROM THE SECRETARY OF STATE

~~NO~~  
 Prime Minister ②

To note

AT  
 6/4

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 London  
 SW1P 3AG

mf

6 April 1984

*Nigel*

**TEACHERS' PAY (ENGLAND AND WALES) 1984**

You will have seen press reports concerning Tuesday's meeting of the Burnham (Primary and Secondary) Committee, and officials here have already briefed yours and those in other interested Departments. This letter is to take stock briefly, and to look forward to the next meeting of the Burnham (Further Education) Committee, on 16 April.

It became clear during Tuesday that a negotiated settlement was impossible that day in any area which the great majority of employers could have regarded as acceptable, even if they were willing to go beyond normal prudence in the interests of a settlement. Equally, they were unwilling to make any public offer above 3%, for that would compromise their position before arbitration if they should decide ultimately to agree to that. On the teachers' side, there was similar reluctance to express precisely their "bottom line". All the figures spoken about publicly were far beyond the reasonable, affordable range, and those discussed privately still left a gap so wide that compromise was clearly out of the question. Arbitration was asked for, and refused - only two employer votes were cast for arbitration. The teachers thus face for the first time in Burnham history a refusal of access to arbitration. There was no occasion for my representatives to use my weighted vote (or veto) on any question of an improved offer, but they did vote against arbitration, as instructed.

At the end of the meeting the employers expressed their continued willingness to try to work for a negotiated settlement, and the independent Chairman assured both sides of his willingness to use his good offices at any time to try to help matters forward. No date was fixed for a further meeting, however. What happens next is uncertain and, I judge, greatly dependent on how teacher attitudes are affected by the Easter conferences of the two major unions. Negotiating prospects must be described as very uncertain but I do not yet regard a negotiated settlement as inconceivable. For the present I believe we must try to



keep the temperature down to make it as easy as possible for the teachers' leaders to seek resumed negotiations after Easter, if there is any chance at all of that.

As regards the resumed Further Education negotiations on 16 April, I intend to follow the line we agreed for last Tuesday. It could only be helpful if those negotiations could conclude successfully within our agreed limits, but the chances of that must now be considered very slight indeed. I shall presume your concurrence in those instructions for 16 April unless you intervene.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

Emerson

Kevin

1984

10





10 DOWNING STREET

Prime Minister <sup>(2)</sup>

To note the state of play  
on teachers' pay.

In Scotland, Radens are  
voting on an offer of 4.5%.  
In England and Wales, Sir  
Keith is struggling to  
achieve a lower figure - see  
X. The fact that Scotland  
is ahead in the negotiating  
process does not help.

AT 3/4



CC NRJ  
NRPM  
AF 314

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Sir Keith Joseph MP  
Secretary of State for Education & Science  
Department of Education & Science  
Elizabeth House  
York Road  
LONDON  
SE1 7PH

2 April 1984

Dear Sir Keith Joseph

SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

Nigel Lawson has asked me to reply to your letter of 30 March in his absence in Luxembourg. I have also seen George Younger's letters of 13 and 22 March reporting on progress in the parallel Scots negotiations.

I fully agree with your judgement of the disadvantages and risks if a settlement cannot be reached with the teachers at tomorrow's meeting of the Burnham Committee. A settlement would obviously be helpful in relation to the position reached in the negotiations with the Scots teachers. And in a pay round where progress has been exceptionally slow, it would be very helpful to have the teachers negotiations begin in earnest. I agree *therefore* with your proposal that the settlement ceiling should be increased to 4.4 per cent. I also agree that there is no reason to change your representatives' formal instructions, which offer the best chance of securing as low a settlement as possible; but I hope that, within those instructions, your representatives will do all they can to ensure that a negotiated settlement is reached tomorrow.

Both your letter, and George Younger's of 22 March, point up the problem which has occurred again this year of the Scots negotiations getting ahead of those for England and Wales. I appreciate that George's influence over the timing and pace of the negotiations in Scotland is limited; and that this question has been considered in the past without any answer being found. I agree that it is highly unsatisfactory that the cost of teachers' pay in England and Wales should be influenced by the relatively much smaller costs of their pay in Scotland. I should be grateful, therefore, if you and he could consider whether some improvement could be made in time for next year's negotiations.

CONFIDENTIAL

\* out of the way before the other public service negotiations

CONFIDENTIAL

I have copied this letter as yours.

Yours sincerely

J. R. Greer

J. R. PETER REES

[Approved by the Chief Secret.]

CONFIDENTIAL

Education = Teachers Pay  
PT 31



CCNO

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 London SW1P 3AG

30 March 1984

*Dear Nigel,*

## SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

The Burnham (Primary and Secondary) Committee met on 27 March. The negotiations were protracted and difficult, with both sides unwilling to move publicly from their previously declared positions. The employers were very reluctant to move above their current 3.0% offer without a private assurance that a modest increase would secure a negotiated settlement. And, even if they can be so assured at the next meeting, they would need to be solidly for such an offer, since my representatives are instructed to argue against and to vote against any offer above 3% in whatever circumstances - and they carry 15 votes out of 40. On the other side, the teachers' leaders must find it very difficult to commend to their panel any settlement in the range which might conceivably be acceptable to the great majority of employer representatives, partly because of imminent Easter conferences, but mainly, I believe, because of the 4.5% offer made to Scottish school teachers on 16 March. I accept that George Younger does not have the voting and veto powers which I have here. Nevertheless, I have to say that I consider it most unfortunate that the Scottish employers should have decided to make that pace-setting offer. It is also unfortunate that the offer should have been made without an immediate agreement being available. The level of the offer and the uncertainties about its ultimate acceptance have certainly made difficulties for me and the employers in England and Wales.

Burnham meets again on 3 April. It may be that both sides will be willing to try to bridge the present wide gap between their declared positions. If they cannot do so at that meeting, there is a strong likelihood that negotiations will break down. The consequences of that must be uncertain. The employers are at present unwilling to agree arbitration, but I am not convinced that they would retain that resolution in the face of continued impasse and disruption in schools, if such were to occur after Easter. Teacher attitudes might harden meantime as a result of their Easter conferences. I cannot be sanguine about the outcome of arbitration if that should be unavoidable at the end of the day: nor can we be confident, I think, that other settlements

Education P 3  
Teachers Pay

would have reduced expectations by the time of an arbitration hearing. I feel therefore that we might be better advised not to veto an offer visibly below 4.5% if it were clear that such would lead to a settlement at the offer level.

X | This leads on to the instructions my representatives should have for 3 April. I remain of the view that they should set out with formal instructions as originally agreed - to argue against and to vote against any offer above 3% and to veto any offer above 4%, but with the following proviso. That is that if it is clear that a negotiated settlement can be achieved at or below 4.4% they should not formally cast the veto. Rather they should say that they have no authority to agree such an offer and seek a brief adjournment to consult me (or the Deputy Secretary here authorised by me to act in my name). I believe that the employers would be willing to grant them that facility. My representatives would then be authorised not to block a settlement at or below 4.4% if that were available and the employers solidly for it. My view is that while such a settlement would be higher than we wish and would certainly increase the financial difficulties of many authorities, it would nevertheless helpfully continue the downwards pressure on settlements and be more attractive to us in wider policy terms than the other possible outcomes.

Do you agree that I should exercise such discretion on 3 April, if the negotiations should arrive at that position? I should need to have your reaction by the afternoon of 2 April.

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

Yours ever,

Keir

30 MAR 1984





~~Mr. F. E. R. Smith~~



Your Ref

was spoke. I told  
this I had put.

W. P. Kemp

**with compliments**

E. P. KEMP

Treasury Chambers  
Parliament Street  
London SW1P 3AG  
Tel: Direct Line 01-233  
Switchboard 01-233-3000

CONFIDENTIAL

MR KEMP

FROM: MISS C E C SINCLAIR  
28 March 1984

cc Mr Pearce  
Mr Carter  
Mr Gilhooly

TEACHERS' PAY NEGOTIATIONS

You asked where matters stood on primary and secondary school teachers in England and Wales following the meeting of the Burnham Committee on 27 March; and on primary and secondary school teachers in Scotland.

2. As far as teachers in England are concerned, yesterday's meeting ended with no change in the public position i.e. the employers have not formally increased their offer above 3 per cent. Some play was made of the possibility of arbitration. But apparently the local authority representatives were firmly against this - very helpful, given that the Secretary of State for Education cannot veto a combined call by employers and teachers for arbitration. There is to be a further meeting on Tuesday 3 April to try to reach agreement. Balloting is now under way among Scottish teachers on an offer of 4½ per cent. The ballot is not likely to be completed before 11 April.

CAROLYN SINCLAIR

CONFIDENTIAL

\*  
The General representative  
and in published authority to  
go to 4% was seen 4.1% if  
that was clinched deal. But  
if the Scots do settle at 4.5%  
England & Wales are unlikely to  
come out much less.

Note

Copy doc. Original  
in poor condition



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

*Prime Minister ②*

*Scottish teachers are likely to be settled at 4.5 per cent.*

*AT 23/3*

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

*M* 22 March 1984

*Dear Nigel,*

TEACHERS' PAY NEGOTIATIONS 1984

I am writing to report the position reached after the meeting of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) held on 16 March. You will recall from my letter of 13 March that the previous meeting on 8 March had been adjourned, with no improvement on the opening offer of 3 per cent, to enable local authority representatives to undertake such further consultations within their respective authorities as they thought fit in order to establish whether there was any scope for movement.

At a preliminary meeting of the Management Side on 16 March, members were informed that informal soundings of the teachers had established that, while they were not prepared to consider any offer below 4.5 per cent, it was very possible that a negotiated settlement could be achieved at that level. In the ensuing discussion the local authority representatives on the Management Side had in mind that resort to arbitration would mean a substantial delay, which might have an adverse effect on the teachers' attitude in relation to important changes in educational practice and organisation which are currently in train in Scotland; that they had earlier been prepared to settle at about 4 per cent (as reported in my letter of 13 March) and that it might not be justifiable to go to arbitration over an effective difference of 0.5 per cent; that in any event an arbitral award might well be of the order of 4.5 per cent; that a negotiated settlement at 4.5 per cent would be no more above the Government's assumed allowance for pay settlements than in the previous two years; and that a figure of 4.5 per cent would be in line with the average proposed increase in the pay-bill for local authority manual workers and was still below the level of inflation.

My representatives argued that the flat rate increase of £3.40 per week offered to the manual workers represented 4.1 per cent for the highest paid, which pointed to an offer to the teachers of no more than that amount at the most, and they suggested that recourse to arbitration might well bear that view out. They referred also to the undesirability of doing anything which might complicate the parallel negotiations in Burnham; and they drew attention again to my powers in relation to local authority finance.

The Chairman of the Management Side proposed formally that an offer of 4.5 per cent should be made to the teachers, coupled with a clear statement that no further negotiations could be entertained and that the Management Side would no longer be prepared to consider recourse to arbitration. The question being put to a vote, the motion was carried with only 3 votes against - those of my two representatives (who, unlike the position in Burnham, have no weighted vote) and of a solitary local authority representative.

When the full SJNC(SE) met later in the day the agreed offer, with its terms and conditions, was duly put to the teachers. They registered disappointment that it was still below the level of inflation, but went on to indicate that, although they did not have authority to accept the offer forthwith, they were prepared to consult their constituent organisations and return with a decision as soon as possible (although this might be somewhat delayed because of the forthcoming Easter vacation). When I know of the outcome of these consultations I shall of course write to colleagues again.

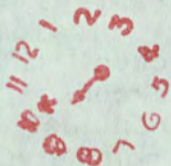
As I pointed out in my letter of 13 March, it was predictable that SJNC(SE) would make some definite move on 16 March; and this is what has in the event happened. It is perhaps a little unfortunate that Burnham missed the opportunity two days earlier to provide some sort of benchmark which might have influenced the Scottish negotiations, but one can only speculate on this.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours truly

George

23 MAR 1984



CONFIDENTIAL



NBPM

CC NO

AT 19/3

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

16 March 1984

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State for Education  
and Science

*Keith*

SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

You wrote to me on 12 March about tactics at this week's Burnham negotiations.

I understand my office told yours that if there were a good chance of a settlement being reached at 4.1 per cent, the Treasury agreed you should accept it to avoid the danger of a joint appeal to arbitration by the employers and teachers. But they also confirmed that your representatives should enter the negotiations with the instructions we agreed in our earlier correspondence so that they would continue to press for a settlement below 4 per cent.

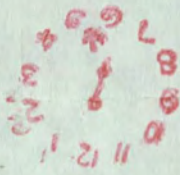
I hear that Wednesday's meeting reached no decision. I am sure we should continue to take this line when the negotiations resume.

Copies of this letter go to those who received yours.

NIGEL LAWSON

*Nigel Lawson*

Education PT 3  
Teachers Pay



19 MAR 1984



NBPM  
ST 14/13  
SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

13 March 1984

*Dear Nigel,*

TEACHERS' PAY NEGOTIATIONS 1984

In accordance with my letter of 10 February, I am writing to let you know of further developments in relation to teachers' pay negotiations in Scotland. You will recall that the negotiating bodies concerned are the Scottish Joint Negotiating Committees for Teaching Staff in School Education (SJNC(SE)) and in Further Education (SJNC(FE)); that the school teachers' and further education lecturers' claims are for overall increases of at least 9.5 per cent and 10 per cent respectively, from 1 April 1984; and that in both cases an opening offer of 3 per cent has been rejected.

The Management Side of SJNC(SE) met again on 8 March. They noted that local authority budgets had now been finalised and that the offer of £3.40 a week which had been made to the local authority manual workers represented increases ranging from about 4.1 per cent for the highest paid to just over 5 per cent for the lowest paid. Against that background, they authorised their chairman to take informal soundings of the teachers in order to establish whether there was any prospect of achieving a negotiated settlement at 4 per cent. These soundings revealed, however, that there was no disposition on the part of the teachers to settle at that level. The Management Side decided, therefore, that they should not improve their original offer of 3 per cent, but should be prepared to consider the possibility of going to arbitration.

At a full SJNC(SE) meeting later on the same day this decision was duly put to the teachers, who reacted strongly against what they saw as a failure to increase an opening offer which was itself the lowest made in the current pay round and substantially below the level of inflation. In the course of a subsequent recess, the Management Side decided that it would not be good tactics to move immediately to arbitration without any further attempt to achieve a negotiated settlement and that nothing was likely to be lost by adjourning the proceedings to enable local



authority representatives to undertake such further consultations within their respective authorities as they might think fit in order to establish whether there was any scope at all for movement. The full SJNC(SE) then met again briefly and agreed formally to adjourn until 16 March.

When SJNC(FE) met on 12 March, it was similarly agreed to adjourn the meeting without any improvement being made on the original offer. A further meeting was arranged for 27 March in the expectation that there would by then have been progress towards a settlement of the school teachers' claim.

My representatives in both SJNCs have of course continued to argue for as low a settlement as possible; and you will see that nothing has been done which might in any way prejudice this week's resumed Burnham negotiations for England and Wales. That said, I know that you will appreciate that, if quick progress cannot be made in Burnham, it is very probable that the SJNC(SE) meeting on 16 March will move ahead, either by deciding to go to arbitration or just possibly by reaching a settlement. I have no comments on Keith Joseph's letter of 12 March to you seeking agreement to allow his representatives at tomorrow's Burnham meeting a small additional measure of flexibility if it is judged that settlement will be reached at 4.1 per cent. Such a settlement for England and Wales would probably be regarded as constituting a benchmark for the Scottish negotiations.

Finally, I should mention that on 8 March the SJNC(SE) had before it an interim report from the working party which is considering the possible introduction of pay data collection studies into the negotiation of teachers' salaries. This was merely noted; and the teachers did not make any reference to it in the context of the current pay negotiations.

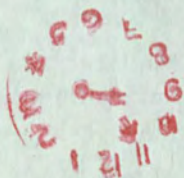
I am sending copies of this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours ever,

George

Education Part 3

Teachers Party



1 + MAR 1984



10 DOWNING STREET

Andrew

The DES phoned.  
They would like to know  
if you have any comments  
on the recent correspondence  
between DES + HM Treasury  
on Teacher's Pay. They  
need to know by close of  
play today.

Sue

13.384

We will ~~interfere~~ only if  
there is a dispute.

AS



NDPM  
BT 12/13

~~CCNO~~

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

12 March 1984

*Dear Nigel.*

SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

I wrote to you on 5 March on this subject, saying then that I saw no reason to reconsider my representatives' instructions ahead of the 14 March meeting of the Burnham (Primary and Secondary) Committee - ie to veto above 4%. That remains my position. Nevertheless, in the light of developments in the local authority manuals' negotiations, I begin to think that it is just possible that a school teachers' settlement might be reached on 14 March at a shade above 4%. My view is that we should accept such a settlement, if it is available. I therefore invite your agreement to my allowing a settlement up to 4.1% if it should be clear that a formal offer within the Burnham Committee will secure that. If my representatives in Burnham were satisfied that a negotiated settlement would result, they would be free to seek my authority on the day for this minor adjustment to their instructions. They would start the day with their present instructions unchanged.

A negotiated settlement at or below 4.1% would be a considerable achievement, maintaining the downwards pressure on teachers' pay settlements - 4.975% last year, 6% (by arbitration) in 1982 and 7.5% in 1981. I believe it would be helpful in conditioning other bargaining, within the public sector and elsewhere.

I am afraid I have to ask for your reactions by close of play tomorrow, Tuesday 13 March.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Your ever,  
Nigel*

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

CONFIDENTIAL

EDUCATION: Teachers Pay: A3

2 MAR 1984

11 12 1 2 3 4  
5 6 7 8 9  
10

CONFIDENTIAL



PLS  
NBPM  
19/3

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

9 March 1984

Miss Elizabeth Hodkinson  
Private Secretary to the Secretary of State  
for Education and Science  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1 7PH

*Dear Elizabeth,*

SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

The Chancellor has seen your Secretary of State's letter of 5 March and is content with his proposals.

I am copying this letter to the Private Secretaries of those who received yours.

*Yours sincerely,*

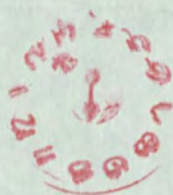
*Margaret O'Mara*

MISS M O'MARA  
Private Secretary

CONFIDENTIAL

Education: Teachers Pay Pt 3.

FEB 9 1964





c. PL  
NBPM AT 5/3

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

5 March 1984

*See Nigel .*

## SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

The Burnham (Primary and Secondary) Committee met on 29 February. The Management Panel offered a 3% increase across all grades and this was rejected immediately by the teachers. Negotiations are to resume on 14 March.

In the Management Panel discussions my representatives deployed the arguments outlined in my letter of 16 February. The Management Panel decision to offer 3% was based firmly on what I believe to be a realistic consideration of employers' ability to pay. I see no reason to reconsider my representatives' instructions ahead of the 14 March meeting. The equivalent Scottish negotiating committee meets on 8 March when discussion will resume at the point where the Scottish teachers' earlier rejection of a 3% offer left it, I recognise that the Secretary of State for Scotland does not have the same powers available to him as I have in respect of Burnham but I am sure that he will use his best offices to seek to avoid a pace-setting settlement in Scotland on 8 March which might put the Burnham negotiations in difficulty on 14 March.

The first meeting of the Burnham (Further Education) Committee has now been arranged for 16 March. No formal claim has yet been submitted but we understand that it will be for a standard percentage increase for all teachers in further education plus the merging of the first two grades of FE Lecturer. As far as the percentage claim goes, I intend to instruct my representatives to follow the line agreed for the school teachers' pay negotiations, viz:

/- support

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG



- support offers at 3% or less
- argue against and vote against any higher offers
- veto any offer above 4%
- argue against and vote against any proposal to refer the claim to arbitration.

As for the proposed merger of grades, this is a recurring claim from the teachers which I shall, as usual, instruct my representatives to resist vigorously. Should there be anything of substance in the formal claim which I have not anticipated, I shall write again.

If you should have any comments on the instructions I propose to give my representatives, I should be glad to have those by Friday, 9 March.

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Tomson,*

*Kerr*

5 MAR 1984  
EDUCATION  
Teacher's Pay  
PX 3

cc: HMT CO  
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From the Private Secretary

CONFIDENTIAL



10 DOWNING STREET

23 February 1984

School Teachers' Pay (England and Wales) 1984

The Prime Minister has seen your Secretary of State's letter to the Chancellor of 16 February and his reply of 22 February. She agrees that your Secretary of State's representatives should press for a settlement as close as possible to 3% and should veto anything above 4%.

On structural reform, she agrees that negotiations should continue on the understanding that there is no commitment to provide additional finance.

I am copying this letter to the Private Secretaries to members of E(PSP), John Graham (Scottish Office), Colin Jones (Welsh Office), Derek Hill (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss Elizabeth Hodkinson,  
Department of Education and Science

CONFIDENTIAL

Prime Minister

Agree X ?

AT 22/2

MR TURNBULL

TEACHERS' PAY

Keith Joseph raises two issues:

- i. long-term structural changes in methods of assessment and performance-related pay;
- ii. the level of this year's settlement.

Until the details of the structural proposals have been settled, there is no need for the Prime Minister to comment. When the details do emerge, we shall need to investigate them minutely, to ensure that they will not cause a long-term increase in public expenditure.

On this year's settlement, we agree with the Treasury that Keith Joseph's plan of action seems admirable. If the DES representatives vote against offers above 3 per cent, but impose a veto only after 4 per cent, it is likely that they will avoid an immediate move to arbitration, and that the final deal will lie between the two figures.

We therefore suggest:

- that the Prime Minister should welcome Keith Joseph's current proposals;
- but that she should restate her determination not to allow any structural changes which will bring about long-term increases in public expenditure.

X

OLIVER LETWIN  
22 February 1984

CCNO

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

22 February 1984

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State for Education  
and Science

A handwritten signature in cursive script, appearing to read 'Sir Keith'.

TEACHERS' PAY NEGOTIATIONS 1984

You wrote to me on ~~16~~ February, about the negotiations on teachers' pay in England and Wales. George Younger had already written on 10 February about the negotiations in Scotland.

I am content with the way you plan to instruct your representatives. Since the Scottish teachers have already been offered 3 per cent, I do not think it would be practical to offer less to their English counterparts. But I agree entirely that your representatives should press strongly for a settlement as close as possible to that figure. I also agree, for the reasons you give, that they should veto any proposal for an offer of over 4 per cent.

You will see that my office have written separately about your proposal to make an announcement about the teachers' employee contributions before the negotiations begin. I hope your representatives will be able to make something of this concession.

I also agree with the line you are taking on data and on structural reform. I am sure it is essential that the teachers' side is not allowed to use the data which have been collected on outside pay as a basis for a comparability exercise and I should be grateful if your representatives would do all they can to prevent a repetition of the exercise next year.

CONFIDENTIAL

CONFIDENTIAL



If that is not possible, they will again want to aim to prevent the exercise being used as a basis for a comparability exercise next year.

Finally, we shall need to watch the possible repercussions. Last year, as you will recall, the Scottish negotiations ran ahead of those for England and Wales and influenced them. I appreciate that there are real limits on the extent to which George Younger can control the pace of the Scottish teachers' negotiations but I should be grateful if he could use whatever influence he has to prevent them undermining yours. The local authority manuals' negotiations add a further complication this year.

Copies of this letter go to those who received yours.

A handwritten signature in dark ink, appearing to be "Nigel Lawson", written in a cursive style.

NIGEL LAWSON

CONFIDENTIAL

Edue Teachers Pay  
PT3

JAN 1884



CONFIDENTIAL

CCND



NBPM

AT  
22/2

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

22 February 1984

Miss C E Hodkinson  
Private Secretary to the  
Secretary of State for Education  
and Science

*Dear Elizabeth,*

TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

You wrote to me on 20 February enclosing a draft announcement about teachers' superannuation contributions.

As you will have seen, the DHSS have now given the assurance on the NHS Superannuation Scheme for which we asked. The Chancellor is therefore content that the announcement on teachers can now be made in the terms set out in your letter.

He also endorses the suggestion in the letter of 20 February from the Secretary of State for the Environment that the Government should not agree to a disregard.

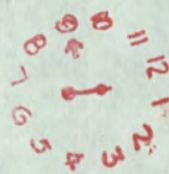
I am sending copies of this letter to the Private Secretaries to the Prime Minister, the other members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

*Yours sincerely,*

*Margaret O'Mara*

MISS M O'MARA

Education: Teacher Pay A3



22 JUN 1984



CONFIDENTIAL

NBPM  
AT 21/2

CCNO 11

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

21 February 1984

*Dear Nigel.*

## TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

Patrick Jenkin wrote to you on 20 February. I confirm that I shall not be prepared to support the local authority associations if they should ask for their additional expenditure on employers' contributions to this scheme to be disregarded for expenditure target purposes. I see no case for such a disregard. You will remember that ESGE discussed the implications of an illustrative 2% increase in employers' contributions in their report to the Consultative Council in July 1983; we took this possibility into account when deciding the level of relevant expenditure for 1984-85; and I dealt with the point again in the Consultative Council on Local Government Finance shortly before Christmas.

My Private Secretary's letter of 20 February enclosed the text of my intended announcement, as agreed by our officials. If Patrick has any reservation about the form of this announcement I hope he will let us know as soon as possible.

Copies of this letter go to the Prime Minister, the other members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

*Ann. Jenkin*

CONFIDENTIAL

Education : Teachers pay 43.



CONFIDENTIAL



NDPM

AT  
20/211  
CC NO

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Miss M O'Mara  
 Private Secretary to the  
 Chancellor of the Exchequer  
 Treasury Chambers  
 Parliament Street  
 LONDON  
 SW1P 3AG

20 February 1984

Dear Margaret,

## TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

Your letter of 14 February 1984 <sup>with AT</sup> confirmed that the Chancellor is prepared to accept that there should be no increase now in employees' contributions provided that my Secretary of State's announcement makes it clear that the Government remains committed to realistic employee contributions and that further action can be expected later.

I attach a text of a statement that my Secretary of State proposes to make as soon as possible. The text has been agreed with Treasury officials.

My Secretary of State attaches importance to clarifying the position publicly before the meeting of the Burnham Committee Management Panel which is scheduled for Friday 24 February 1984 and wishes to make the statement not later than Thursday 23 February 1984. I hope therefore that the Secretary of State for Social Services will be in a position to respond soon to the second point in the third paragraph of your letter.

I am copying this letter to the Private Secretaries to the Prime Minister, the other members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

Yours,  
 Elizabeth

MISS C E HODKINSON  
 Private Secretary

CONFIDENTIAL

# CONFIDENTIAL

WRITTEN QUESTION FOR ANSWER ON THURSDAY, 23 FEBRUARY 1984  
OR EARLIER (SUBJECT TO CLEARANCE)

Mr ( ): To ask the Secretary of State for Education and Science if he will make a statement following the Government Actuary's report on the Teachers' Superannuation Scheme for the period 1976-1981.

SIR KEITH JOSEPH

I presented the Government Actuary's report to Parliament on 19 December last. This specified increases in contributions of 1.05% of salary, bringing the total payable in respect of basic benefits to 15.45%. Under present regulations governing the scheme the employee's rate is 6% and additions to benefits under the Pensions (Increases) Acts are not included in determining the contributions payable.

I do not propose to amend the regulations for the time being. For 1984-85 the contributions payable by employees and employers will be 6% and 9.45% respectively. However I would remind the House of the Government's intention that employees in all the public services should pay realistic contributions for their superannuation benefits.

CONFIDENTIAL

EDUCATION: Teachers' Pay Pt 3

20 JAN 1984  
BOSTON  
MA 02111



**CONFIDENTIAL**

CCND

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

NDSM

AT  
20/2

My ref:  
Your ref:

20 February 1984

Dear Nigel,

TEACHER'S SUPERANNUATION SCHEME (ENGLAND AND WALES)

I have seen your Private Secretary's letter to Keith Joseph's of 14 February, which withdraws your opposition to the proposal that the whole of the 1.05% increase in contributions under the teachers' pension scheme should be borne by the employers' side.

I have not previously joined this correspondence because I would have done so only to echo the views you expressed in your minute of 18 January.

However, in view of this latest letter, I should stress the implications for local authority expenditure that follow from the Actuary's report and the decision not to increase employees' contributions. Sharing the increase in the normal contribution rate in a way which maintained the present proportionate sharing of the cost between employers and employees would have helped by saving some £20 million per year of the total cost of the increase of £50 million.

I appreciate that if the teachers' contribution rate were increased now as a result of the Government Actuary's report, there could well be pressure by NHS employees for comparable treatment in the form of a reduction in their contribution rate. The question is whether this would cause greater embarrassment than to impose an additional burden of £50 million in 1984/85 on local education authorities. In the light of the view expressed in your Private Secretary's letter I am content to go along with your conclusion.

I must also say that continued resistance to the admission of part-timers into the local government superannuation scheme - at a cost of possibly £10 million per year but with medium to long term savings - will look even less credible in the light of our decision on the teachers' pension scheme.

You have suggested that an announcement in relation to the teachers' pension scheme should make it clear that the Government remains committed to realistic employee contributions and that further action can be expected later. I agree. But until we have the Official Committee on Public Sector Pensions report and have considered all the implications including the risk of compensatory pay additions and the implications for industrial relations I think we would be well advised

**CONFIDENTIAL**

to go no further than we have already promised in the Manifesto. The relevant section of the draft statement accompanying your minute of 18 January to the Prime Minister would meet this point. The announcement could go on to say that the Government are reviewing the position generally and will be taking the Government Actuary's report on the teachers' pension scheme into account.

Once the decision is announced the local authorities will undoubtedly repeat the request made by the ACC at the last Consultative Council that the expenditure should be disregarded for expenditure target purposes. I am bound by law to consider carefully all such representations, so could not now rule out such a disregard, but I should be grateful if Keith would confirm that he would not be prepared to support the case for such a disregard if it is pressed by the local authority associations.

Finally, I would wish my officials to be consulted on the form of any announcement that is made.

I am copying this letter to the Prime Minister, the other members of E(PSP), and George Younger, Nicholas Edwards, James Prior and to Sir Robert Armstrong.

*You are*  
*Patrick*

PATRICK JENKIN

Education Pt 3

Teachers pay



20 JAN 1984





DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

cc ~~OL~~

15

~~of First Treasury~~  
response  
AT

16/2

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London  
SW1P 3AG

16 February 1984

*Dear Nigel.*

## SCHOOL TEACHERS' PAY (ENGLAND AND WALES) 1984

The Burnham (Primary and Secondary) Committee which negotiates school teachers' pay in England and Wales is to have its second meeting on 29 February, at which the management panel will probably wish to offer a quantified response to the claim presented by the teachers on 30 January. A prior meeting of the management panel has been fixed for 24 February. I need to give my Burnham representatives instructions covering all foreseeable eventualities ahead of the 24 February meeting. I plan also to announce our decision about contributions to the Teachers Superannuation Scheme before then.

## 2. There are three aspects to be considered

- the report of the pay data working group
- the structural reform ambitions of the management panel
- the 1984 settlement, due to take effect from 1 April

and three ways in which I can influence outcomes

- the regular informal contacts which I and my officials have with the employers' leaders - often useful in the past in bringing them to appreciate the importance of ability to pay, market arguments etc, without recourse to my formal powers
- my representatives' weighted vote within the management panel - 15 out of a total of 40, which allows my view to prevail in combination with either the ACC or the AMA, but not against both together

- the veto, which allows my representatives to block any proposed offer on grounds of aggregate cost. The veto exists by voluntary agreement with the employers, and under the rules cannot be used to set a limit at the outset of negotiations. Its use is thus a last resort, when argument and weighted vote have failed to prevent the management panel from adopting an offer which we would regard as entirely unacceptable. (It is a dangerous weapon, more effective in reserve than in use. When last used, in 1982, the employers proceeded immediately to out-vote my representatives on a proposal to offer arbitration. The veto does not provide protection against that and a 6% arbitration award resulted.)

3. On the pay data report, I shall instruct my representatives to resist strongly any attempt by the teachers to construct comparability arguments from the data. The exercise - opposed by my representatives last year - was intended to be concerned with factual survey only and the relevance of the facts on pay levels for teachers and others, ability to pay etc were to be for Burnham to decide. I expect the employers to be similarly hostile to comparability arguments based on the collected data, but nevertheless have to expect the teacher unions to seek to establish credibility for selected facts, with press, public and their membership. My representatives will be concerned to limit the potential damage by encouraging contrary emphases on the facts of market forces, ability to pay etc.

4. On structural reform, it is accepted by the teachers that change is not possible as part of the settlement due on 1 April. What the management panel is putting together is a package offering performance-related pay, an entry scale for new teachers, a main professional scale for those who secure progression from the entry scale, and assessment arrangements to underpin the more discriminating salary system and to inform management better on matters such as promotion, deployment, retirement and dismissal. Thinking is still at the stage of broad principle and a great deal of development work remains to be done before there can be any question of a deal being agreed with the teachers. My officials have played a full part in this matter to date and I shall instruct them to continue to express my support in principle for reform, but without any commitment on costs and final outcomes. I am willing to address those aspects only when it is much clearer what might be negotiated with the teachers. There can be no question of allowing the teachers to pick out the palatable bits without agreeing the introduction of performance assessment and more positive management practices. My objective on this front is to see work proceed on the reform package, without any hostages about outcome, implementation or cost.

5. As regards this year's settlement, my objective is the lowest possible increase. I do not think that we can realistically look for a settlement below 3%, and the instructions to my representatives have to be aimed at securing a settlement at or close to that figure. They will deploy our arguments about the need for low pay settlements generally, the damage which increases above 3% might do to other parts of the education system or to other

CONFIDENTIAL

locally provided services, and recruitment/retention arguments which lend no support to any case for a higher than average settlement. I shall also instruct them to press for a negotiated settlement and to oppose any suggestion of arbitration. Thus they would

- support offers at 3% or less
- argue against and vote against any higher offers
- argue against and vote against any proposal to refer the claim to arbitration.

But I do not think I should instruct them to veto all offers above 3%. That would be too restrictive. On 24 February it is unlikely that figures above 3% will be mentioned. I shall refuse authority to ~~my~~ representatives to agree any figure above 3% on that day. On 29 February a negotiated settlement must be unlikely. But if the employers see advantage in offering more than 3%, and out-vote my representatives to that effect, then I propose they should veto anything above 4%. They will of course seek to avoid the need to use the veto at all. I would prefer to set a lower ceiling, but fear that if such a ceiling had to be used it would risk arbitration and a higher eventual outcome.

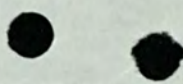
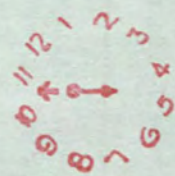
6. If you should have comments on the instructions I propose to give my representatives, I should be glad to have those by close of play on Wednesday, 22 February. I shall in any case write again after the 29 February meeting, in the light of events in Burnham on that day and developments in other negotiations by that time, and ahead of the following Burnham meeting. (No date has yet been fixed for the first meeting of the Burnham (Further Education) Committee: I will write to you about those negotiations at the appropriate time.)

7. Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Yours*

*Keir*

16 JAN 1984





Prime Minister<sup>2</sup> CWO

In the light of this, the meeting was called off. Ministers will need to return to this when the report of

Treasury Chambers, Parliament Street, SW1P 3AG officials is ready.  
01-233 3000

AT 14/2  
14 February 1984

Miss Elizabeth Hodkinson  
Private Secretary to the Secretary of State for  
Education and Science  
Department of Education and Science  
Elizabeth House

Dear Elizabeth,

TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

As you know, the Prime Minister has called a meeting to discuss your Secretary of State's minute of 25 January about pension contribution rates for teachers.

Since he wrote, Departments have, as you will be aware, received the Government Actuary's quinquennial report on the National Health Service scheme which was referred to in paragraph 3 of your Secretary of State's minute. This does indeed recommend a decrease in total contributions for basic benefits. While the Chancellor feels that against the background of the Government's overall policy it would not be illogical to press for an increase in teachers' contribution while resisting a reduction in NHS contribution, he recognises the problems this might present.

Under these circumstances the Chancellor is prepared not to press now for an increase in the teachers' employee contribution provided first that your Secretary of State's announcement makes it clear that the Government remains committed to realistic employee contributions and that further action can be expected later (our officials will be pursuing some detailed points on the present draft separately); and second that Ministers are agreed that the status quo will hold for the NHS employees and employers and that calls for an adjustment in pay there will be resisted. The Chancellor would be grateful for the assurance of the Secretary of State for Social Services on this second point.

If his colleagues can agree to these two conditions, the Chancellor sees no need for an immediate meeting. He suggests that the issue

/of



of pension contributions might be discussed generally when Ministers receive the report by the official Committee on occupational pensions.

I am copying this minute to the Private Secretaries to the Prime Minister, the other members of E(PSP), the Secretaries of State for Scotland and Wales and Northern Ireland, and Sir Robert Armstrong.

*Yours sincerely,  
Margaret O'Mara*

MISS M O'MARA  
Private Secretary

Education  
Terms for 1913.



114 ccs 1913  
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LECNO

DJH



2 MARSHAM STREET  
LONDON SW1P 3EB

My ref: J/PSO/10763/84

Your ref:

13 February 1984

NBPM  
AT 13/2

Dear Nigel,

Keith/ Joseph sent me a copy of his letter of 27 January, proposing amendments to the Teachers' Pension Scheme to provide that a teacher who "steps down" in the interests of efficiency will be able to request separate pensions for his two periods of service.

As he points out, there are already equivalent provisions in the other public service pension schemes, and I have no objection to his proposal to bring the Teachers' scheme into line.

I am copying this letter to those who received Sir Keith's.

*Yours ever*  
*Patrick*

PATRICK JENKIN

The Rt Hon Nigel Lawson MP



educ pay pt 3



15 FEB 1984



NAPM AT 13/2  
SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

10 February 1984

*Dear Nigel,*

TEACHERS' PAY NEGOTIATIONS 1984

I am writing to report, for the information of colleagues, the position now reached in teachers' pay negotiations in Scotland. The negotiating bodies concerned are the Scottish Joint Negotiating Committees for Teaching Staff in School Education (SJNC(SE)) and in Further Education (SJNC(FE)).

In the SJNC(SE) the teachers are asking for an overall increase of at least 9.5 per cent from 1 April 1984. They submit that this increase is required to bring teachers' salaries into line with the current average of increases obtained by other employees; to make good, in part only, the decline in the relative position of teachers as indicated by comparative pay data; and to give some recognition to the heavier burden of professional services and skills required of teachers as a result of changes in educational practice and organisation. In the SJNC(FE) a claim has been submitted for the salaries of all lecturers to be increased by 10 per cent as from 1 April 1984 in order (a) to take account of movements in the indices of Retail Prices and Average Earnings over the previous twelve months and (b) to initiate the process of restoring the shortfall in lecturers' earnings which they allege has accumulated over recent years.

You will be aware that the position of my representatives in these negotiations is somewhat different from that of Keith Joseph's in Burnham. In Scotland there is no veto and no weighted vote; we have to rely on persuasion during discussions in the Management Side and, ultimately, on my control of local authority spending through rate support grant and power to penalise unreasonable expenditure. My representatives have already made it clear to the Management Side in both the SJNC(SE) and the SJNC(FE) that, while the Government has not set any pay norm for the public sector, it expects public sector pay settlements to be of the order of 3 per cent; and that, if there were to be a settlement above that level, the consequences would be the need for

either a reduction in teacher numbers or a reduction in spending in some other area or an increase in local authority expenditure to a level at which the Government might have to take action. They have laid stress also on the points that pay settlements should be determined by what employers can afford and by the levels required to recruit, retain and motivate staff.

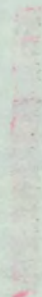
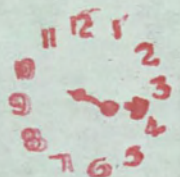
Against this background - and in the knowledge that the manual workers (who are the traditional pacesetters in the local authority sector) had already been offered 3 per cent - the Management Sides of SJNC(FE) and SJNC(SE) each offered increases of 3 per cent at meetings held on 3 February and 7 February respectively. In each case, the Staff Side rejected the offer and there was no real further discussion. Negotiations in the SJNC(SE) are to be resumed on 8 March, by which time it is expected that an interim report will be available from a working party of SJNC(SE) which was set up following the 1983 settlement to consider the introduction of pay data collection studies into the negotiation of teachers' salaries. No date has been fixed for another meeting of the SJNC(FE).

My representatives will of course continue to argue strongly in both bodies for a settlement at the lowest practicable level and I shall keep colleagues in touch with developments.

I am sending copies of this letter to the Prime Minister, Keith Joseph, Tom King, Nicholas Edwards, Patrick Jenkin and Sir Robert Armstrong.

Yours truly,  
Cunneen

13 FEB 1984





NBPM

AT 8/2

cc DL

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State  
Department of Education & Science  
Elizabeth House  
York Road  
LONDON SE1 7PH

28 February 1984

*Dear Keith,*

"STEPPING DOWN"

You wrote to Nigel Lawson on 27 January about the need to avoid pension detriment for teachers who are asked to step down to a post with a lower salary.

We have no objections to your suggested amendment to the teachers' superannuation scheme and are content for you to go ahead as proposed.

I am copying this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

BARNEY HAYHOE

- 9 FFR 1984



CR

BT

Please arrange a meeting on  
Teachers' Superannuation - correspondence  
with Sir Keith Joseph re:ref.

- ✓ SS / ES ✓ ✓ ✓
- ✓ SS / EW ✓ ✓ ✓
- ✓ SS / SS ✓ ✓ ✓
- ✓ SS / Scot ✓ ✓ ✓
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- ✓ Ch / Ex ✓ ✓ ✓
- ✓ HS (if he feels he has an ?  
interest)

$\frac{3}{4}$

Andrew

Wednesday  
15 February  
at 11.15

plied office  
happy to wait  
that long.

CR



10 DOWNING STREET

From the Private Secretary

30 January 1984

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Dear Elizabeth,

Teachers' Superannuation Scheme (England and Wales)

BF

The Prime Minister has seen your Secretary of State's minute of 25 January arguing the case for maintaining the employees' contribution rate at 6% and for seeking the increase required entirely from the employers' contributions. She has agreed to hold a meeting to discuss this and this has been arranged for 15 February. The Chancellor of the Exchequer, the Secretaries of State for the Environment, Social Services, Scotland and Wales, and the Home Secretary have been invited.

I am copying this letter to the Private Secretaries of members of E(PSP), John Graham (Scottish Office), Colin Jones (Welsh Office), Derek Hill (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

*Yours sincerely*  
*Andrew Turnbull*

Andrew Turnbull

Miss Elizabeth Hodkinson,  
Department of Education and Science.





DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London  
SW1P 3AQ

27 January 1984

*Dear Nigel -*

**"STEPPING DOWN"**

I am pressing ahead with a number of measures designed to improve the training, professionalism and management of teachers. This letter is concerned with a small change in teachers' pension arrangements which I believe would make a modest but useful contribution.

When heads and other senior teachers run out of steam they do a disproportionate amount of harm. In some cases early retirement or even dismissal is fully justified, but not all those who would be better out of posts of responsibility can be dealt with in that way. I believe that there is a proportion for whom the right answer would be a return to positions of lesser responsibility where they might still contribute positively. Such a move would adversely affect their pension entitlements, especially if they are far from retirement. That seems to me likely to inhibit employers from using "stepping down" as a positive instrument of management.

In the NHS, the civil service and local government, the pension schemes allow the calculation of separate pension elements based on service and salary before and after a "step down" to a post with a lower salary, with the first element frozen until retirement. I believe that a facility of this kind should be extended to education. I understand that the numbers affected by this in the NHS, the civil service and local government are small and I would not expect extensive use of the facility by education employers. But I am confident that they would welcome the change and I believe it is a contribution to better management which I should offer.

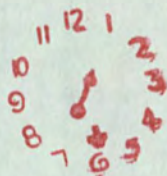
My officials explored the proposal in principle with yours last year and no objections were seen at that stage to our bringing the teachers' superannuation scheme into line with the NHS scheme. I propose that the adjustment should apply to all teachers in membership of the teachers' superannuation scheme. Where the employers certified that a teacher had suffered a reduction in salary on taking up another full-time post, in the interests of the efficient discharge of the employers' functions, then that teacher would be entitled to have his final pension based on the two phases of his career, reflecting reckonable service and final salary in each phase. Unless you or colleagues see difficulties about this proposal, I will proceed to early consultation with the local authority associations and the teacher unions before making the necessary amendments to the Teachers Superannuation Regulations.

I am sending copies of this letter to the Prime Minister, to members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

Lawson.

Keir.

27 JAN 1984





10 DOWNING STREET

Prime Minister ②

Sec Keith is taking you  
up on your offer of a meeting.  
I am arranging. Since part  
of his argument is to  
compare with other public  
sector groups, we will  
need SS/SS, SS/Em etc.

I do not accept the argument  
in para 2. Do employers see  
100% loading of variations  
on them as neutral.

AT

26/1

CQ NO

PRIME MINISTER

ms

## TEACHERS' SUPERANNUATION SCHEME (TSS) (ENGLAND AND WALES)

1. Your Private Secretary's letter of 19 January suggested a meeting if I still favoured my original suggestion. I would welcome that. This minute sets out brief notes on points which I suggest we might cover, avoiding as far as possible restating arguments already on the record.

Sharing the required contribution increase

2. I do not think the Chancellor's proposal would be perceived as a neutral stance. The status quo is 6% from employees, in the teachers' and other normal accrual schemes for non-manual employees; the employers' contributions vary. When the total TSS contribution last changed, downwards, the employee contribution was kept at 6%. Present policy is thus to require employees to contribute 6%. A change in that percentage will be seen as a policy change.

Should employees' contributions change with GA reports?

3. I gather that a Government Actuary's (GA) report on the NHS scheme is expected soon and that it may indicate a reduction in total contributions. Raising the teachers' rate now in association with the GA report on their scheme might suggest that any reduction required in the NHS case should also be shared with employees. More generally, I do not think the absence of recent GA reports on some schemes should inhibit us from moving to a single (higher) employee rate for all - 8% or thereabouts if we conclude that is the appropriate level. (I understand that this issue may be before us within a month or two, from the Official Committee on Public Sector Pensions.) If we decide to act in this

way we shall have to present the change as a policy decision, divorced from the detail of recent valuations. This is one of the reasons why I am uncertain about acting on the teachers' scheme now, on the back of the GA report.

#### Pay implications

4. The Chancellor believes that any further general statement of policy could well be interpreted by other groups as posing an unquantified and potentially serious threat, perhaps jeopardising their pay negotiations. I am sure he would agree that an actual increase in the teachers' contribution level, in isolation, with the prospect of further increase to take account of Pensions Increase to follow (I should have to make it clear that any increase from 1 April 1984 was not related to Pensions Increase costs), would on the same argument certainly impact on their pay negotiations. Whatever we decide now about teachers' superannuation, we will never know what the pay settlement would otherwise have been, of course, but some or all of any increased contribution may be reflected in pay, if only because of employers' relatively greater ability to pay a salary increase if some of what they currently expect to meet on superannuation is passed across to the teachers. My veto might not protect us against that, as already noted.

5. Insofar as a higher settlement might result, it would seem bound to affect other public service pay negotiations, no matter how carefully we presented the superannuation context. Any consequential pay increases would then be reflected in higher pension levels, from next year onwards.

#### Wider implications

6. Colleagues may see the GA report on teacher pensions as a good opportunity to break the general 6% pattern, perhaps thinking that would make it easier to deliver across-the-board change later. I don't agree. Our determination to apply general change is firm and our rate of progress towards that seems to me to depend on considerations other than the teachers' contribution

rate. It will be easier to play down detailed analysis of different groups' contributions and benefits if all move together to a new higher rate, as a result of a policy of general application.

7. We may want to bring about a change in employees' contributions from a date other than 1 April (1984 or 1985). I would therefore now suggest a change in the statement I proposed on 16 January so that I would specify contribution rates from 1 April 1984 rather than for 1984/85.

#### Conclusions

8. We must decide this matter soon, to give employers the maximum time for their 1984/85 financial planning and before employer representatives have to present their ability to pay arguments in this year's pay negotiations. I do not expect the first meeting, on 30 January, to include a pay offer, but one may be required as early as mid-February. I will write to the Chancellor separately about the instructions I propose to give my representatives.

9. A factual note on present and possible future contribution rates etc is attached.

10. Copies of this minute go as previously to members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

Ky

25 January 1984

TEACHERS' SUPERANNUATION SCHEME (E & W): FACTSContributions

	Normal Contribution (Total)	of which Employee	Employer	Supplementary Rate (Employer)	Total
Present arrangements:	12.9%	6%	6.9%	1.5%	14.4%
GA's Report:	13.7%	no recommendation		1.75%	15.45%

These rates do not cover Pensions Increase. The GA has calculated that a normal contribution rate for new entrants of 19.9% would be required to cover PI costs.

INCOME, EXPENDITURE AND BALANCE

	1982/83
Receipts	£775m
Expenditure on basic benefits	£504m
Surplus to notional fund	£271m
Expenditure on Pensions Increase	£299m
1982/83 cost to Exchequer (including PI)	£ 28m
Current balance in notional fund (note: notional fund does not bear PI costs)	c £10,000m

Education : Teachers Pay pt. 3.

20 JAN 1984





MJ

cc Mr Letwin

file

23 January 1984

Teachers' Pay Structures

The Prime Minister has seen your Secretary of State's minute of 20 January reporting Mr. Merridale's action in circulating a leaflet on teachers' pay structures. She has noted this without comment.

I am sending a copy of this letter to John Kerr (HM Treasury).

Andrew Turnbull

Miss C.E. Hodkinson  
Department of Education and Science.

da

CC NO.  
PRIME MINISTER

TEACHERS' PAY STRUCTURES

Prime Minutes (2)

To note AT 20/1

MT

We spoke about possible reform of the teachers' pay structure on 12 January. I think you should know that Philip Merridale, the Chairman of the Burnham Management Panel, wrote earlier this week to all Education Committee Chairmen, enclosing copies of the attached information leaflet and suggesting that copies should be sent to all teachers. He took this initiative without the authority of his Panel and without any indication to me or any officials here of his intention. Nor did he seek to carry AMA colleagues on Burnham. They have said that the bulk distribution of leaflets should not be made to AMA member authorities, and, against that background, the Panel Chairman has decided to suspend bulk despatch to ACC authorities. The matter will now be considered by the whole Management Panel in February, with my representatives present.

2. The content of the leaflet follows very closely the texts of discussion papers considered with the teacher unions last month, but in any semi-permanent statement of this kind I would have wanted different emphases, for example, on the central importance of performance assessment. The text will very quickly leak to press and unions, but without a bulk distribution questions about its status will be the more easily parried. Officials here have already spoken with Mr Merridale about the risks which attach to his initiative - the outcome of enthusiasm and drive - and I will speak to him privately myself on a suitable occasion. Publicly I will continue my support for the general principles of reform but scrupulously avoid commitment to the detail contained in the leaflet and on the question of additional cost.

3. I am sending a copy of this minute and the leaflet to the Chancellor.

KJ.

000399

**Burnham  
Primary and Secondary  
Committee  
Management Panel**

**SALARY  
STRUCTURE**

**“Letting You Know”**

# INTRODUCTION

Reform of the Salary Structure is urgent. Much reporting of the Management ideas has been inadequate and partial. The Chairman of the Burnham Management Panel has asked for this report to let everyone know the position.

In 1980 the Management Panel formed a group of Chief Education Officers to produce proposals. In 1981 both Sides of Burnham agreed to set up a working party on structure. The Chief Education Officer Group became the Management Side of the Working Party. They have developed ideas and put them forward.

The ideas are described in this report and have been circulated for comment and views to all education authorities. They will reply during January.

Burnham's Management Panel has not therefore committed itself. Still less has an offer been made to the Teachers' Panel. The ideas are at the discussion stage and are open for comment and opinion.

Because reform is urgent it is hoped to negotiate a new structure in the Spring. But no worthwhile reform can be achieved without cost or implemented without thorough preparation. This makes 1985 the earliest time for putting any new structure into operation.

# AIMS

In the Working Party the Management Side has approached the problem from the viewpoint that the pay structure for teachers should provide the maximum facility and support to enable education authorities, schools and teachers to develop the best educational opportunities for pupils. Features which make the pay structure rigid and complex should be removed. The pay arrangements should:-

- Emphasise the central importance of the teacher in the classroom.
- Attract entrants with qualifications and qualities which indicate potential for the long term.
- Provide induction, counselling and experience over several years leading to acceptance as a professional career teacher.
- Ensure a satisfactory and properly rewarded career during which professional development is stimulated and encouraged.
- Enable outstanding development and performance as a teacher to be recognised by financial reward.
- Identify clearly the whole range of work and responsibility expected of a mainstream teacher.
- Identify duties and responsibilities beyond those expected of mainstream teachers and provide recognition and reward.
- Ensure that the character, aims and organisation of each school are reflected in the pay structure for its teachers.

# PROPOSALS

These AIMS led the Management Side to put forward suggestions under which:-

## AN ENTRY GRADE

### Appointment and Salary

Newly qualified teachers would be appointed to a new ENTRY GRADE for a period normally of three years. Pay would be on three salary points chosen by the LEA from a range of six set by Burnham. This would allow LEAs to recognise qualifications, length of study and local 'job markets'. Special arrangements would be made for mature entrants.

### Assessment

These teachers would be assigned an experienced teacher as a 'mentor', counselled, supported and assessed and given a lightened teaching load during the first two years. By the end of the third year the process of professional support and professional assessment would have indicated, ideally by mutual agreement, that the teacher has or has not demonstrated the potential for a long term teaching career.

### Assessment Criteria

Assessment criteria would be developed in conjunction with the Teacher unions. Recommendations would go from the school to the LEA via a panel of advisers, inspectors, head teachers and experienced classroom teachers. Appeal against unfavourable assessment would be available but in all cases the final decision would lie with the LEA.

### Assessment Outcome

Those demonstrating long term potential would transfer to the MAIN PROFESSIONAL GRADE. Most of those not doing so would have concluded that their career did not lie in teaching. In the few remaining cases an offer of an alternative kind of employment would be made if it is available. If all else fails they would be dismissed.

## A MAIN PROFESSIONAL GRADE

### Salary Levels

It is envisaged that the Salary Scale for the Main Professional Grade would start substantially beyond the top of the Entry Grade and run, via about ten increments, to a maximum beyond the top of existing scale 2.

## Duties and Responsibilities

The duties and responsibilities expected of a teacher on the Main Professional Grade would be set down in the Burnham Document and those teachers not undertaking them would not be admitted to the new grade. A draft definition of duties is at page 7 of this report.

## Voluntary and Contractual Duties

Some teachers may regard some of these duties as 'voluntary' at present. LEAs see all of them as crucial to the discharge by the LEA of its statutory responsibilities. At the same time all LEAs greatly appreciate the voluntary commitment made by so many teachers to increasing the educational opportunities and experiences of their pupils. They are sure that this will continue.

## Allocation of Duties and Responsibilities

Within this broad definition the allocation of duties and responsibilities at school level would be based on the collective responsibility of teachers and there would be arrangements to ensure the fair allocation of specific tasks taking account of the strengths and preferences of each member of staff. One of these tasks would be as 'mentor' for a teacher on the Entry Grade.

## Professional and Career Development

It is highly desirable that all teachers should continue to develop their expertise and enhance their performance throughout their careers. The proposal is for an annual professional and career development discussion between the teacher and the professional colleague(s) accountable for performance. The aim would be to identify opportunities for and obstacles to growth leading to action by the teacher and the school which would be evaluated the following year.

## Progression through the Main Grade

Progression through the Main Professional scale would be by annual increments as at present. The LEA would have to determine the starting salary for re-entrants and those voluntarily transferring between schools. The existing facility to withhold an increment for unsatisfactory performance would be retained.

## Accelerated Progression through the Main Grade

For those teachers whose rate of development is exceptional there would be a facility for accelerated progression towards the scale maximum. A recommendation from the school would arise out of the annual development discussion. It would go to the LEA whose task, ensuring consistency between schools, would

be to award additional increments to individuals where this was merited. Under these arrangements all teachers would reach the maximum of the scale by their mid thirties but most exceptional would do so several years earlier.

### Merit Awards

After several years service at scale maximum outstanding classroom teachers would become eligible for a 'merit pay' award in addition to the scale and in addition to any payment for more demanding duties and responsibilities.

### Acceleration and Merit Guarantee

Provision for 'accelerated progression' and 'merit awards' would need to be confirmed by a suitable addition to the wording of the Burnham Document.

## MORE SENIOR POSTS

### The Need

Though the responsibilities of a teacher on the Main Professional Grade would involve sharing professional and subject area expertise with colleagues and contributing advice, there would remain a need in many schools for more senior posts in addition to those of Head Teacher and Deputy.

### Allowances

These responsibilities would be recognised by a set of allowances payable in addition to the Main Professional scale. This is to emphasise that the principal task of all teachers is teaching and to provide a clear link between additional responsibilities and the pay which goes with them. The allowances would replace the existing separate scales.

### Organisation Structures

It is vital that schools should retain the freedom to choose their own internal organisation but equally the LEA must retain financial control.

### Funding the Organisation Structure

The proposal is to give a financial allocation to each school for allowances beyond the Main Grade. These allocations would be set at levels which would meet the ordinary needs of most schools.

### Measuring the Size of the Schools

To measure differences in school size (and needs), so as to determine financial allocations, the proposal is to retain age-weighted pupil numbers though not necessarily the present age weighting.

### Levels of Allowances

One cash figure is envisaged and this would be paid by itself or in multiples of two or three to individual postholders according to the responsibilities of the post.

### Consistency Between Schools

To ensure consistency between schools a nationally devised code would guide the choice of allowance(s) payable in respect of a particular post in the light of the responsibility for the work of junior colleagues and other tasks.

### Special Needs

Some schools' needs might not be met by the standard

## Duties and Responsibilities of Teachers to be Assigned to the Main Professional Grade

(A provision in the Burnham Document would indicate that where a teacher undertakes, as required, the following duties and responsibilities he or she shall be paid on the Main Professional Grade.)

### Work with individuals and groups of pupils

1. Plan, prepare, evaluate and modify as necessary personal teaching methods, work programmes and teaching materials in accordance with LEA curricular policies and school schemes and standards.
2. Teach effectively and ensure the discipline and safety of assigned timetabled classes and groups; meet the varied and special educational needs of pupils.
3. Mark and record pupils' work in accordance with school and LEA policies and schemes.
4. Promote the general progress and welfare of a class or group of pupils as part of the school's pastoral and counselling arrangements.
5. Assess and record pupils' personal and social needs, development, progress and attainment; provide or contribute to oral or written assessments and reports on individual pupils and groups.
6. Consult and inform parents, cooperate with appropriate outside agencies in accordance with school and LEA policies and schemes.

### Work with other teaching and non-teaching staff

7. Contribute to and participate in team planning, self evaluation, in-service training and professional development in assigned areas of the curriculum and pastoral arrangements; participate in related staff

financial allocation whether because of the nature of the catchment area, the aims and objectives selected by the school, the desire to change an existing organisation structure or for some other reason. Therefore the LEA should be free, on its own initiative or at the request of the school, to provide a temporary or permanent increase in the allowances allocation.

### Comprehensive Reform

All of these proposals form part of a single package of reforms which would not only realise the AIMS set down on page 3, but avert the steady decay and ultimate breakdown of the much criticised system presently in operation.

- meetings and school events.
8. Advise colleagues, cooperate with them on teaching programmes, methods, equipment and materials within assigned areas of the curriculum ensuring that appropriate administrative tasks are undertaken.
9. Contribute to and participate in the school's pastoral, tutorial and guidance arrangements including liaising with other schools and colleagues and carrying out an appropriate share of the organisation and conduct of parental consultation and staff meetings.
10. Contribute as required to the appointment, induction, professional development, and assessment of junior colleagues, including new entrants to teaching.
11. Carry out an appropriate share of the administrative and organisational tasks within the school including providing support for teachers undertaking additional responsibilities and holding senior posts.
12. Ensure the safety and good order of pupils by carrying out an appropriate share of active supervision, together with assigned ancillary staff, whenever pupils are authorised to be on school premises or elsewhere when they are the responsibility of the school.
13. Undertake an appropriate share of all collective responsibilities including substituting for an absent colleague when required.
14. Supervise ancillary staff as required.
15. Order and allocate appropriate equipment and materials in accordance with school policies and schemes.
16. Carry out such other related duties and responsibilities at the school as may be reasonably allocated, as need arises, by the head.



SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

The Rt Hon Sir Keith Joseph MP  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON  
SE1 7PH

ccyo  
NRPM AT 19/1  
NORTHERN IRELAND OFFICE  
WHITEHALL  
LONDON SW1A 2AZ

19 January 1984

*Keith*

#### TEACHERS' SUPERANNUATION SCHEME ENGLAND AND WALES

Thank you for copying me your letter of 22 December to Nigel Lawson. I have also seen the letter from the Prime Minister's Private Secretary to yours on 5 January, and your response of 16 January.

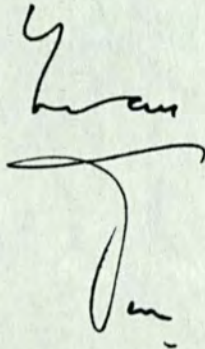
As you know teachers in Northern Ireland contribute to a separate Superannuation Scheme and the Government Actuary (GA) carried out an investigation similar to that for England and Wales. The teachers' rate of contribution in Northern Ireland is the same as in England and Wales (6%); the employer contribution is 8.3% (0.1% lower than England and Wales).

The GA Report on the Northern Ireland Scheme for the period 1976/81 is due later this year and, should he recommend an increase in contributions, the increase will be introduced from 1 April 1985. The practice in Northern Ireland has been to maintain close parity with England and Wales and the established pattern of making necessary adjustments to the employers' rather than the teachers' contributions has been followed. If an increase in teachers' contributions, were to be reflected in whole or part in the 1 April 1984 Burnham salary settlement I could face some difficulties in Northern Ireland. Burnham Settlements and salary scales are implemented more or less automatically but the Government Actuary's Report will not be available, because of his other priorities, to allow adjustments in contributions earlier than 1 April 1985. However this difficulty is not insurmountable and is not so serious as to affect policy on public section pensions generally.

As far as Pension Increase is concerned I agree with your view that revised policies should be tackled on an "across the board" basis. It seems to me that it could be counter-productive to tackle the issue in this isolated sector but I would support the terms of the second paragraph of the draft statement which you circulated with your note of 16 January to the Prime Minister.

I note your comments about the economic assumptions underlying the GA's report and am content with your line on this aspect.

I am copying this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. L. ...', written in a cursive style.

Education : Teachers Day 173.

210 JAN 1984

112 - 333  
112 - 333



file



10 DOWNING STREET

HMT  
HO  
D/En.  
DOE  
DHSS  
DTI  
D/Trans.  
CSO, HMT  
M/Art  
+ SO  
WO

From the Private Secretary

19 January 1984

CDHO  
D/Emp.  
NIO  
CO

b.c. Oliver letter

TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

The Prime Minister has seen your Secretary of State's minute of 16 January which reiterates his original proposal for putting the entire increase in contributions required on employers, but suggests revised wording for the announcement on the Government's future intentions. She still feels that the correct course is to split the increase between employers and employees. This would be consistent both with the Manifesto and with the conclusions of Cabinet on 15 September which read "Meanwhile any convenient opportunities which presented themselves for adjusting employees' pension contributions in the public services should continue to be pursued".

The Prime Minister is attracted by the presentation suggested by the Chancellor of the Exchequer in his minute of 18 January. She agrees that splitting the increase could be presented as maintaining the current balance between employers and employees.

She would be grateful if your Secretary of State could re-consider this. Should he still wish to pursue his original suggestion, she will hold a meeting of the Ministers concerned.

I am sending copies of this letter to the Private Secretaries to the members of E(PSP), to John Graham (Scottish Office), Colin Jones (Welsh Office), Derek Hill (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Miss Elizabeth Hodkinson,  
Department of Education and Science.

E. R.  
18 January 1984

MR TURNBULL

TEACHERS' SUPERANNUATION SCHEME

Keith Joseph argues that it would be unwise to increase the employees' contribution this year because:

- (1) This would pre-empt Cabinet decisions on general public sector pensions policy.
- (2) A change in teachers' contributions would seem arbitrary if announced in advance of a general policy.
- (3) The employers might match the increased contribution by increasing teachers' pay.

These arguments are far from overwhelming:

- (1) The Manifesto already commits the Government to achieving realistic employee contributions; only the scale and timing of the increase remain to be decided. A modest rise in teachers' contributions could not, therefore, reasonably be construed as pre-emptive.
- (2) If the Government were to increase teachers' contributions, it could well explain that, so far from being an arbitrary move, this was merely the first step towards fulfilling the Manifesto commitment.
- (3) Even if the employers matched the increase by increasing teachers' pay, we would have gained a point of principle without any net addition to public spending. And it is quite possible that the employers would not match the increase in contributions: they have an interest in keeping pay down.

We conclude that if the Prime Minister wishes to join the Treasury in insisting on a rise in the employees' contribution, there is no real obstacle to her doing so.

OL.

OLIVER LETWIN



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

**TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)**

I have seen the minute which the Secretary of State for Education and Science sent you on 16 January, responding to your comment on his original proposal.

2. Like you, I am unhappy with the suggestion that the whole of the 1.05% increase in contributions should be borne by the employers. I do not accept that we can take no action on any front until we have considered the wider issue of realistic pension contributions in detail. Nor do I believe that a move on teachers' contributions need be accompanied by any further general statement of policy: our position on this issue is already fairly well known, and Keith Joseph's proposed form of words could well be interpreted by other groups, e.g. the local authority manuals, as an unquantified but potentially serious threat, and so could jeopardise their pay negotiations.

3. I should therefore prefer an increase in teachers' employee contributions which maintained the present proportionate sharing of the cost of basic pensions between employee and employer. I believe this could be defended as a neutral stance. It could be set out in an announcement wholly limited to the teachers, which should avoid implying that even for them this was the end of the road.

4. I attach a possible form of words. As you will see this approach means that employee contributions would increase to 6.4 per cent. Employer contributions would of course rise by less than they would under Keith's proposals; and since employers would be relieved of a considerable part of the burden they might otherwise have expected to bear, we should also make it clear that we see no case for special reliefs for them, such as a disregard against expenditure targets.

5. I am copying this as before.

A handwritten signature in dark ink, appearing to be 'M.L.' with a flourish.

N.L.

18 January 1984

CONFIDENTIAL

ALTERNATIVE DRAFT STATEMENT ON TEACHERS' SUPERANNUATION CONTRIBUTIONS

I presented the Government Actuary's Report to Parliament on 19 December last. His review identified a need for increased contributions totalling 1.05 per cent of salary to pay for basic benefits, apart from the costs of pensions increases which are at present financed outside the notional fund.

2. As the House knows, the Government intends to maintain the index linking of pensions in all the public services on the basis of realistic employee contribution. For the time being I propose to maintain the existing broad division of the costs of basic benefits in the scheme between employees and employers. I am therefore proposing to amend the Regulations so that employees in the teachers' scheme will pay 6.4 per cent, and employers 7.3 per cent in 1984-85 plus the supplementary rate of 1.75 per cent.

CONFIDENTIAL



10 DOWNING STREET

From the Principal Private Secretary

Prime Minister

Sir Keith Joseph has retracted his proposal for loading all the increase on employers, his only concession being slightly tougher wording on future intentions. This seems to me to be inconsistent, not only with the Manifesto but also with the conclusions of Cabinet on 15 Sept.

The Chancellor ingeniously suggests presenting splitting the £ increase as the present balance.

Agree Sir Keith be asked to implement sharing the increase?

1. Like the Chancellor's <sup>AT</sup> 18/1, approach. We really can't load it all on to employers - especially as we are asking L.A.'s to contain their expenditure. Perhaps the three of us can have a word <sub>me</sub>

PRIME MINISTER

TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

You asked me, in response to my December letter to the Chancellor, to consider further the possibility of sharing the increase of 0.8% required in the normal contribution rate for the Teachers' Superannuation Scheme among employers and employees. I have the same inclination as you, and hope we shall agree to increase the employees' contribution to this scheme soon.

I must however announce within the next week or so any changes that are to operate from 1 April 1984, so that the local authorities can budget for 1984-85. Any increase in the employees' contributions statutorily requires consultation, in the course of which I would have to justify a proposed increase. I do not see how I can do this without at least to some extent pre-empting the outcome of the collective consideration we shall need to give to the issue when the official committee reports. The level of the employees' contribution is essentially a policy decision (actuarial analysis can tell us what the total contributions should be, but not how that total should be shared between employers and employees); and there are no obvious reasons why the teachers' percentage should be different from eg Health Service employees. Even maintaining the present employers' and employees' proportionate shares of the total would be a policy change and require a change in the regulations. All this points to our deciding on an increase for the teachers when we have taken a policy decision for normal accrual public service schemes in general.

When we increase the contributions, there will be arguments about the consequences for pay. But if we decide now, on what will appear to be an arbitrary basis in the absence of a general policy, to increase teachers' contributions to 6.4% (or more), then I believe the employers might well be sympathetic to an appeal from the teachers for a compensating pay increase. The veto would not necessarily enable us to prevent this for, as

in 1982, the employers might outvote us and agree to arbitration.

I still believe therefore that we should not increase the employees' contributions in 1984, unless colleagues agree within the next few days on a statement of policy covering normal accrual public service schemes generally. But I would favour strengthening my proposed announcement as in the attached draft, to make it clear that we do propose to increase their contributions later, probably from 1985 onwards. This draft also includes the addition suggested by the Home Secretary.

Copies of this minute go as previously to members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

KJ

16 January 1984

## DRAFT STATEMENT ON TEACHERS' SUPERANNUATION CONTRIBUTIONS

I presented the Government Actuary's report to Parliament on 19 December last. His review identified a need for increased contributions totalling 1.05% of salary. Under present regulations governing the scheme the employees' share of the normal contribution rate is 6.0%. To meet the increase required the employers' share of the normal contribution rate increases to 7.7% and the supplementary rate, met by employers, rises to 1.75%, bringing the total contribution payable by employers to 9.45%.

I do not propose to amend the regulations at present. For 1984-85 the contributions of employees and employers will be 6% and 9.45% respectively. I would however remind the House of the Government's firm commitment to reform the present public service pension arrangements so as to bring the cost of Pensions Increase into account and to set realistic contribution levels for employees, where this has not already been done.



EDUCATION: Teachers Pam

PS

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16/1



QUEEN ANNE'S GATE  
LONDON SW1H 9AT

13 January 1984

R. Katz,

TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

When contribution rates in the police and firemen's pension schemes were increased by 4% in 1982 and 1983 the increases were based on valuations of the two schemes by the Government Actuary which took account of the cost of Pensions Increase (PI). In the case of those two schemes the cost of PI has therefore been taken into account and I suggest that a statement on the lines proposed in your letter of 22 December should include something to the effect "where this has not already been done".

This has been copied to those who received your letter.

L. W.,  
L. W.

The Rt Hon Sir Keith Joseph, Bt, MP

CONFIDENTIAL

16 JUN 1984

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9 2  
8 3  
7 6 5 4

PRIME MINISTER

file, Bot  
Top Copy on  
Sci + Tech: Science Budget  
Sept 83.

Sir Keith Joseph is coming to see you tomorrow for an informal talk outside the context of PES and the Star Chamber, on various issues on science and education.

There are no papers. He might raise:

i) Science Budget - For figures see attached table.

Financial pressure is causing him to think seriously about UK participation in CERN. This suffers from lack of financial control characteristic of many international projects. It has high status in the scientific community but is a very long way from producing direct benefits for industry. Sir Keith may propose a review of some sort.

ii) Teachers' Superannuation

You recently disagreed with his proposals, arguing that teachers should bear some proportion of the required increase in contributions. Attached is the exchange of correspondence.

iii) Standards

You could discuss with him the reaction to his recent initiative. He may raise the difficulty of seeing it through with the staff he currently has available in his Department.

iv) Standards in teaching

You could ask him for progress on his proposals to raise standards without conceding an increase in the wage bill for teachers.

v) Tenure

Sir Keith owes you a paper on this which should be available shortly.

11 January 1984



cc HMT	DTI	Min/Arts
HO	CDL	CO
D/N	D/M	SO
DOE	DOT	WO
DHSS	CSO	NIO

10 DOWNING STREET *S/C: J. Redwood*

*From the Private Secretary*

5 January 1983

Teachers' Superannuation Scheme (England and Wales)

The Prime Minister has seen your Secretary of State's letter to the Chancellor of 22 December, recommending that employers should pay both the required increase in the supplementary contribution and all the increase in the normal contribution. In her view, the normal contribution increase should be shared at least equally with employees. This would represent a step towards the Manifesto commitment rather than a step away from it. She would be grateful, therefore, if your Secretary of State could reconsider his proposals.

I am copying this to the Private Secretaries to Members of E(PSP), John Graham (Scottish Office), Colin Jones (Welsh Office), John Lyon (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Miss C.E. Hodkinson,  
Department of Education and Science.

*WJ*

PRIME MINISTERTeachers' superannuation scheme

Sir Keith's proposals can be summarised in the following table:

	<u>Current %</u>	<u>Proposed %</u>
Employees' normal contribution	6.0	6.0
Employers' normal contribution	6.9	7.7
Employers' supplementary contribution	1.5	1.75
Total normal contribution	12.9	13.7
Total employers' contribution	8.4	9.45

The Policy Unit suggest that part of the increase should fall on employees as this is the direction we will want to be moving in eventually. This could be done by putting all the increase in the supplementary contribution on employers, and sharing the 0.8% increase in the normal contribution equally between employers and employees.

Agree this be put to Sir Keith Joseph?

HT

4 January 1984

If more is needed  
it must at least be  
divided equally between  
employee and ex

mb

R.  
3 January 1984

MR TURNBULL

TEACHERS' SUPERANNUATION SCHEME

The teachers' pension "fund" does not exist; it is used as an accounting device to check whether employers' and employees' contributions are sufficient to meet the pensions paid.

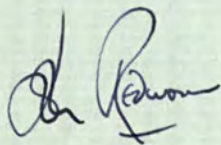
The Government Actuary has now completed his quinquennial review of the Teachers' scheme, and has concluded that contributions have to be increased by 1.05 per cent (from 14.4 per cent to 15.45 per cent).

*Why?  
we need  
all pay  
made  
62*

Keith Joseph argues that the increase should fall exclusively on the employers: he believes that any increase in employee contributions now will harden the hearts of teachers, and will therefore make it politically more difficult to bring about substantial increases in their contribution next year - by which time the Government will have formulated a general policy on public sector pensions.

We disagree. We believe that a substantial proportion of the increase should fall on the employees. This would cause the teachers' unions to protest loudly, but it would be in line with the Manifesto commitment to make employees pay a realistic proportion of the cost of their pensions. It seems mad to have a general policy of realistic payments and then, in a large test case like this, to go the other way because of the anticipated resistance.

We therefore suggest that Keith Joseph should reconsider in the light of the general policy towards public sector pension contributions. Generosity on pensions is unlikely to be reflected in the pay settlement, as that negotiation takes place at a different time with different people. The Chancellor is likely to weigh in with this view.



JOHN REDWOOD



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

22 December 1983

*In Nigel.*

#### TEACHERS' SUPERANNUATION SCHEME (ENGLAND AND WALES)

The Government Actuary (GA) has now completed his quinquennial review of the Teachers' Superannuation Scheme (TSS). I presented his report to Parliament on 19 December, saying then that I was considering his conclusions and would make a statement in due course. This letter is concerned with the action needed to collect the increased contributions indicated in his report. I need to announce by mid-January any change to be implemented during 1984-85, so that local authorities can plan their 1984-85 budgets.

*In total from 14.4% to 15.45%*

Briefly, the facts are that the GA's calculations require an increase in the normal contribution rate of 0.8% (from 12.9% to 13.7%) and an increase of 0.25% in the employers' supplementary rate (from 1.5% to 1.75%). His calculations assume implementation from 1 April 1984. The current regulations do not require the GA to determine the cost of Pensions Increase (PI); nevertheless, he has calculated that if PI were included the normal contribution rate would rise to 19.9% - a further increase of 6.2%.

The current regulations fix the employees' contribution at 6.0%. The employers' contribution is at present 8.4%.

The first question to be addressed is whether this review affords an opportunity to move on the PI front, so far as teachers are concerned. Regrettably, I have to exclude that possibility for 1984-85. I come to this conclusion partly because we do not yet have an agreed policy on the reform of public service pension schemes and, without a clear public commitment to across-the-board change, it would be difficult to justify introducing a PI-related increase in contributions to the TSS alone. But even if we were willing to move on the indexation costs of teachers' pensions ahead of policy decisions of general application and if we were willing to fix employees' contributions from 1 April 1984 at a realistic level, say 8%, then on the GA's indexed calculations there would remain a PI-related increase of 4.2% falling to the employers. I cannot think that we would contemplate re-opening the Rate Support Grant settlement for 1984-85 on that account and I judge it quite unrealistic to expect local authority employers to carry such an increase - of the order of £230m for 1984-85. While I conclude that PI cannot be brought into account for teachers from 1 April 1984, I believe that we

*See N.O.*

*BF with Treasury  
response  
at 6 January  
Index sealed*



CONFIDENTIAL

should remain committed to across-the-board change of that kind for introduction in due course - perhaps phased.

There remains the question of introducing the non-indexed increase identified by the GA. That is in two parts - the supplementary rate increase (0.25%) and the normal contribution rate increase (0.8%). So far as the supplementary rate is concerned, there is a long-standing convention, shared with other schemes, that deficiencies are borne by employers. I believe that this should remain the case and that in line with the present regulations the supplementary rate increase should be met by the employers.

So far as the normal contribution is concerned, there are two possibilities. The first would be to leave the employees' rate unchanged at 6% for 1 April 1984 with employers bearing the whole of the increase of 0.8%; this would be in accordance with the present regulations, and is what is widely expected. The second would be to share the increase between employees and employers: this would require changes to the regulations and prior statutory consultation. If the 0.8% were shared equally between employees and employers there would be a modest but significant saving to local education authorities, of the order of £20m in 1984-85, but only if the employees' increased contribution level was not reflected, in whole or in part, in the 1984 pay settlement. (The increase gathered from the teachers, also £20m, would have a lower net value to the Exchequer, of course, because employees' contributions are tax deductible.) But this course of action has drawbacks. At the previous quinquennial review the total contribution rate was reduced by 0.5%: that decrease accrued to the employers alone. It would therefore be the less easy to justify sharing an increase this time. We would also be in difficulty in the immediate future in answering questions about our intentions on funding the cost of PL. When we come to tackle - as we must - the PI issue, I should much prefer to do so for teachers in the context of a public service-wide policy and not against a background of controversy about isolated change for them alone from April 1984.

My view is that while we remain uncertain about what might follow OP's report the case for an immediate change in the employees' contribution rate is weak. The field expects the increase to be met by the employers and the present regulations provide for that outcome without amendment. But in announcing my conclusion I would want to make it clear that we are committed to the principle that public servants should bear a realistic share of the costs of their superannuation schemes and that we look to bring PI costs into account for all. I attach a draft statement. (The square-bracketted part is intended to leave our options open for the future: you may wish to suggest adjustment to that, if otherwise content.)

I should also note that the report itself is certain to come under close scrutiny from employers and employees, particularly the underlying economic assumptions. I believe that those match the assumptions made when the police and firemen's schemes were last reviewed, but they do differ from those used in the previous TSS review and the report makes clear that use of the previous economic assumptions would have led to a decrease in contribution rates. I shall not enter the argument myself, on the grounds that the assumptions are a matter for the GA's professional judgment. Nevertheless, you may wish to note that I expect attack on the point, in terms of the GA's judgment or in terms of the compatibility of his assumptions with our economic policies.

I should be grateful for any comments you may wish to offer on my proposed line of action, by close of play on 11 January.

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

*Evan. Keir*

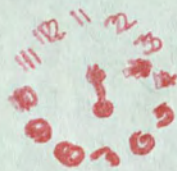
DRAFT STATEMENT ON TEACHERS' SUPERANNUATION CONTRIBUTIONS

I presented the Government Actuary's Report to Parliament on 19 December last. His review identified a need for increased contributions totalling 1.05% of salary. Under the present regulations governing the scheme the employees' share of the normal contribution rate is 6.0%. To meet the increase required the employers' share of the normal contribution rate increases to 7.7% and the supplementary rate, met by employers, rises to 1.75%, bringing the total contribution payable by employers to 9.45%.

I have no immediate plans to amend the regulations so as to adjust the respective contributions of teachers and employers, [but would wish to remind the House of the Government's firm commitment to reform the present public service pension arrangements in due course, so as to bring the cost of Pensions Increase into account and to set realistic contribution levels for employees receiving such benefits.]

The new rates will apply from 1 April 1984.

22 DEC 1983



✓

c. Questions?

CF

? for a file

A.

ROBIN

Sir Keith Joseph's PS telephoned:  
Teachers' pay rises:

1 April 1983	average of 4.98%
1 April 1982	6.0 %
1 April 1981	7.5 %

Angela  
12.45  
19 October 1983

SEND



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

NBPM

MS 11/7

11 July 1983

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State*

**TEACHERS' LONDON WEIGHTING**

*- catch up*  
You wrote to me on 6 July, informing me of the line your officials propose to take during the Burnham negotiations on London Weighting.

I am content with what you suggest. I hope the Management Panel will decide to offer the minimum necessary to recruit, retain and motivate London Teachers. No doubt your representatives will urge this strongly. But I agree it would be undesirable to use the veto in these negotiations.

I am copying this to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, members of E(PSP) and Sir Robert Armstrong.

*Yours sincerely,*

*Margaret O'Mara*

NIGEL LAWSON

*(Approved by the Chancellor and signed in his absence)*

107 JUL 1983



Prime Minister (4)

Agree X

overleaf?

MCS 7/7

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

6 July 1983

*John Major*

*mb*

TEACHERS' PAY: LONDON WEIGHTING 1983

The Burnham Committee which negotiates London Weighting for teachers is to meet on 12 July. It will then consider an unquantified claim "to maintain the equality of real earnings between teachers in London and those outside". Our decision last year to discontinue publication of the Department of Employment indices means it is impossible to be certain what figure the unions have in mind. Nor have we as yet any clear idea of the level at which they might settle, though it may be that a settlement at the level of the main pay settlement (4.98%) will be possible. There would of course be no rationality in matching that figure in this quite separate matter: justification would presumably derive from considerations of negotiability.

We have not decided a general line on London Weighting this year. Without the DE indices, there is no case for increases based on the principle of cost compensation and employers can therefore concentrate on their ability to pay and on the need to recruit, retain and motivate staff. The main cost of London Weighting for teachers falls upon the Inner London Education Authority (ILEA) and their views will not be known until shortly before negotiations open with the teachers. However, I would not expect the other employers to be sympathetic to any proposal for an increase in London Weighting at or above 5%. On the other hand, they would be unlikely strongly to resist a settlement in line with the main pay settlement, if that is what ILEA wished to achieve.

I need to decide what instructions to give to the officials who represent me in these negotiations. Under a voluntary concordat with the local authority associations, they have a weighted vote

/in proceedings

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

in proceedings of the Management Panel but it is sufficient to win the day only if the associations are divided. The concordat also allows my representatives to veto any offer agreed between the associations which is unacceptable to Government on grounds of total cost. I think it somewhat difficult to contemplate using the veto on a London Weighting proposal because it accounts for only a small proportion of the total teachers' pay bill (each 1% increase on London Weighting costs £0.64m and represents less than 0.005% on the total pay bill). I have also to balance the advantages of using the veto against the risk that its use would lead to a breakdown in the concordat, with the loss of my weighted vote. Indeed, if my representatives were to veto an offer which the employers judged reasonable, the result would probably be an immediate reference to arbitration, as happened when the veto was used in the main pay negotiations in 1982.

Against this background, I propose to instruct my representatives to:

- X |
- a. argue for a settlement consistent with a 3½% pay assumption;
  - b. to oppose any higher settlement, and to seek a formal vote and to cast my weighted vote against any offer at 5% or above; but
  - c. not to have recourse to the veto.

I shall be grateful for any comments which you might have on these proposals by midday on 11 July.

Copies of this letter go to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, members of E(PSP) and Sir Robert Armstrong.

*Emerson*

*Kear*



26 JUL 1983

11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31



CONFIDENTIAL



*CCNO*

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London  
SW1P 3AG

9 May 1983

*Dear Geoffrey,*

FURTHER EDUCATION TEACHERS' PAY, ENGLAND AND WALES: 1983

On 6 May the Burnham Further Education Committee agreed a pay increase for further education teachers in England and Wales of 4.95%, to run from 1 April 1983. The increase is made up of 4.5% on all scales and allowances (except London Weighting) plus £51 pa on all scale points. London Weighting will be settled later in line with the school teachers' London Weighting result.

The employers were clearly determined not to go to 5% but were willing to come very close in the interest of a negotiated settlement. My representatives argued for a lower offer, as instructed, and voted against an offer at this level. However, the employers were solidly for an offer at that level and my representatives were out-voted. Since it was by then certain that a negotiated settlement below 5% could be achieved, my representatives withheld the veto, in accordance with instructions. The offer was then made formally and accepted. This result, while higher than we would have wished, is not significantly out of line with recent settlements for the Civil Service and other teacher groups.

Copies of this letter go to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, Members of E (PSP) and Sir Robert Armstrong.

*Kevin Keir*

CONFIDENTIAL

110 MAY 1983





*Gene Education*  
5

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

016

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

21 April 1983

*Ivan Goffroy*

TEACHERS' PAY

On 15 April the Burnham Committee reached an agreed settlement on school teachers' pay in England and Wales, at 4.98%. At the previous meeting the management panel openly offered 4.0% and the signal subsequently reaching my officials indicated that the employers would not be willing to go above that figure unless it were clear that an acceptable negotiated settlement could be achieved. On 15 April informal explorations with the teachers showed that a settlement at 4.98% was available, and with one abstention the employers voted solidly for an offer at that level. My representatives voted against in accordance with our agreed instructions, but the proposal was carried by 23 votes to 15. The veto was withheld (as we had agreed it should be if it was clear that a negotiated settlement below 5% would result) and the settlement formally concluded in the full Burnham Committee.

Associated with this pay settlement was a procedural agreement to establish a working party\* to examine a full range of data relevant to teacher salary negotiations, including the remuneration payable in occupations comparable to teaching but not excluding aspects such as ability to pay and recruitment/retention rates. My representatives made it clear at the outset that the Government was opposed to any such agreement, because of its possible repercussions in future years. Their arguments attracted a little support from the employers, but the employer majority saw a modest concession in this direction as a reasonable price to pay for a negotiated pay settlement which could not otherwise be achieved. A proposal to agree to such a working party was carried by 21 votes to 18 - the latter figure including my 15 weighted votes. (The veto can be exercised only on grounds of aggregate cost and is not available to me on a procedural proposal of this kind.) Naturally I would have preferred a straight pay settlement below 5% but the local authority employers were clearly influenced by movement towards new negotiating machinery for the Civil Service and NHS pay and were willing to make this concession. The verbatim record will make it clear that both sides agree that the working party is not a negotiating forum.

CONFIDENTIAL

London Weighting was not settled at the 15 April meeting. My representatives argued that it should be but the teachers were not willing to settle on it and the employer majority were not willing to press the matter for fear of risking the main pay settlement. When that matter is next taken by Burnham I shall instruct my representatives to seek a settlement at or below the level of the main pay settlement, voting and arguing against any figure above 4%. However, as on previous occasions, I would not propose to use the veto in this matter: if it were so used to block the majority view, a reference to arbitration would almost certainly result.

The Further Education Committee meets on 26 April. My representatives will attend that with instructions as previously agreed. They will therefore veto any proposal for a settlement at 5% or above.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

*E. Carr.*

*Heir.*

\* We will expect to be members of this working party and to be able to influence the range of information which it will collect and put forward to the full Burnham Committee.

Prime Minister

SCOTTISH OFFICE *MUS 19/1*  
WHITEHALL, LONDON SW1A 2AU

010.



CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

19 April 1983

*Dear Geoffrey,*

PAY OF FURTHER EDUCATION TEACHERS IN SCOTLAND

I am writing to let you know that, at a meeting of the Scottish Joint Negotiating Committee for Teaching Staff in Further Education (SJNC(FE)) on 15 April, agreement was reached on the main lines of the 1983 pay settlement for lecturers in further education colleges, central institutions and colleges of education in Scotland.

The agreement was for a 4.5 per cent increase for all lecturers, with a further sum equivalent to 0.4 per cent of the local authority paybill for further education (about £250,000) being made available for distribution, mainly among the lower grades of lecturer employed by the local authorities, in a manner still to be determined. A small group, representative of both sides of the SJNC(FE), is looking further into this and will report back to the full SJNC(FE) on 20 May when it is expected that the final details of the settlement will be concluded. The basic 4.5 per cent increase will be paid with May salaries.

I think that this settlement is as good as we could have hoped for in all the circumstances, including the recent offer to the non-industrial Civil Service. It is slightly lower than that for the Scottish school teachers; and it has been found possible to devise a formula which, while preserving the unified pay scales negotiated last year, will virtually keep the pay settlement down to 4.5 per cent in the centrally-funded institutions. There is no doubt, however, that it will present real financial problems for those establishments, where the governing bodies are already working to very tightly-drawn cash limits.

(Indeed, the representatives of the centrally-funded institutions - supported by my officials - had not wished to move beyond 3½ per cent, but were outvoted in the Management Side by the local authority representatives.) I shall of course require the centrally-funded colleges to absorb as much as possible of the cost of the pay increase within existing provision, but to the extent that this proves not to be practicable, I shall have to give further consideration to what can be done. This is a matter at which I am looking urgently.

I am copying this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours ever,

Cunneen

Prime Minister <sup>2</sup>

a/c

Mus 12/4

**DEPARTMENT OF HEALTH & SOCIAL SECURITY**  
 Alexander Fleming House, Elephant & Castle, London SE1 6BY  
 Telephone 01-407 5522

*From the Secretary of State for Social Services*

The Rt Hon Sir Keith Joseph Bt MP  
 Secretary of State for Education and Science  
 Elizabeth House  
 York Road  
 London  
 SE1 7PH

12 April 1983

I am responding to your letters of 21 March and 6 April about the Burnham Primary and Secondary pay negotiations.

I do not dissent from your view that a settlement of 4½-5 per cent achieved without arbitration would be preferable to the risk of the much higher settlement which might result from arbitration. However as you will appreciate I am extremely concerned about the impact on other settlements within the public sector and, in particular, within the National Health Service. I would therefore stress that I regard it as being vitally important that DES representatives should only move above 4½ per cent if they are quite certain of success without arbitration.

I am copying this letter to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales, and Sir Robert Armstrong.



Education  
Teachers pt 3

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Administrative, Educational, & Social Services



*[Faint handwritten signature]*

*[Faint, mostly illegible typed text, likely a letter or report.]*



MUS(LR)

Education  
ECNO

②

Prime Minister

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

A.J.C. 6/4.

6 April 1983

Dear Chancellor,

mf

Limited progress was made at both the Burnham Primary and Secondary Committee meeting on 25 March and the Burnham Further Education Committee meeting on 28 March.

At the P and S meeting, the management panel increased their previous offer from 3½% to 4%. The local authority interests were unanimous that the expected improvement should be at that level and, in line with the agreed instructions, my representatives did not force a vote. The teachers rejected this offer and reiterated their claim for a settlement which would match the rise in average earnings and, in addition, go some way towards restoring Houghton relativities. The management panel made it very clear that they regard Houghton relativities as irrelevant and were firm about not being willing to raise the 4% offer although saying that they were prepared to continue negotiations if the teachers showed some flexibility. Both sides agreed that the negotiations should resume on 15 April. At the Burnham FE Committee, exploratory contacts took place between leaders of the two sides. However the meeting was again adjourned without a formal offer being made. Negotiations are to resume on 21 April. The FE teachers may now seek to follow whatever settlement is reached by the primary and secondary teachers.

Unless events should later point to a different course, I propose for the next Burnham meeting to continue with the instructions and reserve position which were set out in my letter of 21 March.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales, and Sir Robert Armstrong.

Yours sincerely,  
S.R. Williams

Approved by the Secretary  
of State and signed in  
his absence

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

Educ Teachers Pay #3

APR 6 1984





Education  
CC. N.O.

②

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Prime Minister

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

*ms*

A.S.C.  $\frac{5}{4}$

30 March 1983

*Dear Geoffrey,*

PAY OF FURTHER EDUCATION TEACHERS IN SCOTLAND

I should report, for the information of my colleagues, the position now reached in pay negotiations for further education teachers in Scotland.

The claim is for a 13 per cent increase to protect lecturers' earnings against inflation, preserve existing relativities with other earnings and go some way to restoring eroded relativities. The Teachers Side also seek agreement for a review of existing salary levels and the present salary structure with a view to ultimate restoration of eroded salaries and simplifying existing promotion and salary structures.

At meetings of the Scottish Joint Negotiating Committee for Teaching Staff in Further Education (SJNC(FE)) on 14 February and 7 March, the Management Side offered a 3½ per cent increase, which was rejected. Following the settlement with school teachers in Scotland last week the local members of the Management Side would have been willing to settle with the further education lecturers at about the same level, ie just under 5 per cent. However, those members of the Management Side who represented the centrally-funded central institutions and colleges of education have remained adamant that, within very tight cash limits, they cannot go above the offer of 3½ per cent already made. After a great deal of discussion in the Management Side, and after some informal exchanges between representatives of the Management and Teachers Sides, the Management Sides eventually offered an increase of 4½ per cent for lecturers employed by local authorities but adhered to the 3½ per cent offer for lecturers in central institutions and colleges of education. I believe the attitude of the centrally-funded institutions may have been stiffened by a letter which Alex Fletcher sent to the Chairman of the Management Side in which he made it clear that we could not promise to underwrite, for the centrally funded sector, any offer beyond 3½ per cent.

The teachers did not accept the offer, indicating that they are looking for uniform treatment over the three sectors of tertiary education in Scotland and that they want an offer more in line with the settlement with the school teachers. The Committee will meet again on 14 or 15 April.

I am copying this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours truly,

Cunze.



Prime Minister<sup>2</sup> Co 26

MS 25/3

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

24 March 1983

*Gen Chancellor*

PAY OF PRIMARY AND SECONDARY TEACHERS IN SCOTLAND

When I wrote to you on ~~22~~<sup>21</sup> March I promised to let you know the outcome of the conciliation meeting on the pay of Scottish school teachers on 23 March. My officials have already been in touch with officials of my colleagues who are affected, but I now write in confirmation.

After a great deal of coming and going, in which the Management Side very firmly took up the position that it would not concede a settlement at a figure as high as 5 per cent, a settlement was eventually concluded which involved an overall addition to payroll of 4.975 per cent. This involved a basic increase of 4.5 per cent to all salary points on Scales 2 (secondary) and 1 (primary) and to all responsibility allowances and standard pay additions. The foregoing is subject to a minimum increase of £261 per annum. (There is a relatively small number of teachers at the bottom of the primary scale for whom a 4.5 per cent increase would not amount to £5 per week). The difference between 4.5 per cent and the overall 4.975 per cent will be applied as a flat rate increase (amounting to about £75 per teacher) at the maximum of Scale 2 and the top two points of Scale 1. The teachers argued that this constitutes some recognition for highly experienced classroom teachers. Finally, advisers and educational psychologists, who are on consolidated scales, would receive a 4.5 per cent increase on their consolidated scales.

My representatives at the meeting again arranged for it to be recorded that I dissented from any offer in excess of 4.5 per cent. Nevertheless, while the settlement is at a somewhat higher

level than one would have wished, it could have been a good deal worse. I am glad that the Management Side has taken so firmly the view that it will not go to 5 per cent.

I am copying this letter, as before, to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

*Tom Munn*

*A. M. Kennedy*

APPROVED BY THE SECRETARY OF STATE  
AND SIGNED IN HIS ABSENCE

Education Teachers pay 143

25 MAR 1983

11 12 1  
10 9 8 7 6 5 4 3 2 1



CONFIDENTIAL

CC NO



Prime Minister <sup>2</sup>

MUS 24/3

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

23 March 1983

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State for Education  
And Science  
Elizabeth House  
York Road  
LONDON SE1 7PH

Dear Secretary of State,

Thank you for your letter of 21 March about the Burnham Primary and Secondary pay negotiations.

In the light of the Scottish Teachers' developments, to which I refer again below, it is clear that the prospect of a negotiated settlement at or below 4½ per cent for the English and Welsh teachers has now receded. Your letter in effect poses the question whether something less than an extra ½ per cent above that would be a price worth paying to avoid use of the veto and recourse to arbitration for the second year in succession.

Put in those terms, I think it would be very difficult for me to oppose the line you suggest your representatives should take. But I need hardly say that the outcome of the Burnham negotiations will have an important bearing on the negotiations with the non-industrial Civil Service. This will be so whether the Burnham Committee settle at the upper limit you mention or whether the issue is referred to arbitration. In the circumstances, while I agree that it would not be right to use the veto if a settlement below 5 per cent can be guaranteed, I must ask that your representatives do everything they can to get it lower.

I hope that it will be possible next year to avoid a situation in which the negotiations in the Scottish Joint Negotiating Committee are used as a lever to secure a higher settlement in England and Wales than might otherwise be the case. Whatever you and George Younger can do to influence the timing at least of the negotiations so that the "larger" influences the "smaller", and not vice versa, would be welcome.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

Yours sincerely,

Margaret O'Mara

GEOFFREY HOWE

(Approved by the Chancellor and signed in his absence)

24 MAR 1985





*Prime Minister*

*4.95% for Scottish  
teachers!*

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

*MCS 22/3*

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

*21* March 1983

*Dear Chancellor*

PAY OF PRIMARY AND SECONDARY TEACHERS IN SCOTLAND

In my letter of 7 March I reported the position regarding pay of primary and secondary teachers in Scotland following the meeting of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) on 4 March. You will recall that a formal offer of 4.5 per cent by the Management Side was rejected by the teachers, who indicated that they would have been prepared to settle at 5 per cent. The Management Side (with my representatives formally dissenting) then raised their offer to 4.9 per cent, contingent on a settlement being reached at that meeting, but this also was rejected and the meeting broke up. Later the same day, however, the Teachers Side invited ACAS to exercise their role of conciliation.

I am now writing to let you know there is to be a conciliation meeting under ACAS chairmanship on 23 March. It was at first expected that this would be attended by only a few representatives from each Side of the SJNC(SE), and that any settlement which might flow from the meeting would not take place until a subsequent formal meeting of the full SJNC(SE). However, arrangements are now being made for a full attendance of both Sides on 23 March so that, if a settlement does prove practicable, it can be concluded that same day.

I can only speculate on what will emerge, but in the light of previous events it seems quite possible that there may be a move for a compromise agreement at marginally below 5 per cent - say, 4.95 per cent. If this were to happen, my representatives would again formally record dissent from a Management Side offer at this level. They have made it clear throughout that we would want to see a settlement at a lower level. But, as you know, if both Sides were otherwise agreed, there is in the last resort nothing which could be done to prevent such a settlement. The timing is a little

unfortunate in that the Burnham (Schools) Committee is due to meet again on 25 March, but I shall see to it that colleagues are informed immediately of the outcome of the Scottish meeting on 23 March. My officials have of course kept yours fully in touch with the developments outlined in this letter.

I am copying this letter, as before, to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

*Yours sincerely,*

*Alfonso G. ...*

Approved by the Secretary of State  
and signed in his absence

EDUCATION  
Teachers Pay  
P3.

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22 MAR 1953

~~CONFIDENTIAL~~



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

• CC/NO  
Prime Minister

Sir Keith proposes  
not to veto something  
just under 5% (he  
earlier said he would veto  
anything over 4½%).

MCS 22/3  
21 March 1983

*Ivan G. King*

#### TEACHERS' PAY NEGOTIATIONS 1983

The Burnham Further Education Committee met on 16 March. There were significant exploratory exchanges with the teachers on a no-commitment basis, but no offer was made. That Committee will meet again on 28 March, three days after the next meeting of the Primary and Secondary Committee.

I have discussed the prospects for negotiated settlements with the Chairmen of the management panels of these Committees, at their request. Both are committed to the lowest achievable settlements and fully willing to co-operate with us in achieving those. However, both consider that the lowest realistic figure to hope for is 4.5% and for both the absolute upper limit is 5%. In coming to that view, they have doubtless had regard to the current position on the schoolteachers' negotiations in Scotland, where I understand that 4.9% was offered conditionally - but then withdrawn - and where the employers seem to think the probable outcome will be in the range of 4.9 to 5.0%. It appears just possible that such a settlement will be reached on 23 March, before Burnham P and S meets again. It is against this background that I have to consider whether the instructions previously agreed for my representatives within Burnham should stand for a further round. Those were:

- a. to argue and vote for offers at or below 3½%;
- b. to argue and vote against offers above 3½%;
- c. to veto any offers above 4½%.

These instructions apply to overall costs, and to both schoolteachers' and further education negotiations.

My judgment is that my representatives should go to the Primary and Secondary meeting on 25 March on the basis of these instructions (save

that I would not wish them to force a vote on an improved offer of 4% or less, given that the management panel clearly indicated a willingness to make an offer above 3½% at the last meeting). Within the management panel they would act in precise accordance with those instructions. They would however seek to avoid exposure of the veto level by discouraging any test-vote above 4½%. In that I believe they would have the full co-operation of the panel Chairman. The point here is that the management panel cannot be told the veto level. Only if the panel decide they want to make an offer above the veto level are they then told that that particular offer is above the veto level - and negotiations almost certainly break down. If the current veto level can be concealed and if at the end of the day the Chairman is able to assure the panel that the teachers would be ready to settle below 5%, immediately in full committee and with no qualifications of any kind, my representatives should then tell the management panel that they have no authority to agree to an offer at that level and seek a brief adjournment to take instructions. In that event I would propose to authorise the withholding of the veto. The matter would then go to the vote within the management panel: my representatives would oppose and, because of the weighted vote, the proposal would fall unless the employers were 80:20 in favour. If such a majority were in favour, however, the settlement would be made.

The above describes the extreme position and it may yet be that a settlement can be achieved at 4½%. My view is that in the last resort a settlement below 5% would be preferable to the other likely outcome. Last year my representatives blocked a proposed offer which was unanimously supported by the employers. They immediately voted for arbitration: the veto does not apply to references to arbitration and my representatives were outvoted. I think it important to avoid a repetition of that this year.

This analysis of instructions and reserve positions is expressed in terms of the Primary and Secondary meeting on 25 March. I propose to take a matching line for the further education negotiations on 28 March. If you should have views on the line I propose I should need to have those by midday on Thursday 24 March.

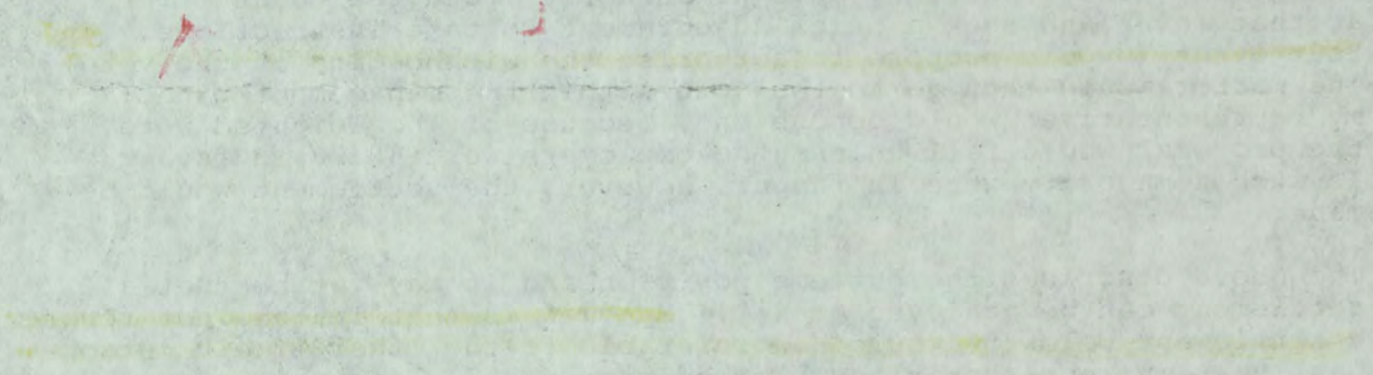
Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

*Ernest  
Kear*

Education,  
Teacher Part  
PT 3

21 MAR 1983

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CONFIDENTIAL

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*file*



EDUCATION -

cc SO DHSS  
WO CS, HMT  
CO LPS  
HMT DM  
LPO:DOE

10 DOWNING STREET

From the Private Secretary

16 March 1983 Mr Vereker

*Dear Imogen,*

Your Secretary of State sent the Prime Minister a copy of his letter of 14 March to the Chancellor of the Exchequer about schoolteachers' pay in England and Wales.

The Prime Minister is content, subject to the views of colleagues, with the course your Secretary of State is pursuing, as set out in sub-paragraphs a-c on page 2 of his letter.

I am sending copies of this letter to the Private Secretaries to the other members of E(PSP), Muir Russell (Scottish Office), Adam Peat (Welsh Office) and Richard Hatfield (Cabinet Office).

*Yours sincerely,*

*Michael Scholar*

Mrs. Imogen Wilde,  
Department of Education and Science.

*6*

CONFIDENTIAL



CONFIDENTIAL

SV

10

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Prime Minister

Content with

the line at

14 March 1983

*in mt*

X?  
Feb 15/3

*Jan Bradley*

The Burnham Primary and Secondary Committee resumed negotiation of schoolteachers' pay (England and Wales) on 10 March. Some progress was made. The teachers agreed that the structural element of their claim would not be pursued in the context of the 1983 negotiations, and the management panel made it clear that they were not willing to accept the establishment of joint machinery on comparability data. The teachers quantified their claim at 15%, putting that in the context of a staged programme to restore 1974 relative pay levels. The management panel responded with a 3½% offer, refusing to accept any commitment to "restoration". They then pressed the teachers to move from their 15% figure. The teachers then said that they would be willing to settle below 15%, provided they secured an "average earnings" increase of 7.9% plus an unquantified element towards "restoration". The management panel welcomed the teachers' willingness to move from their 15% figure and said that they would make an improved offer at the next meeting. That has now been arranged for 25 March.

It is too early to say whether a negotiated settlement at a level acceptable to the Government can be achieved. I shall be discussing the prospects with the management panel Chairman in the near future and will then write again. Meantime, the first meeting in this negotiating round of the Burnham Further Education Committee will take place on 16 March. The claim is for a flat-rate increase of £208pa, plus 12% and various structural changes equivalent in aggregate to a further 6-7%. None of the structural changes is likely to appeal to the employers and all will be opposed by my representatives. As

/regards the

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London SW1P 3AG

regards the main pay increase, I propose to instruct my representatives to follow the line we agreed at the outset of the school teachers' pay negotiations:

- a. to argue and vote for offers at or below 3½%;
- b. to argue and vote against any offer above 3½%;
- c. to veto any offer above 4½%.

| X

These figures would apply to the overall cost, whether expressed in flat-rate or percentage increase terms.

I imagine that these instructions will be acceptable to you, but if you should have reservations would your office please let mine know of those by mid-day on Tuesday 15 March?

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

*Law*

*Ham*



Education NBM ms 9/3 ce JV

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

8 March 1983

Dear Geoffrey,

PAY OF FURTHER EDUCATION LECTURERS IN SCOTLAND

In my letter of 7 March <sup>part</sup> about the pay of primary and secondary teachers in Scotland I mentioned that there was to be a meeting on that date of the Scottish Joint Negotiating Committee for Teaching Staff in Further Education (SJNC(FE)) and I promised to write to you again to let you know the latest position on the Scottish teachers' pay front generally.

I should perhaps begin by reminding you of the background. The SJNC(FE) deals with the pay and conditions of service of lecturers in three types of institutions - (i) further education colleges, financed by the local authorities; (ii) central institutions, centrally financed by me; and (iii) colleges of education, also centrally financed by me. The cash limits for the two groups of centrally-funded colleges are of course very tightly drawn and the provision for pay increases is 3.5 per cent; it would thus be extremely difficult for these colleges to find more than 3.5 per cent by means of savings in other expenditure. The local authorities have of course greater freedom of movement; but, both in last year's negotiations and in this year's, their representatives on the Management Side of the SJNC(FE) have shown themselves sympathetic towards the problems of the centrally-funded institutions. This year the Management Side restricted its initial offer to 3½ per cent, which was rejected by the teachers at a meeting on 14 February.

At a preliminary meeting of the SJNC(FE) Management Side on 7 March it was agreed that, given the restrictions on the centrally-funded institutions, no advance should be made on the 3½ per cent across-the-board offer. Some consideration was given to the possibility of a differential offer which would have involved a more generous offer to lecturers in local authority colleges, but there were difficulties about devising such a scheme and in the end the Management Side decided not to put this idea forward.

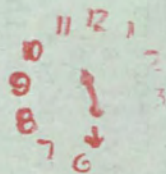
In the full SJNC(FE) meeting which followed, no real progress was made. The Management Side stood firm on their previous 3½ per cent offer, which was again rejected by the lecturers. It was left that both Sides would give further consideration to the whole matter. No firm date was fixed for another meeting, but it is likely that this will take place before the end of March. The lecturers, however, are clearly very dissatisfied and there were some hints that this might find practical expression. I do not think that formal industrial action is in prospect, at least for the present, but they may be thinking of withdrawing co-operation with the Youth Training Scheme and similar activities. I imagine that the local authorities will for their part wish in due course to make some improvement in the offer to the lecturers in their own sector, in which event it remains to be seen whether it will be possible for the centrally-funded institutions to avoid even a token improvement in the 3.5 per cent offer to their staff.

So far as the school teachers are concerned, there is as yet nothing further to report. I understand that the Chairman of the Management Side of the SJNC(SE) proposes to consult his colleagues about the line to be taken in any discussions with ACAS, which means that a start to these discussions may be postponed a little.

Copied of this letter go, as before, to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours ever,  
Cunne

9 MAR 1983





SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

2

Prime Minister

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

Scottish Teachers will  
probably get at least

4.9% from  
7 March 1983

arbitration.

MUS 8/3

Dear Chancellor

PAY OF PRIMARY AND SECONDARY TEACHERS IN SCOTLAND

Thank you for your letter of 2 March. I fully share your concern that a settlement for primary and secondary teachers in Scotland should be at the lowest practicable level.

A further meeting of the relevant negotiating body - the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) - took place on 4 March. At a preliminary meeting of the Management Side, my representatives reiterated, in the strongest terms, points which they had made at previous meetings, viz that the Government expected public service pay settlements, on average, to be in the area of 3½ per cent and that this assumption had been built into the rate support grant settlement; that there was no minimum figure for a settlement and that the lower the overall level of pay increases the better for employment; that a key factor was what education authorities needed to pay in order to recruit and retain teachers, having regard to the labour market situation; that the settlement with the manual workers a 4.87 per cent (and a subsequent settlement with engineering craftsmen at 4.86 per cent) left less - not more - room for offering the teachers over 3½ per cent; and that the consequence of any settlement with the teachers above 3½ per cent would be the need for either a reduction in teacher numbers, or a reduction in spending in some other area, or an increase in local authority expenditure to a level at which the Government might have to take action.

It nevertheless became clear during discussions in the Management Side that they would be prepared in the end of the day to go to 4.9 per cent in order to achieve a settlement, on the ground that this was broadly in accord both with the manual workers' settlement and with the latest year-on-year increase in the RPI. In the event, their first offer was a 4.5 per cent increase across the board, which the teachers

rejected, although it emerged that they would have been prepared to settle at 5 per cent. In the course of a recess and after a good deal of further discussion, the Management Side decided to make a further offer of 4.9 per cent, contingent on a settlement being reached at that meeting. My representatives asked for it to be recorded formally that they dissented from an offer at so high a level; as you know, they have no veto in the SJNC(SE) and there was therefore no further action which they could take. When the full meeting resumed, however, the teachers rejected the offer of 4.9 per cent. The meeting then broke up without any arrangements for a resumption of negotiations. The formal position therefore is that the Management Side's 4.5% offer remains on the table, although inevitably publicity in the media has fastened on the 4.9 per cent figure.

There has, however, been a subsequent development. Later on 4 March the Management Side Secretariat received word that the teachers, as they are entitled to do, had unilaterally invited ACAS to exercise their role of conciliation. The Management Side Chairman took the line that he would not be justified in refusing to talk to ACAS and I understand that there are likely to be further informal discussions within the next few days.

There are also to be further discussions today in the Scottish Joint Negotiating Committee for Teaching Staff in Further Education. I shall write to you again later this week to let you know the latest position on the Scottish teachers' pay front generally.

I am copying this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

*Yours sincerely*

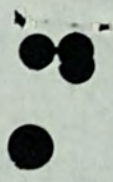
*John White*

Approved by the Secretary of State  
and signed in his absence

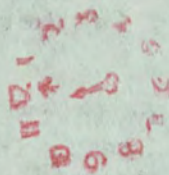


# Education Teachers Pay

Pt 3



18 MAR 1987





Education  
cc J.V.

Prime Minister (2)

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

MUS 2/3

2 March 1983

The Rt Hon George Younger MP  
Secretary of State for Scotland  
New St Andrews House  
St James Centre  
EDINBURGH EH1 3SX

M

*George Younger*

PAY OF PRIMARY AND SECONDARY TEACHERS IN SCOTLAND

I was grateful for your letter of 11 February confirming that the approach of the Scottish local authority employers in negotiations with the teachers would be consistent with that described in Keith Joseph's letter of 9 February in respect of England.

Since then I gather that the Scottish employers have moved ahead of their English counterparts, in that they have already made a 3½ per cent offer (on 17 February). But I understand that following the local authority manuals' settlement of almost 4.9 per cent, there is now a clear prospect that a similar offer will be made to and accepted by the Scottish teachers at their next negotiating meeting on 4 March. The negotiators apparently feel this is an obvious figure for a settlement, since it is also the latest year-on-year increase in the RPI.

However, a 4.9 per cent settlement with the Scottish teachers would be an obstacle to a lower settlement with teachers in England and Wales whose next Burnham meeting falls on 10 March. And similar pressures on other public service pay negotiations could then follow, with the risk of settlements significantly higher than we might otherwise have hoped to achieve.

I am sure that you are well aware of all this, and you will have no doubt spoken already to the employers to let them know of your concern. But the outcome of the Scottish negotiations has now acquired particular importance and I should be grateful if you would consider whether there is anything else you can do to encourage a lower settlement than seems likely at present. Even a settlement slightly below that of the local authority manuals would at least avoid reinforcing the impression that their figure was the current 'going rate'.

I am copying this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

GEOFFREY HOWE

*Geoffrey Howe*

2 - MAR 1983

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CONFIDENTIAL



*Education of SE  
29/2*

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222

*NBM  
msy/r*

FROM THE SECRETARY OF STATE

14 February 1983

*Dear Leon*

TEACHERS' PAY NEGOTIATIONS

Thank you for your helpful letter of 11 February. I have comments on one point only.

I am confident that the Chairman of the Management Panel will be determined to avoid a formal offer in the range 3½% to 4½%, unless it is clear that such will yield a settlement at or below 4½%. In that he will have the full support of my representatives. And if some within the panel should force a formal vote on an unconditional offer in that range, I would indeed expect them to be defeated by the combined votes of a substantial group of employers and my representatives. But, as you note, there is a possibility - which I judge very remote - that the Chairman and my representatives may not carry such a vote on the day, raising the question of whether the veto should then be exercised. Under the concordat the veto can be used only on grounds of total cost. It is not open to me to use it on other grounds - for example that, in this circumstance, the offer favoured by the panel would not achieve a settlement. Thus, if the veto were used to block an offer even a little above 3½% it could not then be withdrawn later in the day if it became clear that such an offer would lead to a settlement at or below 4½%. I conclude that recourse to the veto just above 3½% in such circumstances would be counter-productive, effectively destroying the chance of a negotiated settlement at 4½% or less. I am therefore instructing my representatives to do their utmost to avoid any formal test of management panel positions in the 3½% to 4½% range, using any means available to them, unless it is clear that a negotiated settlement will result. However, if such a test should be inescapable, because of near-unanimous employer views, they should

/withhold

The Rt Hon Leon Brittan QC MP  
Chief Secretary  
Treasury  
Parliament Street  
London SW1P 3AG

CONFIDENTIAL

withhold the veto. It will of course be used to block offers above 4½%, whether or not a settlement is in prospect.

I am copying this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

*Ken*

*Ken*

Education,  
Teacher Pay,  
P73



4 FEB 1968

*[Faint handwritten signature]*



Prime Minister (2)

cc. J.V.

NEW ST. ANDREWS HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

ms  
14/2

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON  
SW1P 3AG

11 February 1983

Jessie Peasney,

TEACHERS' PAY NEGOTIATIONS 1983

I have seen Keith Joseph's letter to you of 9 February, setting out the line which he proposes to instruct his representatives in Burnham to follow in relation to the pay claim by school teachers in England and Wales. I confirm that, for my interest, I am content.

I should take this opportunity also to report on corresponding negotiations in Scotland. The Scottish school teachers are asking for a 12 per cent pay increase and for the introduction of agreed data on comparability into salary reviews together with the establishment of an external and objective assessment of their salary position. The further education lecturers have submitted a claim for a 13 per cent increase and have asked that before the end of this year the negotiating committee should conduct a review of existing salary levels and the salaries structure with a view to restoration by 1 April 1984 of erosion since the 1980 post-Clegg pay settlement.

You will remember that the position of my representatives in these negotiations is somewhat different from that of Keith Joseph's in Burnham. In Scotland there is no veto and no weighted vote; we have to rely on persuasion during discussions in the Management Side and, ultimately, on my control of local authority spending through rate support grant and power to penalise unreasonable expenditure. My representatives have already made it clear to the Management Side in both the negotiating committees that, while the Government has not set any pay norm for the public sector, it expects public sector pay settlements to be in the area of 3½ per cent; and that, if there were to be a settlement above that level, the consequence would be the need for either a reduction in teacher numbers or a reduction in spending in some other area or an increase in local authority expenditure to a level at which the Government might have to take action. In receiving the staff claims, the Management Side has accordingly in each case stressed very heavily that the attitude of employers must depend predominantly on the concept of "ability to pay", and that there can be no commitment to the introduction of machinery whereby comparability would be automatically introduced into the consideration of claims.

There are to be further meetings next week of both Committees (further education on 14 February and schools on 17 February), and in the meantime the Management Side has been sounding out the employers. The responses from the local authority sector point to initial offers of not more than 3½ per cent; and it is clear that the centrally-funded employers (ie the colleges of education and central institutions) will not wish to offer more. It seems possible that the local authorities might be willing to move as far as 4½ per cent eventually if it were clear that this would secure a settlement without the need to go to arbitration; this would be much in accordance with the scenario postulated by Keith for the Burnham negotiations. My representatives will of course continue to argue strongly for a settlement at the lowest practicable level.

Copies of this letter go to the Prime Minister, Keith Joseph, Nicholas Edwards, members of E(PSP) and Sir Robert Armstrong.

Yours ever,  
George.



Edwerton = Teachers Pay Pt 3

14 FEB 1963

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D I R



Education

CTV



Prime Minister (2)

MUS 4/2

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State  
Department of Education and Science  
Elizabeth House  
York Road  
London SE1 7PH

11 February 1983

Keith,

TEACHERS' PAY NEGOTIATIONS

In Geoffrey Howe's absence I am replying to your letter of 9 February.

The judgement as to whether to allow an offer as high as  $4\frac{1}{2}$  per cent is a very difficult one to make. Clearly we should only contemplate such an offer if there is a near certainty, supported by specific evidence that it will produce a settlement. It is perhaps unlikely that this will emerge at the first meeting of the Burnham Committee, although, if it did, it would be worth seizing the opportunity of a quick settlement. On balance, and having regard particularly to the risk of arbitration and an even higher outcome, I agree with your proposals (including those on London Weighting) on that basis.

Your letter does not specifically say what your representatives would do if there was a proposal at this stage to offer less than  $4\frac{1}{2}$  per cent, but more than  $3\frac{1}{2}$  per cent, without a clear prospect of a settlement. It should not be too difficult to persuade sufficient local authority representatives that there would be no point in putting more than  $3\frac{1}{2}$  per cent (or perhaps a still lower figure) on the table in those circumstances. But should your representatives be outvoted on the issue, I think that they should use the veto (as you no doubt intend). Otherwise we shall simply have an unnecessarily high starting point for future bargaining.

I am copying this letter to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

LEON BRITTAN

1 FEB 1983



CONFIDENTIAL

JWP

bc J. Verke



E(PSP)

HMT, LPO, DEW, DHS,  
CS-HMT, CDL, DEWP, CO

10 DOWNING STREET

From the Private Secretary

11 February 1983

TEACHERS' PAY

The Prime Minister has seen a copy of your Secretary of State's letter of 9 February to the Chancellor of the Exchequer about the teachers' pay negotiations for 1983.

The Prime Minister agrees with the line which your Secretary of State is proposing to follow.

I am sending copies of this letter to the Private Secretaries to the other Members of E(PSP) and the Secretaries of State for Scotland and Wales and to Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Mrs. Imogen Wilde,  
Department of Education and Science.

CONFIDENTIAL

de



10 DOWNING STREET

①

Prime Minister

I am not sure whether  
you agreed to Sir K Joseph's  
proposal at para 4 of his  
letter?

Yes

no

MCS 10/2

Prime Minister (1)

Please see Sir Keith Joseph's letter (attached).

MR SCHOLAR

cc Mr Mount

Yes Agree Sir Keith's proposal at para 4 of his letter?

TEACHERS' PAY

MS 9/2

If the Secretary of State's representative on the management panel of the Burnham Committee had an effective veto, I should certainly argue that it should be used below 4½%: teachers ought on recruitment and retention grounds get less than the NHS this round, and the NHS settlement was supposed to be exceptional anyway. And 4½% will make it much harder to settle for less with the Civil Servants.

But the uncomfortable fact is that, confronted with a veto at too low a level, the panel will simply vote for arbitration (as it did last year) - which our representative cannot block. So I think Sir Keith Joseph's recommendations in paragraphs 3 and 4 are right.

I suggest that there is no need for the Prime Minister to intervene in this correspondence: I think the Chancellor is likely to accept the proposals.

JK:

ms

9 February 1983

yjs  
10

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

9 February 1983

*Dear Geoffrey,*

TEACHERS' PAY NEGOTIATIONS 1983

The Burnham Committee which negotiates schoolteachers' pay in England and Wales meets on 15 February. The claim has various elements: the two most important are for a "substantial" (but unquantified) increase as part of a staged programme to restore pay to the level set by the Houghton award in 1974, and for the establishment of permanent joint machinery to analyse data on comparability. I am represented in the management panel, where my representatives sit alongside the employers. You will recall from our correspondence last year that a voluntary agreement with the employers - the "concordat" - gives my representatives a weighted vote sufficient to carry management panel decisions in alliance with either the Association of County Councils (ACC) or the Association of Metropolitan Authorities (AMA), but not to prevail against both in combination. (There are two Welsh seats, which do not affect the voting balance unless one of the major Associations splits its vote.) The concordat also provides that I may veto any offer on grounds of its aggregate cost. Last year the veto was used to block an offer of 5.9%, proposed by the employers. (They immediately proposed arbitration instead and out-voted my contrary weighted vote. The teachers agreed to arbitration and the result was a 6% award.)

2. The main objective must be a settlement at or below 3½%. My representatives must argue strongly for that and argue and vote against any higher figure. The financial pressures on employers are now considerable (the first 20 shire counties where precepts for next year

have been approved or recommended show an average increase of only 5.4%, despite the reduction in rate support grant). I would hope that they would also see 3½% as a desirable and realistic level at which to settle. Nevertheless I have to expect that many authorities will have contingency plans for a settlement a little above 3½%, and that the teachers will be able to quote examples in negotiation. For that reason and because I must give the management panel leaders enough room for them to open negotiations with some hope of an agreed settlement I judge that the veto should not come into play at 3½%. If that were done, and the employers favoured a settlement even marginally above 3½% my representatives would be out-voted, leaving the veto the only alternative. That would be likely to lead on to arbitration, as happened last year.

3. Thus there is a nice judgment to be made about the level at which the veto should be used, with the chosen figure being viewed against the likely outcome of arbitration. In my view, 4½% is the natural break-point. That was the level of the NHS second stage, applying also from April of this year. 4½% is also currently on offer to local authority manual workers. My judgment is that we should not countenance a higher settlement for teachers this year but equally that I should not risk arbitration if there is prospect of a settlement below or at 4½%.

4. I propose therefore to instruct my representatives to

- a. argue and vote for offers at or below 3½%;
- b. argue and vote against any offer above 3½%;
- c. veto any offer above 4½%.

I propose also to instruct them to argue strongly and to vote against any suggestion that joint machinery for analysing comparability data should be established, and against any hostages of that kind for the future. (In this matter, I must rely on the weighted vote: the veto is not available.)

5. There is also the matter of teachers' London allowances. Traditionally those are negotiated separately following the publication of the DE indices of London costs about June of each year. Publication has now been discontinued and the 1982 arbitration report (just available) suggests that London allowances should in future be negotiated alongside the main pay settlement. I agree, and will also instruct my representatives to apply the same principles to that as to the main pay claim.

6. These negotiations may be long and difficult this year and I would want to encourage the employers to take a firm stand. If a negotiated settlement consistent with the position stated above cannot be



CONFIDENTIAL

achieved, then we may face disruption in schools, in particular with withdrawal of teacher co-operation over mid-day supervision. I will need to make it clear to our allies amongst the employers that they will have our full public support in resisting such pressures, even in the face of parental and community concern.

7. If you should have any views on the line which I propose to instruct my representatives to follow within the management panel, I should need to have those by close of play on Friday 11 February.

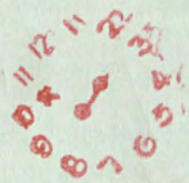
8. Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

*Conover.*

*Kerr*

Education,  
Teachers' Pam.  
Pt 3

9 FEB 1987



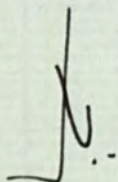
MR SCHOLAR

cc Mr Mount

TEACHERS' LONDON ALLOWANCES

You will have seen Sir Keith Joseph's letter of 1 February to the Chancellor recommending acceptance of the 11.8% increase in teachers' London Allowances recommended by the arbitrator.

This is indeed higher than we would have wished, and the parallel with the 12.2% awarded to civil servants, who were held back more than the teachers last year, is not appropriate. But as Sir Keith says, it does at least break the link with the London Weighting Index. I think there can be no question of trying to mount a case in both Houses of Parliament that the award should be set aside in the interests of national economic circumstances, and I do not suggest that the Prime Minister intervene in this correspondence.



2 February 1983



CONFIDENTIAL

ec JV

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222

① 7

FROM THE SECRETARY OF STATE

Prime Minister

Accept X (i.e

11.8% on London

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

PA

1 February 1983 weighing,

at a cost of £7.3m?

Jan Geoffrey

Yes  
TOD  
DES  
MS 7/2

MS 1/2

TEACHERS' LONDON ALLOWANCES

I have now received the arbitral body's recommendations for increases in the Inner and Outer London and Fringe Area allowances payable to teachers from 1 April 1982. The overall cost of their recommendations would be £7.3 million or 11.8% of the present London Allowance bill. This compares with the teachers' claim of 14.1% to 18.1% (depending on how the indices are interpreted) and a last offer by the management side of 10% for Inner and Outer London and nothing for the fringe.

You will recall that, when I wrote to you on 7 October last about the negotiations on this matter in the Burnham Primary and Secondary Committee, I explored the various possibilities open to me and concluded that my representatives on the Committee should vote against - but not veto - any offer above 9%. In the event, they were out-voted in the Management Panel and the 10% offer was made; it was rejected by the teachers and the issue was referred to arbitration. At arbitration, the teachers based their case upon indexation as the overriding principle while the management side opposed cost compensation, offering arguments related to ability to pay and to market forces. Clearly, I would have preferred to see recommendations for more modest increases. On balance, however, the award is heartening in that - unlike last year's - it finally departs from the cost-compensation approach and the wording of the report specifically recognises the need to take account of the financial pressures upon employers.

In practice, only two options are open to me. I can either implement the recommendation or I can ask both Houses to resolve that national economic circumstances require that it be set aside. In the light of the comparatively small sum involved, of the award to Civil Servants of 12.2% for Inner London and 10.1% for Outer London, and of the fact that the sums awarded exceed the management's offers by only £18 for Inner London and £15 for the Outer and Fringe areas, I do not think that the second option is realistic.

I therefore believe that we must accept this result and I propose to make it known on Friday of this week that the recommendations will be implemented. If you or colleagues have any reservations, I should be glad if you would let me know by mid-day on Thursday 3 February.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland and Wales, members of E(PSP) and Sir Robert Armstrong.

*E. Carr*

*Kevin*

Education Teachers Pay P 3

FEB 1983





Prime Minister (2)

MES 13/10

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

13 October 1982

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State,*

**TEACHERS' LONDON WEIGHTING 1982**

Thank you for your letter of 7 October on this subject.

As my officials have mentioned to yours, the situation on Civil Service London Weighting (on which your proposals are based) is somewhat fluid at the moment, and there is a possibility that we might in the end proceed somewhat differently on that. I understand, however, that we cannot expect to hold up the negotiating timetable for the teachers on this account, and that the line to be taken by your representatives on the Burnham Committee therefore needs to be decided now.

In the circumstances, I agree with what you propose - that your representatives should argue and vote against but not veto offers above 9 per cent, and that they should not oppose arbitration if a settlement cannot be reached at that level.

I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales, and Northern Ireland, members of E(PSP) and to Sir Robert Armstrong.

*Yours sincerely,*

*Margaret O'Hara*

for GEOFFREY HOWE

*(Approved by the Chancellor  
and signed in his absence)*



DEPARTMENT OF HEALTH & SOCIAL SECURITY  
 Alexander Fleming House, Elephant & Castle, London SE1 6BY  
 Telephone 01-407 5522

*From the Secretary of State for Social Services*

*Prime Minister (2)*

*Mus 14/10*

The Rt Hon Sir Geoffrey Howe, QC MP  
 Chancellor of the Exchequer  
 Treasury Chambers  
 Great George Street  
 LONDON SW1

*12* October 1982

*Dear Geoffrey*

*[Handwritten mark]*

TEACHERS PAY: LONDON WEIGHTING 1982

I have seen a copy of Sir Keith Joseph's letter to you of 7 October.

It is a pity that time does not allow us to discuss further the handling of these negotiations and their potential impact on the civil service and the NHS, but as we do not have that time I do not feel I can object to what Sir Keith proposes. I do, though, think it important that we should have an early discussion of how we should proceed in the civil service negotiations, which will in turn have significant repercussions for the NHS.

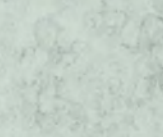
I am copying this letter to the Prime Minister, the Secretaries of State for Education, Scotland, Wales and Northern Ireland, members of E(PSP) and Sir Robert Armstrong.

*[Handwritten signature]*

NORMAN FOWLER



Education, Teachers Pay, Pt 3



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Administrative Services Division, Education & Training Section

Telephone: 453-4444

Washington, D.C. 20453

Mr. [Name] [Address] [City, State, Zip]

Dear Mr. [Name]:

[Faint, mostly illegible body text of the letter, appearing to be a standard correspondence format.]

[Large, faint handwritten signature or initials in the lower right quadrant of the page.]



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London  
SW1P 3AG

*ce J. V.*  
Prime Minister (2)

*MUS 2/10*

*[Handwritten signature]*

E-7 OCT 1982

*Jan Geoffrey.*

TEACHERS' PAY: LONDON WEIGHTING 1982

A further meeting of the Burnham Primary and Secondary Committee has been fixed for 14 October to resume negotiations. The employers and the teachers both expect to make progress after an adjournment of nearly 3 months.

A settlement in line with the tax-adjusted indices would average some 14.1%. Our objective must be to secure a settlement well below that level. The only 1982 London Weighting settlement to date is for GLC staff: I understand that conceded full indexation. The GLC result and the May 1982 arbitration award on teachers' 1981 London Weighting, which came out broadly in line with the tax-adjusted indices, will lead the teachers to press hard for a settlement at or about 14.1%. Each 1% adds £0.7m to the pay bill.

*Civil Service: P+P. A 12* Since the last Burnham meeting we have agreed (your July correspondence with the Prime Minister) that our tactics for the Civil Service London Weighting negotiations should be to

- (a) reach an agreed settlement at 9% or less if that can be negotiated; and, failing this, to
- (b) agree to arbitration.

I think our approaches to the Civil Service and teachers' negotiations should be consistent. On that basis, I propose to instruct my representatives in Burnham to advise the management panel that continued publication of the indices should not be assumed (as we agreed in E(PSP) on 30 September), and

CONFIDENTIAL

- (a) not to oppose an offer at 9% or below;
- (b) to oppose offers above 9%;
- (c) not to oppose arbitration if a settlement cannot be reached at about 9% or less.

There remains the question of how our opposition to an offer even slightly above 9% should be expressed. My letter of 14 July argued against using the veto. We could not defend use of the veto on this element of teachers' pay as being in line with the spirit of our voluntary concordat with the employers, and the damage to future work within the management panel resulting from our doing so could be out of all proportion to any advantage gained. If the concordat were to collapse, we would lose not just the veto but the weighted vote which gives us the voting balance within the management panel. I do not believe that the Association of County Councils would want to go much above 9% in any case. I propose therefore to instruct my representatives to argue and vote against, but not to veto, any offer above 9%, recognising that we could be out-voted by the employers if they saw prospect of a slightly higher settlement and preferred that to arbitration.

It is possible that the AMA will vote against any course other than offering full indexation. In that event, it may be necessary for my representatives to support - that is, actually to vote with - the ACC (who may not be solid) in securing an offer at 9% or below, or arbitration to avoid an offer of full indexation. I propose to authorise them to do so.

I shall be meeting the leader of the management panel on Wednesday next. I should therefore be grateful for any comments you might wish to make by close of play on Tuesday 12 October.

I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, members of E(PSP) and Sir Robert Armstrong.

*Yours,*

*Kear*

CONFIDENTIAL

Edw: Teachers Pay

Pt 3

7 OCT 1982

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10 2  
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7 6 5

Education  
cc: JV



Prime Minister (1)

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

Agree that Sir K Joseph's  
Burnham representatives  
should vote against  
anything above 6% on

Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
H M Treasury  
Parliament Street  
LONDON  
SW1P 3AG

*Provided that is in  
with the amount  
we go for a no. of  
other terms  
- yes -  
no*

14 July 1982 London Weighting

for teachers; but not use  
the veto?

Dear Chancellor,

↑  
Told DES, Tsy  
and Mr Grogan  
MCS 15/7

MCS 14/7

TEACHERS' PAY: LONDON WEIGHTING 1982

A meeting of the Burnham Primary and Secondary Committee has been fixed for Monday 19 July, to consider London Weighting for 1982-83. The teachers are claiming an increase based on the recently published Department of Employment indices. They have not yet quantified that claim in detail, but it is expected to be for a 14.1% increase in London allowances. This is the figure which results from a tax-adjusted approach to the indices, and would be in line with the approach adopted by the arbitrators in making their 1981 award a few weeks ago. If the unadjusted indices were used the claim could be 18.1%.

Among the employers there is a variety of attitudes. I understand that the ILEA, the main employer concerned, is almost certain to want to accept a 14.1% claim in full without delay. AMA, with less enthusiasm, is likely to follow this lead. Between them, the ILEA and the AMA employ almost all the teachers concerned, and they claim with some justice that London Weighting is very largely their concern. Certainly if the teachers take industrial action over the claim that action is likely to be limited to their schools. The ACC, on more general grounds, are likely to want to aim for 6% in line with the main 1982 pay settlement but it appears that even within the ACC there would be a good deal of support for immediate acceptance of a figure around 10% if it appeared likely that the teachers would accept a figure of that order.

The local authorities, and their Conditions of Service Advisory Bureau (LACSAB), do not like the Department of Employment indices playing such a prominent part in determining London allowances. They believe that the Government should review the practice of publishing these on

an annual basis. As things stand they see that this year a case can be made for 6% on London allowances (broadly in line with a number of pay settlements for the public services), and that a case can be made for 14.1% on the basis of the Department of Employment indices, but find it less easy to identify rational arguments for a figure between those points. I understand that the local authority representatives on the LACSAB Board favour aiming for the 6% figure across all their services.

We have yet to decide a general line on London Weighting this year; the official committee is currently considering the matter. Megaw has not offered anything to help us on this point. In the circumstances I think that my aim for next week's Burnham meeting must be to achieve either a low settlement or a delay in reaching a settlement. The lowest figure which stands any chance of success is 6%. I therefore propose to instruct my representatives to argue for a settlement at this level, and to vote on 19 July against anything higher than this. Even so, if the teachers were to show signs of being willing to settle at around 10%, then I would expect my representatives to be outvoted in favour of such a settlement; but this outcome seems unlikely in that the teachers will be reluctant to lower their sights from 14.1% at a first meeting. The most likely outcome on this basis appears to be a decision to adjourn and not to reconvene until probably September. If we cannot get a settlement at 6% then adjournment may be the best outcome for us at this stage as any higher figure or a reference to arbitration would be an unhelpful precedent for other negotiations.

I do not expect either side to want a reference to arbitration at the present stage. The recent arbitrations have criticised the Burnham Committee for not engaging sufficiently seriously in negotiations, and both for this reason and also because arbitration might well favour a settlement closely in line with the Department of Employment indices, I do not think that there is great risk of early recourse to arbitration. But I propose to instruct my representatives to argue and vote against arbitration if this should be suggested.

Lastly we have to consider whether at any stage and in any circumstances I should instruct my representatives to veto an offer. I do not think this would be appropriate. There are three reasons for this. One is that the veto rests on a proposed offer being unacceptable to Government on grounds of total cost. London Weighting is a small element of the total teachers' pay bill; the difference between the 6% and 14.1% is some £4.5million or about 0.1% of the total teachers' pay bill; and this alone would make it difficult to argue the case for applying the veto. The second and related consideration is the fact that the veto only exists through voluntary agreement, and as you will recall this concordat was strained to the limit earlier this year. I am still in the process of considering whether there should be any changes to the Remuneration of Teachers Act, but in the meantime it would be easy to break the concordat by applying the veto - inappropriately, as the local authorities are likely to consider, for the preceding reason - on this issue. This leads on to the third and main reason, which is that the consequences of applying the veto to an offer the employers wanted to make might well be an immediate decision by the management panel to seek arbitration - their response, as you will recall, to my

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use of the veto earlier this year. It is even possible, though in my judgement unlikely, that they would decide to ignore the veto on this occasion.

In brief I propose to instruct my representatives to argue for the lowest possible settlement and on 19 July to vote against any offer above 6%, and to vote against any proposal for arbitration; but not to use the veto (even if the employers were to propose to meet the claim in full). I cannot be sure what the result of this, or any other course of action, will be; but adjournment seems most unlikely.

I shall be meeting the leader of the management panel on Friday. I should therefore be grateful if you would let me have any comments you may wish to make on the line I propose to adopt by close of play on Thursday 15 July.

I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, members of E(PSP) and Sir Robert Armstrong.

*Yours sincerely*  
*Imogen Wilde*

Approved by the Secretary  
of State and signed in his  
absence

CONFIDENTIAL



Education & SV

Prime Minister (2)

HWS 15/4

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

15 June 1982

The Rt. Hon. Sir Keith Joseph, Bt MP  
Secretary of State for Education and Science,  
Department of Education and Science

ms

In view

SCHOOL TEACHERS' PAY : ENGLAND AND WALES

Thank you for your letter of 11 June about the 6 per cent arbitration award to school teachers in England and Wales.

I agree to your proposal that we should announce our acceptance of this award, and also of the 1981 London Allowance award. As you say, there will be no question of our adding to the rate support grants to help finance the cost in excess of the 4 per cent pay factor.

I am copying this letter to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland, and Wales, the Attorney General, members of E(PSP), and to Sir Robert Armstrong.

GEOFFREY HOWE



15 JUN 1982

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CONFIDENTIAL

cc: Mr. Mount

PA.  
MR. SCHOLAR

TEACHERS' PAY

I entirely agree with Sir Keith Joseph's recommendation in his letter of 11 June to the Chancellor that we now announce the Government's acceptance of the two arbitration awards: the main pay claim, which we have just received, and London allowances, which we received in May. The Prime Minister has of course already approved the 9.8% increase in London allowances; and although we would have greatly preferred this year's pay award to have been settled well below 6%, it would be virtually impossible to find the national economic circumstances which would justify our asking Parliament to override the award.

Jk.  
J.M.M. VEREKER  
11 June 1982

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DEPARTMENT OF EDUCATION AND SCIENCE  
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
 TELEPHONE 01-928 9222  
 FROM THE SECRETARY OF STATE

SC JV  
 Prime Minister (1)

Agree to 6%  
 for teachers?

MUS 11/6

The Rt Hon Sir Geoffrey Howe QC MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 London SW1P 3AG

Yes  
 11 June 1982  
 Told Nick Cornwell

Dear Geoffrey.

MUS 14/6

TEACHERS' PAY 1982

I have now received the arbitral body's recommendation on the 1982 pay claim for school teachers in England and Wales. It is for a 6 per cent increase in salaries and allowances, other than Social Priority School and London Allowances. I must now decide whether to implement the recommendation and the outstanding arbitral award on London Allowances, about which I wrote to you on 25 May and you replied on 27 May.

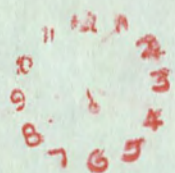
Although the recommended increase is more than we might have hoped, it is in line with the 6 per cent award to Scottish school teachers (which we have accepted); and close to the Civil Service award of 5.9 per cent and the 5.8 per cent which the Burnham Committee have agreed, subject to ratification by the teacher unions, for further education teachers in England and Wales. I believe therefore that we should accept the recommendation and not ask both Houses of Parliament to set it aside on grounds of national economic circumstances. There is, of course, no question of our adding to the rate support grants to help finance the award, and this is well understood by the local authority associations.

In accordance with practice, I propose to announce my decision to this effect, for both the 1981 London Allowances award and the 1982 award, through a Parliamentary Answer; and would hope to do so next week. If you or other colleagues should have reservations about that action, I should be glad if you would let me know by close of play on Tuesday, 15 June.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland and Wales, the Attorney General, members of E(PSP) and Sir Robert Armstrong.

Car.  
 Kevin

1 JUN 1982



13

cjt

Prime Minister (2)

cc JV



Mus 1/6  
DEPARTMENT OF HEALTH AND SOCIAL SECURITY  
ALEXANDER FLEMING HOUSE  
ELEPHANT AND CASTLE LONDON SE1 6BY  
TELEPHONE 01-407 5522 EXT

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Great George Street  
London S W 1

1 June 1982

Keith Joseph sent me a copy of his letter to you of 25 May about teachers' London allowances.

I agree that there is no practical choice but to accept the outcome of the arbitration, and that the balance of advantage favours disposing of the matter quickly. Having said that, I must add that it will not help with the handling of our present pay troubles in the National Health Service - the staff will see it as just another instance of the NHS doing worse than any other service, and their resistance to the 4 per cent pay offers will to that extent be strengthened.

I am sending copies of this letter to those who received Keith Joseph's.

  
NORMAN FOWLER

JUN 1982

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CONFIDENTIAL



*Education ✓ G. JV*

*Prime Minister* (2)

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

*MUS 27/5*

27 May 1982

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science

*Dear Secretary of State*

TEACHERS: LONDON ALLOWANCES

Thank you for your letter of 25 May about the arbitral body's recommendations on the teachers' 1981 London allowances.

As my Office have told yours, I would prefer to delay acceptance of the 9.8 per cent award at least until we know the outcome of arbitration on the main 1982 pay increase for teachers in England and Wales. We can then consider both together, and if we felt obliged to override the latter, that might put us into a better position to override on London allowances also. In any case I think that early acceptance could give the wrong signal about our approach on pay, not least to the arbitrator on the 1982 increase.

I am copying this letter to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland, and Wales, the Attorney General, members of E(PSP) and to Sir Robert Armstrong.

*Yours sincerely*

*Geoffrey Howe*

GEOFFREY HOWE

*(Approved by the Chancellor of the Exchequer & signed in his absence)*

27 MAY 1982







Prime Minister (1)

Agree that Mrs  
award be accepted?

8

MUS 25/5

Education

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3AG

Mus rd

Told  
Imogen Wilde by  
telephone  
26/5  
MUS 26/5  
25 May 1982

*Dear Geoffrey.*

TEACHERS: LONDON ALLOWANCES

I have now received the arbitral body's recommendations for increases in the Inner and Outer London and Fringe Area allowances payable from 1 April 1981. The overall cost of their recommendations would be £5.6m, or 9.8% of the present London Allowance bill. That compares with a claim for 13.9% and a management offer of 7.6% - this ranging from 8.7% for Inner London to zero for Fringe Areas. The effect on the total paybill of teachers receiving London Allowance is 0.59% and on the total paybill for teachers in England and Wales 0.12%.

It is disappointing that the arbitrators chose to recommend an increase in the Fringe Area allowance, despite management arguments about market forces there and the absence of any 1974 Pay Board basis for Fringe Area allowances. It is also regrettable that the arbitrators should have thought it right to adopt a "cost compensation" approach for Inner and Outer London: that will leave the argument between cost compensation and ability to pay to be continued in the next round. At the same time, I have to recognise that the recommendation is moderate compared with other settlements to date, except for those for the Civil Service and the NHS where we were strongly placed to secure results at 7% and 6% respectively.

My choice is very limited. I can either implement the recommendation or we can invite both Houses to resolve that national economic circumstances require that it be set aside. Considering that the effect on the national paybill for teachers is only 0.12% and the amounts awarded to individuals exceed the management's offer by sums ranging from £9 to £18 pa I do not regard the second course as feasible. Accordingly I conclude that we must live with this result.

I expect to receive the arbitral body's report on the main 1982 pay claim for teachers in early June. That is a very much more important matter, because it belongs to this year's pay round and because the amounts of money involved are very much greater. I see some advantage

CONFIDENTIAL

In getting the 1981 matter cleared away before the 1982 pay award comes up for decision. I propose therefore to make it known this week that the London Allowance recommendations will be implemented. If you or colleagues should have reservations, I should be glad if you would let me know by midday Thursday 27 May.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Northern Ireland, Scotland and Wales, the Attorney General, members of E(PSP) and Sir Robert Armstrong.

*Compton*

*Heir*

CONFIDENTIAL

CONFIDENTIAL

Prime Minister (4) Education

ms 2015



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

*cc 3V*

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3HE

*MS*

19 May 1982

*Dear Geoffrey,*

TEACHERS' PAY: SCOTLAND

I am grateful for Leon Brittan's letter of 17<sup>th</sup> May conveying your agreement to my proposal to accept the recommendation of the arbitration body that the salaries of school teachers in Scotland should be increased by 6% with effect from 1 April 1982.

So far as the timing of the announcement is concerned I intend to defer this until Tuesday 25 May when I shall formally intimate my decision to the Scottish Joint Negotiating Committee for Teaching Staff in School Education. I shall answer an arranged Question on the same day.

I am copying this letter to the Prime Minister, Keith Joseph, members of E(PSP), Nicholas Edwards and Sir Robert Armstrong.

*Yours truly  
George*

20 MAY 1982





Prime Minister (2)  
 17/5/82  
 ✓

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon George Younger MP  
 Secretary of State  
 Scottish Office  
 Dover House  
 Whitehall  
 London SW1A 2AU

17 May 1982

*Leon Brittan*  
 TEACHERS' PAY: SCOTLAND

In Geoffrey Howe's absence I am replying to your letter of 6 May about the arbitration award to Scottish teachers. I have also seen Norman Fowler's letter of 10 May.

The local authorities agreed to go to arbitration, and (as you said in your letter of 17 March) they cannot expect any additional commitment by way of rate support grant to finance the excess cost over the existing pay provision of the award that has been made. But subject to that I agree that we should not seek to set aside the 6 per cent award.

There is however an issue of timing, which my officials have raised with yours. I see from your letter that you are not bound to indicate whether you accept the award until 21 days after it has been made. This would enable you to hold your hand until at least a few days after the arbitration hearing for the English school teachers on 19 May. I think that it would be right to do so. It can only complicate the task of the English employers, in defending their 3.4 per cent offer, if we are known before the hearing to have formally accepted a 6 per cent award to the Scottish teachers.

I am copying this letter to the Prime Minister, Sir Keith Joseph, members of E(PSP), Nicholas Edwards, and Sir Robert Armstrong.

*Yours sincerely*  
*LB*

LEON BRITTAN

*(Approved by the Chief Secretary & signed - his absence)*



*27/2 Education  
of SV*

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

*NBPM*

*MW 14/5*

10

The Rt Hon George Younger TD MP  
Secretary of State for Scotland  
Scottish Office  
Dover House  
Whitehall  
LONDON  
SW1A 2AU

13 May 1982

*Dear George,*

SCHOOL TEACHERS' PAY IN SCOTLAND

Thank you for sending me a copy of your letter of 6 May to the Chancellor. I have also seen a copy of Norman Fowler's letter of 10 May on this subject. I fully take Norman's point about possible repercussions for the NHS but agree with him that the award should nevertheless be accepted.

The England and Wales arbitration starts on 19 May. It seems to me that a public announcement of your acceptance of your arbitral body's award very soon after that date should be avoided if possible, lest it risk an unhelpful reinforcement of the 6% figure in the minds of the England and Wales arbitrators if they are at that time approaching decision. It would be helpful if you were able to hold your announcement over until the following week, preferably to the Wednesday, if that is not unreasonably close to your statutory time limit for decision. I would hope that by that time the England and Wales arbitrators would have taken their decision. Even a few days' delay would be potentially helpful, and I shall be grateful for anything you can do in that direction.

I am copying this letter to the Prime Minister, members of E(PSP), Nick Edwards and Sir Robert Armstrong.

*E. Carr,*

*Nick*

3 MAY 1982

12 11 10 9 8 7 6 5 4 3 2 1



MBPM

MUS 14/8

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Sir Keith Joseph MP  
 Secretary of State  
 Department of Education and Science  
 Elizabeth House  
 York Road  
 London SE1 7PH

12 May 1982

*2 kids,*

SCHOOL TEACHER'S PAY: ENGLAND AND WALES

In the Chancellor's absence, I am writing to confirm what my Private Office have already told yours in response to your letter of 6 May.

I agree with your view that the employers should be discouraged from seeking conciliation or a further round of negotiation. The alternative of allowing arbitration to take its course is clearly not free of risks; but following the arbitration awards to the Civil Service and the Scottish teachers, and the settlements with the Scottish further education teachers and (now) the 5.8% settlement for their counterparts in England and Wales, there are clearly good grounds for expecting an arbitration award no higher than 6% and perhaps less. The risks entailed in conciliation or further negotiation seem to me to be greater: the wider impact of the present low offer to the teachers would be lost, and at worst conciliation might fail and we could then be back at arbitration on the basis of a higher offer by the employers. Finally, it is less damaging for the Government reluctantly to accept a given figure awarded by an arbitrator than to have an equivalent figure agreed in negotiations to which it is a party.

I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, the Attorney General, Members of E(PSP), and Sir Robert Armstrong.

*Leon*

LEON BRITTAN



21 1 MAY 1962

0 11 12 1 2 3 4  
9 8 7 6 5

Prime Minister (2)  
rus 11/5



DEPARTMENT OF HEALTH AND SOCIAL SECURITY  
ALEXANDER FLEMING HOUSE  
ELEPHANT AND CASTLE LONDON SE1 6BY  
TELEPHONE 01-407 5522 EXT

Educate

*[Handwritten scribbles and initials]*

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Great George Street  
London SW1

10 May 1982

*Dear Geoffrey*

George Younger sent me a copy of his letter to you of 6 May about the outcome of arbitration on the pay of teachers in Scottish schools.

Anything which tends to strengthen the impression that a de facto going rate of six per cent is being established will cause difficulty in relation to those NHS staff groups which we are trying to hold to four per cent. But the practical difficulties in seeking to overturn the award are clearly enormous, and therefore I do not dissent from the course of action proposed.

I am sending copies of this letter to those who received copies of George Younger's.

*[Handwritten signature]*

*[Handwritten signature]*  
NORMAN FOWLER

TOW Sir K Joseph's office 2 Mes 10/5

MR. SCHOLAR

Agree that we go to arbitration and reject ACAS approach

Prime Minister

(3) (1)

Education

X seems a very sensible approach. Indeed, it is what Sir K Joseph recommends in his letter (attached). Agree?

TEACHERS' PAY

Two points about teachers' pay:

MCS 6/5

(1) The Prime Minister has been sent a copy of Mr. Younger's letter of 6 May to the Chancellor, recommending acceptance of the arbitral award of 6 per cent for Scottish teachers. I am sure that this is right: overriding the arbitration would require us to demonstrate that national economic circumstances required it, a condition which I think is not met, and following today's announcements 6 per cent will be quite well established in the public's mind as the going rate for public service pay rises.

(2) I understand that Keith Joseph will be writing round later this evening about teachers in England and Wales, whose pay claim has already been referred to arbitration. Apparently ACAS has approached the parties to ask whether there is scope for conciliation in order to avoid the whole panoply of arbitration. I understand that this is a not uncommon procedure on the part of ACAS, which may have been prompted by the unions, who will no doubt have worked out that they are unlikely to get more than 6 per cent out of arbitration. I do not know what Sir Keith Joseph will recommend, but I am clear that conciliation would be a much riskier procedure, holding out much less chance of a settlement below 6 per cent. Our position in arbitration is a good one, with an offer on the table of 3.4 per cent, and evidence which has already convinced two arbitrators about affordability and market factors. In the course of conciliation we would risk (what we narrowly escaped during the negotiations) being forced to raise our offer significantly and failing to settle, thus providing a new floor for subsequent arbitration. So I think the DES representatives on the Burnham Management Panel should argue for rejection of the ACAS approach.

6 May 1982

Handwritten signature



*CSV*

DEPARTMENT OF EDUCATION AND SCIENCE  
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
 TELEPHONE 01-928 9222  
 FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON  
 SW1P 3AG

6 May 1982

*Dear Chancellor*

SCHOOLTEACHERS' PAY: ENGLAND AND WALES

Arbitration was agreed by Burnham on 25 March and the hearing has been fixed for 19 May. In the interim there have been developments in other pay areas which employers and unions will see as relevant - the Civil Service result at 5.9% and the Scottish schoolteachers' arbitral award of 6.0% are likely to be seen as the main comparators but the AFPRB and DDRB positions may also be seen as part of the background. ACAS have now asked both sides of Burnham whether they think it worthwhile aiming at a settlement, through ACAS conciliation or through the statutory Burnham processes, before the planned arbitral hearing. I understand that the management panel will wish to decide its response on Monday 10 May.

I am sure that the employers' leaders will not be willing to bid for a settlement ahead of arbitration unless they can be assured in advance (albeit privately) that the Government will not use the veto at a level which prevents a settlement at a level they judge realistic. They will see the lowest achievable figure as 5.5% - the overall cost of the Scottish further education settlement though that included 5.9% for those employed in local authority colleges. I would also expect them to want to go to 6% if that were necessary to achieve a settlement: they voted unanimously for 5.9% in the Burnham management panel on 25 March (that figure was subsequently vetoed by my representatives) and they would hardly balk at the further 0.1% to match the Scottish arbitration award. We need to decide whether to instruct my representatives to indicate that they will be allowed to go to 6% if they are minded to bid for a settlement ahead of arbitration, and that message will have to be given early on Monday morning.

The arguments are finely balanced. I am very conscious of the difficulties on the NHS pay front and agree that the higher any increase for schoolteachers, the greater those will be. Also, it would perhaps be easier presentationally in that context to have any schoolteachers' increase above the 4% pay factor result from arbitration than to have the same figure agreed in negotiations to which the Government is party. NHS considerations therefore suggest that we should allow arbitration to take its course and decline to offer the employers the assurances they would seek before deciding to attempt conciliation or further negotiation. It might also be argued that the recent arbitral awards have set a pattern which make significant departure from 6% less likely now than it might have been some months ago: on that argument, we risk relatively little by allowing arbitration to run its course. Lastly, to stand firm might also usefully be seen by the employers as underlining our commitment to low public service pay settlements generally.

On the other hand, there really can be very little chance that arbitration would yield a result much below 6% and any higher figure would produce public expenditure which might have been avoided by a negotiated settlement. Either way the schoolteachers' outcome is unlikely to help on the NHS front and it could be particularly damaging if arbitration came out even a little above 6.0%, whether or not we then asked Parliament to set it aside. I have also to recognise that we might be accused by the employers on Burnham of inconsistency, as between the school and further education teachers' negotiations if we were seen as refusing the same negotiating room for the former as we allowed for the latter (set out in my letter to you of 21 April and in your response of 27 April). There is also something to be said for a negotiated settlement for schoolteachers instead of arbitration. A negotiated settlement acceptable to teachers would demonstrate to the public the mischievousness of the disruptive action taken to try to force the employers to agree to arbitration, would discourage such ready recourse to disruption in similar circumstances in the future, and would strengthen the hands of the more moderate teacher elements who generally favour orderly negotiation.

On balance, I am inclined to think that we should discourage the employers from bidding for conciliation or for a further round of negotiation, taking whatever action we can to reduce the risk of being accused of inconsistency as between the two sets of Burnham negotiations and of having effectively blocked the possibility of an agreed settlement. I therefore propose to instruct my representatives to say that arbitration should now take its course and that I doubt the usefulness of any last-minute attempt to achieve an agreed settlement. If pressed, they will have to say that they are unable to give any assurance that the veto would not be used at a level which would cut short any attempt at conciliation (but decline to give a figure).

The judgement I have come to is very finely balanced. It has the disadvantage of leaving us open to a charge of inconsistency but on the other hand preserves us from being seen as accepting a schoolteachers' settlement above 4%. I would be more inclined to accept conciliation if I were sure that it was being initiated by the teachers but the evidence does not go that far. If you take a different view I shall entirely understand.

CONFIDENTIAL

I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, the Attorney General, members of E(PSP) and Sir Robert Armstrong.

*Yours sincerely*

*J. Cornwell*

Approved by the Secretary of State and signed in his absence.



Prime Minister (2)

MS 6/5

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

cg J.V.

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3HE

6 May 1982

Dear Geoffrey,

TEACHERS' PAY

I am writing to let you know that the report of the arbitration on the pay of teachers in Scottish schools has now been submitted to the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)).

The award is for an increase of 6% at all points on all scales, and on responsibility allowances, from 1 April 1982 - in effect a 6% increase on paybill and on average earnings. While I would of course have preferred a lower figure, the report by the arbitration panel makes a valuable point by laying a good deal of weight on the ability of the local authorities to meet the cost of a pay award and indeed describing ability to pay as "a critical element" which "no responsible employer in either the private or the public sector can ignore". The arbiters have arrived at the 6% figure on the basis of an estimate of the level of increase that "would be manageable, albeit not without some difficulty, by the authorities".

The SJNC(SE) must now formally intimate the report to me, and I am then required by the relevant statutory provisions to inform the SJNC(SE) within 21 days whether I accept the award or not. If I do not accept it, then I must, within 35 days of first receiving intimation of it, make an order (subject to negative Parliamentary procedure) preventing the award from having effect.

Particularly against the background of other comparable decisions which we have taken collectively within the last week or so, I do not consider that the award is at such a level that I should seek to set it aside. To do so would certainly be seen as quite inconsistent with other Government decisions. Moreover, although I have considered very carefully the burden which would be imposed on the local authorities by a pay increase which exceeds the cash limit provision for that purpose (4%), I do not believe that I could on those grounds justify overturning the award. Although the numbers of staff involved are larger, it would in principle be difficult to argue that a 6% award would not be manageable by the local authorities when they have, as

you know, already negotiated a settlement worth 5.9% for staff in their own further education colleges (my Private Secretary's letter of 15 April refers).

Subject to the views of colleagues, therefore, I propose to inform the SJNC(SE) that I accept the arbitral award.

I am copying this letter to the Prime Minister, Keith Joseph, members of E(PSP), Nicholas Edwards and Sir Robert Armstrong.

*Yours truly,*  
*George.*



16 MAY 1982



CONFIDENTIAL

4 April 1982

Education

MR SCHOLAR

Prime Minister (2)

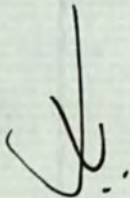
cc Mr Ingham  
Mr Mower

Not good,

Mus 4/5

SCOTTISH TEACHERS' PAY

1. You, Bernard and Brian ought to be aware of another possible ingredient for the package of pay announcements on Thursday. I am told that the arbitration award for the Scottish teachers will become available at noon on either Thursday or Friday; and that it will be 6%.
2. The arbitration is not, of course, final, but the Government would need a negative resolution of the House of Commons to override it. It may be possible for Ministers to move fast enough to have an announcement by the Secretary of State for Education accepting the award, on the same afternoon as the other announcements. There is, however, no particular disadvantage in waiting a little.
3. At 6%, this award is a little higher than we would have hoped, given that Scottish further education teachers were awarded only 5.5% at arbitration, and we were hoping that English teachers could be settled well below 6%. But I am sure that Ministers will not want to make a case upon grounds of national economic circumstances for overriding.



JOHN VEREKER

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CONFIDENTIAL



VCC JV

(2)

Prime Minister

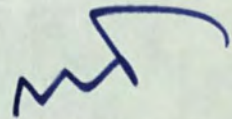
As agreed

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

27 April 1982

MUS 27/4

Peter Shaw Esq  
Private Secretary  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1 7PH



Dear Peter

PAY OF FURTHER EDUCATION TEACHERS IN ENGLAND AND WALES

As I told you by telephone this morning the Chancellor is content with the tactical line your Secretary of State proposed should be taken at the meeting of the Burnham Further Education Committee today. He feels it is important to press very hard for 5.5 per cent.

I am copying this letter to Michael Scholar, to the Private Secretaries to the Secretaries of State for Scotland, Wales and Northern Ireland and to members of E(PSP), and to David Wright (Cabinet Office).

Yours ever  
Peter

P S JENKINS  
Private Secretary

27 APR 1982



CONFIDENTIAL

Education

MR. SCHOLAR

Subject to Chancellor's view - yes or no  
Prime Minister  
Agree to this approach?

Pay of Further Education Teachers in England and Wales M/S 22/4

Letter now attached

Sir Keith Joseph will be writing round either later today or tomorrow drawing attention to a very similar problem to the one we encountered two or three weeks ago on primary and secondary school teachers, namely that our representatives on the management panel will be facing a choice early next week between settling in the 5.5% - 5.9% range, or going to arbitration. It is relevant that further education teachers in Scotland have already settled at 5.9%. Nonetheless, that is a small and not widely noticed group, and endorsement by Government representatives of a pay settlement which will be widely regarded as about 6% carries serious implications. It would make it harder to continue to defend sticking to 4% for the bulk of the NHS; and it would make it almost impossible to justify overriding the award of the Civil Service Arbitration Tribunal (CSAT) at a level of 6% or below. On the other hand, far too many groups are finding their way to arbitration, the outcome of which is likely to be higher still and to raise awkward questions about our ability to override it.

I think therefore that the right approach is to put off a decision for as long as possible, so as to be able to take account of the outcome of the CSAT, and preferably also of our decision on whether to accept it. The Burnham Further Education Committee meeting is planned for 26 April, so we may have to ask for it to be delayed; at the very least we should leave the decision on our instructions until Friday night. If the CSAT comes out at 6% or less, with a presumption that we can accept it, we could authorise our representatives to settle at not more than the same figure.

J.

→ C.F. Note

Discussed with the Chancellor (who was about to minute the PM and now will not).

21 April 1982

CONFIDENTIAL

Done M/S 26/4  
No further action (except pl copy this to JV)  
M/S 26/4

e  
CONFIDENTIAL



CC JV 2

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury, Old Admiralty Building  
Whitehall  
London SW1A 2AZ

21 April 1982

*Dear Geoffy,*

PAY OF FURTHER EDUCATION TEACHERS IN ENGLAND AND WALES

A meeting of the Burnham Further Education Committee has been called for 26 April. That will take place against the background of the 13 April settlement for further education teachers in Scotland, the outcome of the Civil Service arbitration and the reference to arbitration of the schoolteachers' claims here and in Scotland. The objective must be to reinforce the downward momentum in public sector pay, and to maintain broad consistency in our approach, particularly across the parallel Burnham Committees in England and Wales.

The Scottish settlement of 5.5% is, I believe, the lowest public sector settlement achieved in this pay round so far and thus cannot be regarded as altogether unsatisfactory in terms of its impact on wider pay matters. It allows us to continue to present the offer to the nurses as exceptional, and may helpfully condition the arbitration on schoolteachers' pay in Scotland. In your letter of 30 March to George Younger you judged that a settlement at 5½% would on balance be helpful, and to have it early an advantage in terms of the pay round as a whole. I agree with that, and would regard a comparable settlement for further education teachers in England and Wales as also helpful. It would reinforce the impact of the Scottish further education settlement on other negotiating groups and might similarly help to moderate the schoolteachers' arbitration recommendation here. If a comparable settlement were achievable for England and Wales, I would regard it as preferable to arbitration, which is the likely outcome if my representatives veto an offer which the employers wish to make so as to achieve a negotiated settlement.

The Scottish further education result can be interpreted in various ways. I would see its "Burnham equivalent" as 5½%, since that is the overall average across colleges of education, Central Institutions and local authority colleges which, although differently funded in Scotland and

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receiving different percentage increases there, all perform functions fulfilled by local authority colleges here. On the other hand, the cost to local authorities in Scotland is 5.9%, and local authority employers here may just see that as the relevant figure.

In weighing the options, I want to be conscious in particular of the implications for the NHS negotiations. On the one hand, we could avoid all taint of countenancing a settlement over 4% if we were to veto any offer above that level. Such conduct, which would almost certainly lead to arbitration as in the Primary and Secondary Committee, might help Norman Fowler in the short term by postponing a definitive outcome for some weeks. But it would lose us the benefit of what the local authority leaders believe might well be an agreed settlement at 5.5% or 5.9% - a settlement which, taken together with the Scottish equivalent, must help to constrain the arbitration awards for both sets of school teachers towards similar figures. Any firm settlement figure below 6% might strengthen Norman Fowler's hand, particularly with the nurses. So while I would myself prefer to stick at 5.5%, I would - if the employers are solidly for a negotiated settlement up to 5.9% and know they can get it - not want to use the veto again at or below that level. There is of course no question of getting into this area at all unless it is clear that a settlement will result.

I propose therefore to instruct my representatives

- a. to vote against, and if necessary veto, any offer above 4%, unless it is clear that a settlement will be achieved at or below 5.9%;
- b. if and only if a settlement can be achieved, to argue for the lowest possible figure but not to vote against or veto an offer up to 5.5%, to argue against and vote against but not veto a higher figure up to 5.9%, and to use the veto, if necessary, on any figure above 5.9%;
- c. to argue and vote against a reference to arbitration.

I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales and Northern Ireland, the Attorney General, members of E(PSP) and Sir Robert Armstrong.

*Ken*

*Ken*

25 APR 1982

21 APR 1982

CONFIDENTIAL



of JV.  
Education

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400 GTN 213

Switchboard 01-213 3000

✓  
MAD

Imogen Wilde  
Private Secretary to  
Sir Keith Joseph Bt MP  
Department of Education and  
Science  
Elizabeth House  
York Road  
LONDON SE1

8 April 1982

Dear Imogen

TEACHERS PAY: ARBITRATION

I am writing to confirm my telephone message yesterday about your Secretary of State's letter to mine of 5 April. My Secretary of State agreed that the terms of reference for the teachers' pay arbitration were acceptable. He agreed with your Secretary of State's order of preference for Chairman. Although he did not feel confident that any of the names suggested for the employers side member were entirely reliable, he did not disagree with your Secretary of State's preferences.

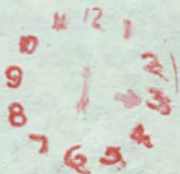
Yours sincerely

Barnaby Shaw

J B SHAW  
Principal Private  
Secretary



APR 1982



Edmund  
Healey  
P.S.

Lo

CONFIDENTIAL



c.c. Mr. Vereker

10 DOWNING STREET

From the Private Secretary

8 April, 1982.

Dear Imogen,

Teachers' Pay: Arbitration

The Prime Minister saw a copy of your Secretary of State's letter of 8 April to the Secretary of State for Employment about the terms of reference and the composition of the arbitral body for the forthcoming teachers' pay arbitration.

The Prime Minister is content with your Secretary of State's proposals. She has commented that she does not herself know the third and fourth choices which he puts forward. She further comments that we shall have to get more names for this panel in due course.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Scotland, and to David Wright (Cabinet Office), *PS member of EASP.*

Yours sincerely,

Michael Scholau

Mrs. Imogen Wilde,  
Department of Education and Science.

CONFIDENTIAL

Lo



10 DOWNING STREET

(1)

Prime Minister

Teachers' pay: arbitration

The deadline has now been  
deferred to noon tomorrow.

Content with Sir K Joseph's  
conclusions?

Yes - but  
do not  
know

MUS 6/4

choices 3 & 4.

We shall have to get  
more names for this panel  
in due course etc.

CONFIDENTIAL

Education



C. J. V. (2)  
Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG | have asked  
01-233 3000

6 April 1982

for Sir K Joseph's  
considered view of  
the legal position on  
teachers' over-ride.

The Rt. Hon. Sir Keith Joseph Bt MP  
Secretary of State for Education and Science  
Department of Education and Science

*In view*

Mes 7/4

*MS*

TEACHERS' PAY IN ENGLAND AND WALES

See  
Pt. 2

Thank you for your two letters of 31 March.

On teachers' pay in England and Wales, I take it that we will need to consider shortly what issues arise for the Government in connection with the arbitration arrangements, giving of evidence, and so on. No doubt you will keep colleagues in touch with developments.

Meanwhile, I have read with interest the comments of the Attorney General which you enclosed with your letter. Much will obviously depend on the nature of the arbitration award. But I note in particular his view that we need not limit the use of the override procedure under the 1965 Act to times of economic crisis or near crisis, and indeed that its use is not ruled out even in an improving economic situation. In view of this I would want for the record to question the view recorded in the minutes of E(PSP) on 1 April (E(PSP)(82) 2nd meeting Item 2 that the Government's powers to override arbitration awards to the teachers were legally very circumscribed. My conclusion is that we must keep an open mind on the possibility of override until we have the arbitration award.

We had a brief word about your letter about F.E. teachers in Scotland at E(PSP) on 1 April. As I explained, my agreement to George Younger's proposal to go as high as 5½ per cent in this case was subject to strict conditions, particularly that there should be a near certainty that it would lead to settlement. This condition did not apply in the case of the teachers; indeed your letter of 23 March said explicitly that the ACC would not be prepared to enter into negotiations "with a 5 per cent ceiling or even a 5½ per cent ceiling."

/I am copying

CONFIDENTIAL

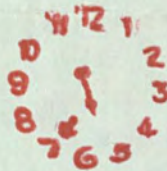


I am copying this letter to the Prime Minister, the Secretaries of State for Scotland, Wales, and Northern Ireland, the Attorney General, members of E(PSP), and Sir Robert Armstrong.

GEOFFREY HOWE

Handwritten signature and initials in black ink, appearing to be "G. Howe" and "J. Armstrong".

17 APR 1982





DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

The Rt Hon Norman Tebbit MP  
Secretary of State  
Department of Employment  
Tothill Street  
London SW1H 9NF

5 April 1982 names:

MES 6/4

~~SE SV  
Prime Minister (2)  
No time to  
consult you this  
morning. But Clive and  
I thought you would be  
able to live with these~~

Dear Secretary of State,

TEACHERS' PAY: ARBITRATION

The terms of reference and the composition of the arbitral body for the forthcoming teachers' pay arbitration are clearly important for us. There is now movement on both fronts, and my officials will need to transmit my views to the management panel very shortly.

I attach a copy of the suggested terms of reference. They are simple and straightforward, and have features which the management panel should value. They take the issue back to the original teachers' claim and the original management panel response, and thus avoid any encouragement to the arbitral body to have regard to the 5.9% figure vetoed on 25 March. Since the claim was submitted the RPI has fallen by a full percentage point, so it is helpful to the management case to have the claim expressed in terms of purchasing power and not quantified. I think these terms of reference can be accepted, and propose to instruct my officials to indicate that to the management panel secretariat.

The rules provide that the chairman shall be appointed by ACAS after consultation with the panels. The intention and, in all foreseeable circumstances, the practical effect is that neither side will be required to submit to arbitration under a chairman whom they consider unacceptable. Thus either side might hope to object successfully to some of the names suggested by ACAS if their objections are reasonable and well-founded. It is of course the management panel collectively which joins in these processes: we shall need to seek an accommodation with the other parties on that panel so that an agreed single response can go to ACAS.

ACAS have offered the two sides the following names for consideration: Lord Robens, Edmund Dell, Ian Buchanan (Senior Lecturer in Economics at Dundee University), Professor T L Johnston (Vice Chancellor of Heriot Watt University) and Sir Charles Carter. The management panel

has to rank those in order of preference. My first choice would be Lord Robens, because of his wide experience and despite the fact that he has not yet chaired an ACAS arbitration. I would rank Sir Charles Carter second, even though the teachers are likely to resist his appointment and he is therefore most unlikely to be selected by ACAS. After them I would place Mr Buchanan and Professor Johnston (as equal third). Both are highly experienced arbitrators but there are perhaps arguments to be advanced against academic chairmen in the case of arbitration over schoolteachers' pay, though those are probably less to do with competence and impartiality and more to do with public perception. Edmund Dell has not done an ACAS arbitration and is an unknown quantity; I propose to rank him fifth.

The other two members of the arbitral body are selected by ACAS from lists of at least four names submitted to them by the separate panels, each list ranked in order of preference. In practice ACAS will appoint the top name on the panel's list, if he is willing to serve. Thus the management panel can hope to secure the appointment by ACAS of a side member sympathetic to their interests. Those under consideration are Mr Bob Ramsey (ex-Ford and a member of Megaw), Sir Alex Jarrett, Mr Michael Bett, Mr L P Grice (GEC), Mr C J M Hardie and Mr David Staines. Mr Ramsey and Sir Alex Jarrett stand out in that field, and I believe that the employers would hope to secure Mr Ramsey's appointment if he will serve. I therefore make him my first preference, followed by Sir Alex Jarrett. Mr Bett is the management panel's side member on the teachers' 1981 London Weighting arbitration, and the two exercises will best proceed separately. I am therefore not ready to commend his appointment. Nor do I favour Mr Hardie, who sat as an employers' side member on the 1981 seamen's arbitration. My third and fourth preferences are for Mr Grice and Mr Staines, in that order.

I am sending copies of this letter to the Prime Minister, the Chancellor, the Secretary of State for Scotland and Sir Robert Armstrong. I need to send my reactions to the management panel secretariat by close of play tomorrow, so if you or your colleagues have reservations about my proposals, I should need to have an indication of those by noon tomorrow.

Yours sincerely,  
Inogen Wilde

Approved by the Secretary  
of State and signed in his  
absence

BURNHAM P&S COMMITTEE

SIR JOHN WORDIE'S SUGGESTED TERMS OF REFERENCE (P&S 1982 CLAIM)

"To consider the claim of the Teachers' Panel tabled on 8th December 1981 that the salaries and allowances (other than Social Priority School and London Allowances) of primary and secondary teachers in England and Wales should be increased with effect from 1st April 1982 by the percentage necessary to maintain the purchasing power of the April 1981 salary scales and allowances, and to consider the offer of the Management Panel tabled on 16th February 1982 in response to the claim, and to make recommendations."



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Education

cc: Mr. Hoskyns

MR. SCHOLAR

Teachers' Pay

Sir Keith Joseph's letter of 21 March does I think confirm that we were right to insist that the Department of Education use their veto on increased pay offers, and resist arbitration: it is clear that if they had not, 5.9% would certainly have been offered, and probably rejected. Our hands are therefore still clean, which will make our position much easier in the forthcoming arbitrations.

The enclosures to Sir Keith's letter relate to the issue, which is now becoming important, of the circumstances in which we could ask Parliament to set aside an arbitration award. I have discussed this with the Attorney General's Department, because the papers, though long, are by no means clear. The guts of the legal advice seem to be as follows:

i) The criteria for our approaching Parliament are a matter of propriety, not law. The Government has to be satisfied that it has a reasonable case in terms of national economic circumstances. The legal judgement on that case is of course the vote in both Houses.

ii) In order to be satisfied that there is a sufficient case, the Government must make it clear that it is taking an exceptional step, but it does not have to show that there is a national emergency or crisis.

iii) It would be much harder for the Government to make a reasonable case if pay settlements elsewhere within the public services are running at levels around or over the arbitration award which the Government is seeking to set aside.

Subject to the reaction of the Chancellor, the Prime Minister may feel that Sir Keith Joseph should be asked to confirm his own understanding of this legal advice - which comes down to saying that

/ there is no

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there is no legal obstacle to our seeking to set aside an arbitration award, as long as it is not lower than whatever we accept as the Civil Service settlement.

J.

John Vereker  
1 April 1982

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cc J.V.



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London  
SW1P 3HE

Copy to

PS/Mr Fletcher  
PS/US of S  
PS/SED  
PS/CS  
AUS of S

Mr Murray, DH  
Mr Sutherland SIO  
Mr Lindsay SIO  
Mr Wilson SED

*Mo*  
Prime Minister

② 1 April 1982

A settlement at 5½% is beginning  
to look likely.

MS 1/4

*Dear Geoffrey,*

TEACHERS' PAY

Thank you for your letter of 30 March about teachers' pay negotiations in Scotland.

As you know, the Scottish Joint Negotiating Committee for Teaching Staff in Further Education (SJNC(FE)) was due to meet again that day and I am writing to report the outcome. In brief, the formal and public position is that the Management Side has not improved its earlier offer (made at the meeting on 17 March) of a 4% addition to the total paybill, but that negotiations are still continuing.

There was, however, a good deal of private and informal discussion behind the scenes. By the end of these exchanges it had been established that a settlement at 5.5% of the overall paybill might be constructed on the basis of an increase amounting to 4.5% in the colleges of education, 4.9% in the central institutions and some 5.9% in the local authority sector. The working out of detailed scales to effect this will be a very intricate task because of the way in which the various lecturing grades in the different types of colleges interlock, and the SJNC(FE) therefore thought it necessary to adjourn once more in order that further detailed work could be done on the problem. The next formal meeting will be on 13 April.

I would emphasise that neither Side is at this stage committed to make or to accept an overall 5.5% offer and that the understanding is that no reference will be made in public to any figure beyond 4%. I can confirm also that the Management Side has no intention of making a formal offer above 4% except on the basis of a quite categorical prior assurance that it will be accepted. That said, there seems to be a genuine possibility that a settlement may be reached on 13 April on the lines which I have indicated. If so, I would regard this as a satisfactory outcome.

Your letter of 30 March suggested that we should take the initiative in drafting economic argumentation for inclusion in the Management Side's written evidence to the arbiter who will be dealing with the reference on Scottish school teachers. I agree, and my officials will

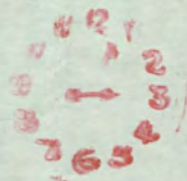
be in touch with yours about this. In that connection I should add that my officials are being consulted about the choice of a chairman for the arbitration panel and will thus be in a position to try to secure rejection of any obviously unacceptable name on the ACAS list. It has, however, been established that, even if a settlement for the further education lecturers in Scotland is concluded at 5.5% the school teachers are likely to want to proceed with the arbitration.

Copies of this letter go to the Prime Minister, Keith Joseph, members of E(PSP), Nicholas Edwards and Sir Robert Armstrong.

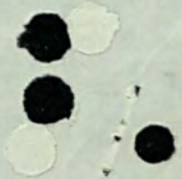
Yours sincerely,

Cunneen

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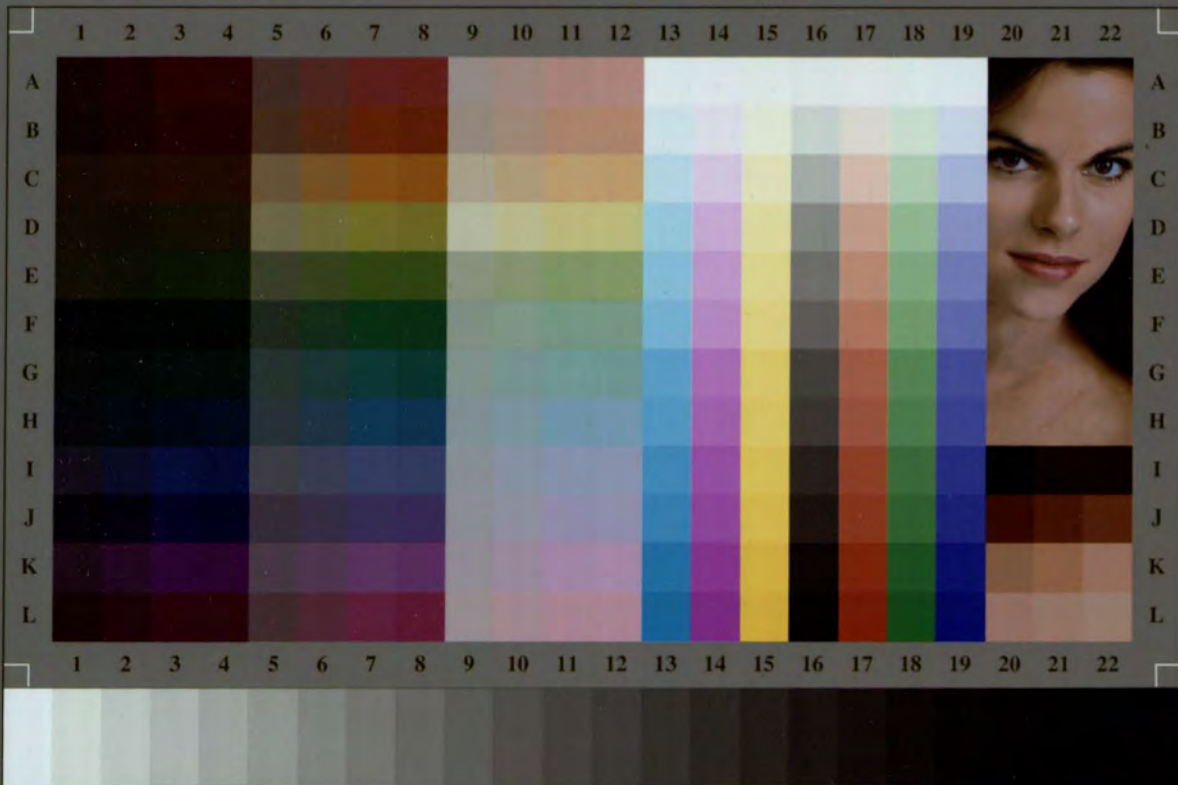
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