

305

SECRET

NEW FILE COVER

CONFIDENTIAL FILING

UNIVERSITY TEACHERS PAY

EDUCATION

UNIVERSITY ACADEMIC PAY

APRIL 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>16.3.87</del>							
<del>24.3.87</del>							
<del>14.7.87</del>							
<del>14.1.88</del>							
<del>20.6.88</del>							
<del>30.9.88</del>							
<del>14.10.88</del>							
<del>23.12.88</del>							
<del>8.8.89</del>							
10.3.89							
13.7.92							
<p>PREM 19 / 3696</p>							
<p>Series closed</p>							

*File -  
university party*

"This is pure speculation. The Government's response to the proposals agreed by the Committee of Vice-Chancellors and Principals and the Association of University Teachers will be made known on 16 July at a meeting convened by the Department for Education."

## Universities' 7% deal to be vetoed

# Lecturers are next in line for pay curb

BY JOHN O'LEARY, EDUCATION CORRESPONDENT

UNIVERSITY lecturers seem certain to become the next victims of the government's attempt to contain public-sector pay, which last week saw top civil servants' increases restricted to 4 per cent.

A negotiating committee which has not been convened for four years will meet on Thursday to veto a 7 per cent deal agreed between vice-chancellors and the Association of University Teachers. Ministers are already holding back £24 million from universities' budgets, pending an acceptable agreement.

The deal, struck ten weeks ago, has run into opposition from the Treasury, which wants a greater proportion of academics' pay to be performance-related, and from the education department, which fears that some universities cannot afford it. Some vice-chancellors indicated when negotiations began that they could not raise salaries by more than 2 per cent without incurring deficits.

The agreement would have given all university academics a 6 per cent rise, leaving 1 per cent of the pay bill to be distributed locally later in the year. A working party on performance-related pay has been established by the vice-chancellors and the association, although ministers are concerned that its terms of reference are too loose to make it effective.

Under normal circumstances, university pay settlements are ratified by letter. For the past three years ministers have exercised influence by holding back an amount to ensure that a growing share of the pay bill is allocated at local discretion.

The decision to call a formal meeting of civil servants, vice-chancellors and union representatives indicates the government's determination to restrict not only the shape, but also the size of the settlement. Vice-chancellors fear that a veto will reflect the tightness of this summer's public-spending negotiations, regardless of the government's pay policy.

Vice-chancellors and the teachers' association are so alarmed by Thursday's meeting that they are to hold a joint briefing to put the case for their settlement. Both sides have been campaigning for a pay-review body equivalent to the one established last year for school teachers.

Jack Straw, Labour's education spokesman, said: "There is no doubt that the government is operating a surreptitious pay policy to keep rises below 4 per cent. In the universities' case, ministers have made it clear that they want to break up national pay bargaining, although there is an overwhelming case for a pay-review body."

Paul Cottrell, an assistant general secretary of the association, said: "Everyone assumes that the committee has been summoned because the government is unhappy with the settlement. If they try to reduce the value of the settlement, this will be quite different from top people's pay because the figure was arrived at with a clear understanding of what universities could afford."

The committee last met informally in 1988, and has

been convened only three times in ten years. Government intervention will be a blow for campus industrial relations, which were returning to normal after the imposition of a 7.4 per cent pay rise for last year.

The association has drawn up contingency plans for action if the deal is vetoed. Polytechnic lecturers, who are joining the university system, have also threatened industrial in support of their claim for a 12.5 per cent increase.

Since making the agreement, vice-chancellors have told the government that they need an additional £450 million to run the universities. This would include £165 million to raise pay to levels competitive with other industries and with overseas universities. At present, professors average £32,000 and some junior lecturers are paid less than £13,000.

□ The decision to curb university lecturers' pay is in line with pressure on all spending departments to keep pay settlements in line with inflation, currently at 3.9 per cent (Jill Sherman writes).

The government is expected to set out its policy on public-sector pay on Tuesday when MPs debate the prime minister's decision to limit the increase in their own allowances to 9.8 per cent.

Sources close to the Treasury said that every effort was now being made to contain public expenditure by constraining public-sector wage settlements. "There is definitely an idea that they should be kept as near to inflation as possible," one Westminster source said.

Last week the prime minister rejected recommendations from the Top Salaries Pay Review Body that 2,000 civil servants, judges and generals should have an average increase of 20 per cent. Instead they were given only 4 per cent in the first year.

With the public-sector deficit at £28 billion ministers opted to give a clear lead at the expense of senior public servants, whose pay had slipped badly behind the private sector in the seven years since the last review.

Police pay dispute, page 2  
Dons' vote, page 7

## The Guardian

### Scientists plan to eavesdrop on factory pollution

Tim Radford  
Science Editor

SCIENTISTS at the Open University are to test a way to eavesdrop on pollution, using sound waves to measure factory emissions.

Optical pollution monitoring systems do not always work well as dust or hot gases can distort the light. Direct sampling of air emissions takes time and money.

But with European Community directives now requiring smaller firms to monitor their own pollution, Dr Keith Attenborough, of the mechanical engineering department at Milton Keynes, thinks there may soon be a huge market for alternative methods.

Using pulse emitters and microphones linked to microcomputers on factory flues, he said: "We are proposing to measure the velocity of sound pulses through the polluted atmosphere and measure the changes in velocity as the dust and solid particles scatter the sound."

After laboratory testing, Dr Attenborough said: "We'll get in touch with some local companies to test it properly. We've asked for two years' funding, and after that we hope to have something someone is prepared to manufacture."

9

*clp*



Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon John MacGregor MP  
Secretary of State for Education and Science  
Department of Education and Science  
Elizabeth House  
York Road  
London  
SE1 7PH

18 December 1989

*NBM*  
*REC*  
*19/12*

Dear Secretary of State

UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF LONDON ALLOWANCE 1989

Thank you for your letter of 8 December.

*will obtain if req'd*

2 I am content for the London allowance for university non-clinical academic and related staff to be increased from £1650 to £1767 from 1 July 1989 as you propose.

3 I welcome your intention to encourage the employers to achieve a more targeted approach in future, taking account of recruitment, retention and motivational factors. I am sure this is the right direction in which to move.

4 Finally, I note that there will be no increase in university grant on account of this settlement and therefore the cost will be met from within existing resources.

5 I am copying this letter to the Prime Minister, the Chancellor of the Exchequer and members of E(PSP), Peter Walker, Peter Brooke, and Malcolm Rifkind and to Sir Robin Butler.

Yours sincerely

*Aileen Campbell*

NORMAN LAMONT

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

Ed. Academic Staff Pay. April 80.





file  
DA.

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

27 November 1989

DISCRETIONARY PAYMENTS FOR UNIVERSITY  
ACADEMIC STAFF

Thank you for your letter of 22 November following up a point which was raised by the Prime Minister during her visit to Nottingham University. The Prime Minister has seen this and noted it without comment.

(CAROLINE SLOCOCK)

John Ratcliff, Esq.,  
Department of Education and Science.



ELIZABETH HOUSE  
YORK ROAD  
LONDON SE1 7PH  
01-934 9000

Caroline Slocock  
Private Secretary  
10 Downing Street  
LONDON  
SW1A 2AA

R23/11

Prime Minister<sup>2</sup>

CAS

24/11

ms

22 NOV 1989

Dear Caroline

Thank you for your letter of 3 November, in which you ask for a note about discretionary payments for university academic staff, following the Prime Minister's visit to Nottingham University.

The present pay structure has considerable flexibility, which is designed to help universities to overcome any recruitment and retention problems that they might have. The Government has seen no convincing evidence of general staffing difficulties, but there are specific problems in a number of areas. It is hoped that the universities will make full use of the flexibility, by paying more to help to attract and retain the best staff and those in disciplines where the universities have difficulties.

The 1987 settlement made it possible to appoint a lecturer to any point of the scale, and three discretionary points above the normal maximum were added to the senior lecturer scale to reward ability or special responsibility. In addition, a researcher may be accelerated through an incremental scale on grounds of outstanding performance, or be paid on a higher scale than is otherwise justified if this is necessary to recruit or retain suitable staff. The latest settlement increases this flexibility by adding three discretionary points to the lecturer scale and abolishing the professorial average.

The Government believes that the nature of the market plays an important part in the setting of pay rates. It is sensible to target resources to areas of skills shortages, as opposed to giving general increases to everyone, irrespective of manning difficulties. Despite the fairly extensive provisions for differentiated pay that already exist, the Government believes that there is scope for even further differentiation in the future. Indeed, the Secretary of State's recent statement on the Government's expenditure plans for higher education over the next three years referred to the holding back of £20m of the provision being made available to the UFC in 1990/91 for release only in the event of a satisfactory pay settlement for academic staff which incorporates greater flexibility and differentiation. Such pay flexibility should enable universities to secure the services of the best people, which will be to the great benefit of both the university system and the country as a whole.

Yours sincerely

JOHN RATCLIFF  
Private Secretary



NBPM

AT10/3

Treasury Chambers, Parliament Street, SW1P 3AG

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

10 March 1989

Dear Secretary of State

**UNIVERSITY PAY**

Thank you for your letter of 3 March about the 1989-90 university pay settlements and how these might be financed, which we discussed yesterday. You told me then that you believed a further £5 million a year was necessary in order to buy out technicians working practices.

I explained that I could not accept increases of as much as 7.5% in total, even allowing for the element of targeting you propose. We agreed, however, that the university employers should be offered a further £37 million in 1989-90, £40 million in 1990-91 and £43 million in 1991-92 within which to settle. This would allow an across the board settlement of 5.5%, plus targeted increases amounting to a further 1.5% of the non-clinical academic pay bill and the extra £5 million a year for technicians. You agreed to ensure that the CVCP understood the importance we attached to retaining the 1½% for highly targeted increases for academic staff and also to using the £5 million extra for technicians in a well targeted manner. You also agreed to ensure that the CVCP understood the importance of not presenting the settlement as 7%.

I note that you intend to ask the Universities Funding Council to put in place arrangements to monitor the use of the targeted payments. This is an essential element of our agreement to provide more funds and I should be grateful therefore if my officials could be kept in touch with the arrangements you propose to ensure that the universities accept the basis on which the money is to be provided and that adequate monitoring arrangements are in place.



EDUCATION: University Teachers Pay, April 1980

As to financing the settlements, I explained that the savings you had offered from the new basis of rating universities were not a saving to public expenditure overall. You therefore offered a contribution to the additional amounts required of £17 million in 1989-90 (from the underspend on the BAS ship and from the UFC grant for equipment) together with a further £5 million in each year from the universities restructuring fund for the additional amount needed for technicians. On this basis, I agreed to accept a claim on the Reserve of £15 million in 1989-90 and for £35 million in 1990-91 and £38 million in 1991-92 to be treated as an agreed bid in the Survey.

We agreed that it was imperative that no settlement be made until the AUT's industrial action is called off.

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

Yours sincerely

CE

JOHN MAJOR  
(Approved by the Chief Secretary  
and signed in his absence)

CONFIDENTIAL



ELIZABETH HOUSE  
YORK ROAD  
LONDON SE1 7PH  
01-934 9000

*CCPU*

*1*

The Rt Hon John Major MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1

3 March 1989

*Dear Chief Secretary*

UNIVERSITY PAY

I write to you about the prospects for pay settlements in the universities and about how those settlements might be financed.

Since 1979 the pay of the non-clinical academic staff of universities has risen very little in real terms, and has declined by 25% relative to average earnings. That is after taking into account the 24% settlement agreed to cover the three years 1985 to 1988. For 1989-90 the universities have offered their non-clinical academic staff an increase of 3%, with a 0.5% once-only payment in April: they claim that they cannot afford more. The lecturers' union (the AUT) has rejected that offer. Both parties have written to me asking for substantial increases in university funding to enable the universities to pay more. The CVCP originally bid for £64m next year and £119m in 1990-91. In response to pressure from my officials, they have reduced their bid to £57m in 1989-90 and £80m in 1990-91. This would raise full-year pay by 9% for academics, and by varying percentages for other staff. Meanwhile the AUT has instructed its members to boycott work on examinations and to refuse appraisal, but it is not clear that any such action has bitten deep yet.

I have of course roundly condemned the AUT's action. It is clear that no settlement of their claim could be made until they call it off. Even so, they do have a case on merits, and I have examined carefully how much the universities can afford to offer their staff out of their existing resources. We meant the public expenditure settlement last autumn to allow about 5% for pay and price changes in the universities. But, after discounting certain special items, the increase in recurrent funding for universities next year amounts to 4.7%. After deducting the sums required for earmarked and other specific purposes (including rates), the increase in basic grant will be 3.7% in the next academic year. That is the main Exchequer contribution to universities' ability to meet pay bills. An allowance for some contribution from other sources raises the figure to 4%. The pay bill to which that percentage is applied takes into account the reductions in staff numbers which our restructuring programme has secured in the interests of efficiency.

CONFIDENTIAL

A pay increase of 4% will not suffice on several counts:

- (i) the universities do have significant recruitment problems. In 1987-88 36% of professorships, and 19% of lectureships advertised went unfilled. There are also difficulties in recruiting other kinds of staff, notably technicians in electronics and allied fields;
- (ii) morale is low. There are specific problems of motivation in the lecturer grade, half of whose members are blocked on the top point of the scale;
- (iii) university staff are well aware of the 7.5% increase in the RPI, and of the recent awards to the Review Body groups and to school-teachers (ranging from 8 to 6.3% on pay bills). The comparisons are particularly acute because non-clinical lecturers and their technicians work alongside the clinicals and NHS technicians.

I consider that the universities need to be in funds to pay their staff a general increase of at least 6%. That is already 0.5% lower than the public sector average in the current round. We cannot reasonably expect them to settle for less. In addition to the 6% general increase, I see a strong case for a further 1.5% on the academic pay bill to give selective increases to professors, and to enable the universities to add discretionary increments at the top of the lecturer scale to match those already available to senior lecturers and to raise the value of discretionary increments. The aim would be to inject much greater variety into professors' salaries to take account of marketability and merit. The professorial minimum would be abolished. The extra increments for lecturers would reward performance and recognise scarcity. In that way the universities can make further progress with addressing the recruitment and motivation problems which I have cited. I shall ask the Universities Funding Council to put in place arrangements to monitor the use of this 1.5% tranche so that I can be satisfied that it has served the purposes intended. I look forward to still greater differentiation in university salaries in the longer term.

The additional cost in 1989-90 of giving all staff a 6% increase rather than the 4% which universities have in hand is £26m; the 1.5% extra for academics adds £13m, making £39m in all. That £39m cost would of course run through to the base-lines for later years. In addition there would be some growth in cost as the scheme of discretionary increments for lecturers matures. But further growth could be contained within say 2% of the academic pay bill (£18m), a figure that would not be fully attained for several years.

I have considered how these costs might be contained within the plans which we set for universities in Cm 612. The universities would require extra grant as follows:

	fm cash		
	1989-90	1990-91	1991-92
	39	42	45

In addition there would be an extra cost of about £4m a year for non-clinical academics whose salaries are paid for out of the Science Budget. The cost amounts to £138m in all over the three years. In 1990-91 and 1991-92 I can offer a saving of £126m (ie £63m each year) arising from the new basis for the rating of universities introduced by the Local Government Finance Act 1988. There is thus a difficulty about financing the increases in 1989-90, but over the three years the saving largely offsets the extra cost. I seek your help with the adjustment of expenditure provision between years to meet the incidence of need.

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The Prime Minister is seeing a deputation of Vice-Chancellors on 13 March. That meeting is not about the current pay dispute but it represents an opportunity to impress on the Vice-Chancellors the need to moderate their demands and to secure far more flexibility in their pay structure than exists now - not only for academics but also for technicians. In order to do that the Prime Minister will need to be able to assure them that the case for decent increases is being considered on its merits but she will, of course, wish to add that there can be no question of negotiations with the AUT while staff are in breach of their obligations to their universities and their students. In order to complete the Prime Minister's brief in time for her weekend box I should be grateful if you could reply to this letter by close of business on Thursday 9 March.

Copies of this letter go to the Prime Minister and to Sir Robin Butler.

Yours sincerely

Tom Jeffrey

W.P. KENNETH BAKER

Approved by the Secretary of State  
and signed in his absence.

CONFIDENTIAL





FA

cell.

Department of Employment  
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Telephone 01-273 . . . . .  
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Secretary of State

Prime Minister 2

Rec  
3/1

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

December 27

Dear Ken.

I understand that the Committee of Vice Chancellors and Principals have withdrawn from present pay bargaining arrangements because of a dispute over whether a further salary increase for teachers is due for this year and about the amount and funding of next year's increase.

This dispute, and the proposed action of the AUT in boycotting examination work next year, seems to me quite unnecessary. But I wonder whether the apparent dismantling of current arrangements would provide an opportunity for decentralising pay negotiations for university teachers within a devolved budgetary framework? As you know, my White Paper identifies central pay fixing institutions as one of the impediments to wage flexibility. It is important for the Government to give a lead in removing such barriers wherever practicable.

No doubt you will be considering this option, alongside others, in the context of any general review of pay bargaining arrangements for university teachers.

I am copying this letter to the Prime Minister, to other members of EPS(P) and to Sir Robin Butler.

Yours,

NORMAN FOWLER



Employment Department · Training Agency  
Health and Safety Executive · ACAS





*CEBU*

*NBBM*

*REC 6*

*12/10*

Treasury Chambers, Parliament Street, SW1P 3AG

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

14 October 1988

*Dear Secretary of State,*

UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF - LONDON  
ALLOWANCE 1988

Thank you for your letter of 30 September. <sup>*top enclosure*</sup> Given your assurance that there will be no addition to university grant, and no acceptance of an automatic link with the Civil Service, I can agree to your proposal.

I was, however, concerned that you did not outline the recruitment and retention situation in London vis a vis other areas. I would be grateful if, when you next write to me on the allowance, data supporting the case could be provided.

I am copying this letter to the Prime Minister, Nigel Lawson, and members of E(PSP), Peter Walker, Tom King, Malcolm Rifkind, and Sir Robin Butler.

*Yours sincerely,*

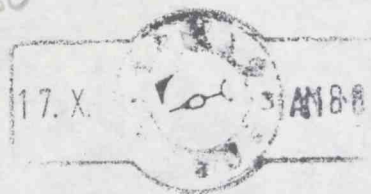
*P. Walker*

*PI* JOHN MAJOR

(approved by the Chief Secretary  
and signed in his absence)



ED: University teachers pay APR 80



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208/



ELIZABETH HOUSE  
YORK ROAD  
LONDON SE1 7PH  
01-934 9000

NBM

RAC

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Rt Hon John Major MP  
Chief Secretary, Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1

AJW/LBM

30 September 1988

UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF -  
LONDON ALLOWANCE 1988

The Department's agreement has been sought to an increase in the London Allowance for university teachers from £1,450 to £1,650 with effect from 1 July 1988. This latter figure is an appropriately weighted average of the Civil Service rates in payment from that date. This proposal from Committee A follows the practice established over more than a decade. While we do not accept any automatic link with the Civil Service, I see no ground for resisting the present proposal on this occasion. I propose therefore to accept it, but at the same time make it quite clear that there will be no additon to university grant on account of this settlement which will amount to just under £1m in this financial year. I should be glad to know by 10 October that you are content.

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

CONFIDENTIAL



Prime Minister *CC/B*

*Note*  
*With for an extra*  
*response from Mr. Baker.*

*PRCB*  
*23/6*

Do you want to support  
The Chief Secretary's case at  
X for a veto on polytechnics and  
colleges; and for a power of  
imposition for both  
universities and  
polytechnics  
suitable legislation  
is available?

Treasury Chambers, Parliament Street, SW1P 3AG

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

*PRCB*  
*23/6*

*H.*  
20 June 1988

*Dear Ken,*

HIGHER EDUCATION PAY AND CONDITIONS

*hap*

Thank you for your letter of 17 June on the future arrangements for setting pay and conditions for teaching staff in universities, and the new centrally funded sector of further education.

On universities, in the absence of legislation there is no alternative to leaving the existing machinery alone for the time being. Committee B gives us representation in the negotiation process and a veto. But in the longer run we need to close the circle with a power of imposition so that negotiations cannot drag on indefinitely without a conclusion.

On polytechnics and colleges, I note that the DES would have observer status in the new arrangements which are being developed. I accept that tight cash constraints will exert a powerful influence towards responsible settlements, but I consider that a reserve power to veto unsuitable offers is essential from the outset. We need to be able to stop things before they go wrong, rather than have to deal with the consequences afterwards. You refer to your Survey bid to finance a settlement from 1989-90. There can of course be no assurance that this can be accepted, even in part. If it were to fail, you might well require a veto. Clearly, I could not countenance arrangements which assumed acceptance of your bid. I understand that no legislation is required: you can make a power of veto a condition of the grant. This will bring the arrangements broadly into line with those for Universities. Ultimately we will need powers of imposition too, but I accept that this can await suitable legislation.

X |

CONFIDENTIAL

I am copying this letter to the Prime Minister, Nicholas Ridley, Malcolm Rifkind, Peter Walker, and to Sir Robin Butler.

*Yours Ever,*  
*John*

JOHN MAJOR

EDUCATION <sup>Union</sup> Teachers Pam Apr 80

21  
APR 2  
AMRB

CONFIDENTIAL



ELIZABETH HOUSE  
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01-934 9000

BR //

NBPM will  
Chief Secretary responds

The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Parliament Street  
SW1P 3AG

REC  
7/6

7 June 1988

In Min.

#### HIGHER EDUCATION PAY AND CONDITIONS

Last summer we had some exchanges about the future arrangements for setting pay and conditions for teaching staff in the two sectors of higher education against the background of our discussions at that time of future arrangements in respect of school teachers. I proposed that voluntary arrangements rather on the lines of those now in force for the universities should operate in both the Higher Education sectors: the Chancellor in his minute to the Prime Minister of 6 July 1987 set out an alternative approach which would have meant the Government taking a substantial direct role in the negotiations in both sectors.

2. Since then we have been engaged with the various issues arising from the Education Reform Bill and I have been at pains to ensure that nothing we did on higher education pay machinery should obstruct the achievement of our main goals in the Bill. Meanwhile the world has moved on in other respects: the IAC machinery has operated successfully in the case of school teachers, and we have not been able to find room in the legislative programme for the 1988/89 Session for a Bill on teachers pay and conditions machinery.

3. First on the universities side, it is now very clear that we were right not to attempt to make new statutory arrangements a feature of the Bill. You will be aware of the considerable difficulty we have had in rebutting criticism that we were undermining universities' autonomy: and indeed we have had to make concessions of some significance. To have taken the further step of imposing direct Government control for matters which have - within the proper constraint of available finance - been the collective responsibility of the universities would certainly have been resisted with great vigour, and I should not have been

## CONFIDENTIAL

able to point to any circumstances which would have justified such an attack on universities' managerial independence.

4. In the event I am certain that we have not lost anything by this: the system has been working to our advantage. Despite the theoretical faults in the Committee A/Committee B system, the 1986 deal was a successful one for us and the evidence available so far is that its implementation is going satisfactorily. It looks as if we shall be successful in heading off pressure for a further rise from 1 April 1988. Over recent years academic pay has increased less than that of any other public sector group (with the exception of NHS ancillaries): their cumulative increases since 1984 have been less than those of all other categories of teaching staff and have fallen behind the Average Earnings Index despite the catching up element in last year's settlement. It is possible that this performance will not always be sustained in the future: and we would of course have the option of looking at the matter again, but as matters stand at present I see every advantage in leaving things as they are.

5. In the polytechnics and colleges sector too there have been reasonably helpful developments. The National Joint Council reached a settlement which removed some obstacles to improved productivity and gave a significantly lower pay increase than that received last year by school teachers. The Committee of Directors of Polytechnics and the Standing Conference of Directors and Principals (ie of the non-polytechnic colleges) are now working up what look like promising arrangements for their sector. After some careful preparatory work they are canvassing support for a new structure which would be something like the National Joint Council but smaller. As in the case of the NJC(FE) there would be observer status for the DES. The negotiators on the employers' side would be drawn from institutional directorates and elected by an "Employer Forum" comprising representatives of each of the institutions. They would buy in proper industrial relations expertise. Interestingly, they see the new Council as covering all staff, non-academic as well as academic, which should help to break down unnecessary barriers and reduce restrictive practices. Altogether the CDP/SCOP team have sensible objectives for substantial further productivity improvements in their sector.

6. My Department has, of course, given no commitment towards the proposed arrangements, but its merits seem prima facie considerable. It would give the management side of the new sector a collective strength while ensuring that the role of the institutions as independent corporations responsible for the conduct of their affairs was preserved. Any impulse towards excessive generosity, though that seems to be far from the mood in which the institutions are operating, would be very tightly constrained by affordability with the level of funding which is likely to be available. If my current PES bid is accepted in full, as I hope will be the case, there will only be 4 per cent for pay and price increases to back any settlement in 1989/90.

# CONFIDENTIAL

Pay determination machinery which secures pay changes reflecting the market as seen by the employers, within a tight constraint of affordability set by us, seems to me entirely consistent with the Government's overall approach to public sector pay, as well as to the role and responsible nature of these institutions.

7. The proposal is to be discussed at a conference organised by CDP and SCOP on 9 June. I should be able to form a better idea in the light of that of how I should respond to these proposals when it is appropriate to do so. The earliest convenient time to show my hand may be in July once the teachers' pay order under the 1987 Act has passed all its hurdles.

8. I am copying this letter to the Prime Minister, the Secretary of State for Environment, the Secretaries of State for Scotland and Wales, and Sir Robin Butler.

*[Handwritten signature]*  
*[Handwritten signature]*



Unit  
EDUCATION: Teachers Pay April 80  
JATE 1980





*cc P/CPA*

*NBBM*

*Price*

Treasury Chambers, Parliament Street, SW1P 3AG

*14/1*

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

*R14*

*Dear Ken*

*14<sup>th</sup>* January 1988

UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF - LONDON  
 ALLOWANCE 1987

Thank you for your letter of 8 January.

Given your assurance that a proposal to increase the London Allowance for university teachers will have no impact on the university grant, and that the UGC and the universities were in any event expecting to meet the additional costs from the recurrent grant, I can agree to your proposal.

I am copying this letter to the Prime Minister, Nigel Lawson members of E(PSP), Peter Walker, Tom King, Malcolm Rifkind and to Sir Robin Butler.

*Yours Ever,*  
*John*

JOHN MAJOR

EDUCATION : University Teacher Plan April 1960

010

CCBG



ELIZABETH HOUSE  
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NBPM

The Rt Hon John Major MP  
Chief Secretary to the Treasury  
Parliament Street  
London  
SW1P 3AG

8 January 1988

*Dear John,*

UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF - LONDON ALLOWANCE  
1987

The Department's agreement has been sought to an increase in the London Allowance for university teachers from £1393 to £1450 with effect from 1 April 1987. This latter figure is an appropriately weighted average of the Civil Service rates in payment from that date. This proposal from Committee A follows the practice established over more than a decade. While we do not accept any automatic link with the Civil Service, I see no ground for or advantage in deviating on this occasion from the practice of recent years. I propose therefore to accept it, at the same time reiterating that there will be no addition to university grant on account of this settlement: the UGC and the universities were in any event expecting to meet the additional costs of about £350,000 in 1987/88 from the recurrent grant. I should be glad to know by 13 January that you are content.

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

*Ernest*  
*Butler*

**CONFIDENTIAL**

PRIME MINISTER

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14 July 1987

Higher Education: Pay and Conditions

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As far as universities are concerned the paper could be more adventurous.

Since 1979 the whole ethos of universities has changed. They have become much more cost conscious and commercially oriented: the Jarratt Report, the attempt by the UGC to assess their research output and the recent experience of University College Cardiff have all reinforced the trend.

The result of all of this is that the proportion of outside funding is steadily growing. As universities are made to rely on increasing amounts of outside funding, the government should be encouraging a move towards pay bargaining at the level of each institution.

Such increased flexibility would give the individual institutions greater power and authority and would accelerate the move towards their independence.

It makes no sense at present that London Colleges as well as institutions such as Hull, Aberystwyth and St Andrews are all part of the same national negotiation.

The Treasury objection

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The Treasury will object that this could lead to rising costs. But the DES through the UGC will still continue to

**CONFIDENTIAL**

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fix firmly the overall bill for universities. Even if freedom means a continuation of collective bargaining the CVCP know that awarding excessive wage awards will lead to redundancies.

Far more likely is that individual institutions will wish to avoid redundancies and adjust their claims to the realities of the local financial situation.

#### Conclusion

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The Government has very little to lose by permitting greater freedom in pay bargaining for universities. Now is the time to try.

*Brian Griffiths*

BRIAN GRIFFITHS

CONFIDENTIAL

ca Bl.  
ca Bl.

P 02777

PRIME MINISTER

Higher Education Pay and Conditions  
E(EP)(87)3)

DECISIONS

The Sub-Committee is asked to decide the arrangements for determining pay and conditions for non-clinical academic staff in:

- The universities.
- The new polytechnics and colleges sector.

The Secretary of State for Education and Science and the Chancellor of the Exchequer have differing views.

BACKGROUND

2. On the university side, the question arises because the Government has accepted the Croham Report recommendation that the present negotiating arrangements should be re-examined. On the polytechnics side, it arises as one of the consequentials of the Government's decision to set up the new sector. The Higher Education White Paper promised consultation with both sectors about their future negotiating arrangements.

MR BAKER'S PROPOSAL

3. As to universities, the present formal arrangements comprise two Committees:

- Committee A, under independent Chairmanship and with membership from the universities and unions. This makes proposals (binding on both sides) to
- Committee B, under DES Chairmanship, which takes the final decision.

The arrangement is voluntary and recently has largely broken down. Committee B has not played an effective part in negotiations at least since 1983.

4. Mr Baker proposes that Committee B should be abolished and Committee A retained, without Government involvement. Negotiations would thus become formally the responsibility only of employers and unions. Mr Baker says that such an arrangement would be generally acceptable, and that the Government could still safeguard the public interest through its control of financing. No legislation need be involved.

5. As to the polytechnic sector, negotiations are now within the National Joint Council (NJC), with membership only from the employers, (mainly the local authorities), and the unions, although with a DES observer.

6. For this sector, Mr Baker proposes a negotiating body consisting of employers, unions and the DES. This would be set up as a condition of grant rather than by legislation. The DES would be in a minority and the need for their involvement would be reviewed after 2 or 3 years. Mr Baker argues that a formal DES presence is necessary at first for the polytechnics, unlike the universities, because the sector is new and management is disparate and inexperienced in negotiations.

#### THE CHANCELLOR'S PROPOSAL

7. The Chancellor objects to Mr Baker's proposals for both sectors because they give the Government insufficient control. He says that if the Government has to rely on its control of financing it would be in difficulty if the employers and unions agreed on proposals it thought excessive. He therefore wants, for both sectors:

- Formal Government representation (though probably a minority one) on the negotiating Committee.



- A right for the Secretary of State to veto settlements and if necessary impose his own.

#### ANOTHER OPTION

8. There is another option mentioned only briefly by Mr Baker and not at all by the Chancellor. This is that the Government should leave each institution free to decide its own negotiating arrangements. Mr Baker rejects this, apparently on the ground that most of them would decide to join collective arrangements, and that probably they would be right to do so when the unions are nationally organised. But you might like to probe the case for this option further. There are obvious advantages in leaving management to decide how to manage, and in allowing maximum flexibility.

#### THE NEED FOR FORMAL GOVERNMENT REPRESENTATION

9. The essential difference between the Chancellor and Mr Baker is that the former wants formal Government involvement in negotiations while the latter, in general, does not.

10. The Chancellor says he wants to avoid formal agreement on expensive settlements which it is then embarrassing for the Government to reject. But will his own proposals achieve this? He makes two:

- Representation on the management side of the negotiating body, but probably as a minority. Will this be sufficient to prevent agreement on excessive settlements? Does his own logic drive him towards a majority voice?
- Right of veto for the Secretary of State. But would not the exercise of the veto lead to the same embarrassing consequences the Chancellor foresees? Why should it be easier than withholding funding, as Mr Baker prefers?

11. But perhaps the main point is that the Chancellor's proposals, unlike Mr Baker's, would require ~~legislation~~ and be strongly

opposed by the universities. You may feel that, given the pressure on the legislative programme this is the decisive practical consideration, whatever the theoretical arguments on the opposing sides might be.

#### POSSIBLE COMPROMISES

12. The Chancellor may not attach equal importance to minority representation on the universities negotiating body, and a formal right of veto. If necessary, you could ask if he could give up one of these, perhaps the second which seems likely to involve the Government in the very difficulties he fears. Mr Baker could advise whether minority representation alone would need legislation and be opposed by the universities. He is already proposing it for the polytechnics, even if only initially, and it would have the advantage of bringing the two sectors into line.

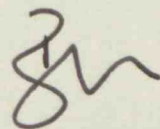
#### TIMING

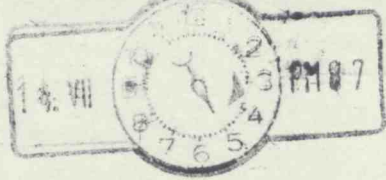
13. Mr Baker wants to start outside consultations before the Summer holidays, and the Chancellor agrees. Mr Baker does however accept that there is 'some flexibility' about timing, so perhaps a delay is not ruled out if, for example, the Sub-Committee needs further time for a decision. It may, however, be sensible to settle this when you are a little clearer on how far it will be possible to begin consultation on other education issues (eg future arrangements for settling teachers' pay) before the holidays.

#### HANDLING

14. You will wish to ask the Secretary of State for Education and Science to introduce his paper and the Chancellor of the Exchequer to speak to his note. The Secretaries of State for Scotland and Wales will also have an interest. The Lord President of the Council and the Lord Privy Seal may wish to comment on the legislative implications.

13 July 1987  
Cabinet Office

  
J B UNWIN



COMPTROLLER

CONFIDENTIAL



CCB9

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Tom King MP  
Secretary of State for Northern Ireland  
Northern Ireland Office  
Whitehall  
London  
SW1P 3AJ

24<sup>th</sup> March 1987

Dec Tom,

NBRM

## UNIVERSITY ACADEMIC PAY

Thank you for copying to me your letter of 16 March to Kenneth Baker.

I confirm that in the light of discussions between our officials I have accepted your bid for £1.1 million from the Reserve towards the costs you face in 1987-88 from the settlement reached by Kenneth Baker on university academic pay.

I am copying this letter to the Prime Minister, members of E(PSP), Kenneth Baker, Nick Edwards, Malcolm Rifkind and Sir Robert Armstrong.

Yours,  
JH

JOHN MacGREGOR

EDUCATION

UNIVERSITY TEACHERS PAY

4500



CBB



NORTHERN IRELAND OFFICE

WHITEHALL

LONDON SW1A 2AZ

SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

Rt Hon Kenneth Baker MP  
Secretary of State for Education & Science  
Elizabeth House  
York Road  
LONDON SE1

16 March 1987

*Dear Secretary of State,*

*NBPN.*

## UNIVERSITY ACADEMIC PAY

Thank you for copying to me your letter of 24 February 1987 to John MacGregor outlining the proposals submitted by Committee A for university academic pay.

Although the cost of the proposals is higher than you would have wished, I also think that, in view of the benefits which will be gained from the restructuring of academic salary scales, they should be accepted. For my part I will allocate additional funds commensurate with those announced for GB as a contribution to the additional costs incurred. My officials have been in touch already with Treasury officials about the appropriate addition to the Northern Ireland PE Block.

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

*Yours sincerely,  
Robin Rosefield*

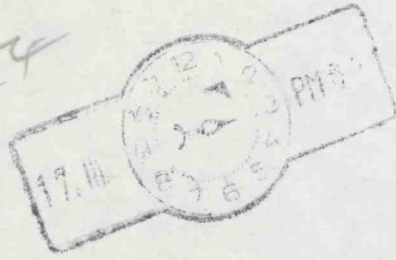
TK

(approved by the Secretary of  
State and signed in his absence  
in Northern Ireland)

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DMC

Education  
UNIVERSITY  
TEACHERS PAY  
4/NO





DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

CGBG

CF

RIO!

Prime Minister<sup>2</sup>

5 March 1987

Dear Mr. Heagerty,

DHS  
10/3

ms

**UNIVERSITY ACADEMIC PAY**

A lot is happening in our universities. We have increased the funding; the selectivity policy is building up stronger departments and new centres of excellence in research; the universities are responding to the Government's policy of greater cooperation with industry.

Today the Government accepted the proposals for the pay of academic and related staff put forward by the universities. You may find it helpful to have this additional information and the enclosed copy of my statement.

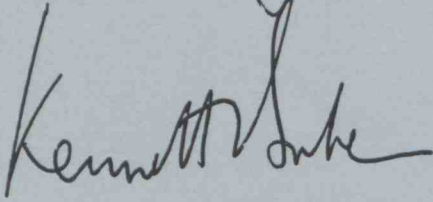
University teachers will get a 24% increase in average pay over 2 years. The pay scales will be restructured:

- the lecturer scale will be divided into two grades A and B with progression dependent upon promotion;
- the senior lecturer scale will be shortened to avoid overlap with the lecturer scale and will have three discretionary points above the maximum to reward merit;
- the professorial average will be increased by more than the professorial minimum, leaving scope for above average increases where justified on merit, recruitment and retention grounds;
- the pay scales of academic-related staff, for example librarians, administrators and research workers, will be shortened with progression dependent upon promotion;
- the employers and staff sides have committed themselves to the introduction of new arrangements for staff appraisal and probation by October 1987 and to the introduction of revised promotion arrangements linked to appraisal by October 1988;



- the senior staffing ratio which restricts the proportion of academics holding senior posts will be abolished. Each university will make its own decisions about the numbers of staff at different levels having regard to its own financial resources and academic objectives.

I welcome this settlement. It will enable the universities to take proper account of quality of performance, special responsibilities, possession of scarce skills and recruitment and retention difficulties in particular subjects. There will be discretion to make appointments at any point on the scales, to accelerate increments, and to give higher pay to outstanding lecturers and professors. This will help to counter the brain drain.

Yours sincerely,  
Kenneth D. S.   

---

THURSDAY 5 MARCH 1987

**MR ROBERT KEY (Salisbury)**

To ask the Secretary of State for Education and Science if he will make a statement on university academic staff pay.

**MR KENNETH BAKER**

I informed the House on 23 January (cols 745-746) that the Government was willing to make additional resources amounting to £40 million in 1987-88, £56 million in 1988-89, and £71 million in 1989-90 available to the universities if a settlement could be negotiated which would:

- provide management with more flexibility to take account of the quality of lecturers' performance and recruitment and retention problems; and
- include a firm commitment to improved promotion, probation and performance appraisal arrangements.

The Government has accepted proposals put forward by the university employers and staff sides on this basis. The proposals provide for average pay increases amounting to 24% - 16.6% backdated to 1 December 1986 and 7.4% from 1 March 1988.

The additional £40 million for 1987-88 will now be released. The £56 million for 1988/89 and the £71 million for 1989/90 will remain conditional on satisfactory progress with proposed arrangements for appraisal, probation and promotion.

I welcome this settlement. It will reward excellence, enable substantially higher salaries to be paid to a minority of outstanding professors, and help to counter the brain drain.

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Treasury Chambers, Parliament Street, SW1P 3AG

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

NBM

5<sup>th</sup> March 1987*Dear Kenneth,*

## UNIVERSITY ACADEMIC PAY

Thank you for your letter of 4 March.

I am content with the passage for your Department's letter from the Chairman of Committee B, which is as agreed between our officials.

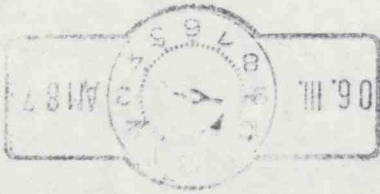
At my request they have also discussed what should be said if you were pressed as to whether this line on funding allowed for the possibility of a further pay increase for 1988-89. You will recall that we also discussed this point. They had agreed the following form of words for that purpose:

"The Government's view is that the new pay rates of the 23rd Report are at the limit of what the universities can afford and that they should be sufficient to carry through 1988-89 without a further increase."

I understand that you would be prepared to take this line if pressed strongly on a direct question about a pay increase in 1988-89, but that if at all possible you would wish to go no further than reiterating that the Government had made its position clear, and did not at this distance intend to comment further on 1988-89.

I spell this out because I think it important that we should both be clear about the line we are taking. On this basis, I am content with what you propose.

EDUCATION : University Pay Apr 80



CONFIDENTIAL

I am copying this letter to the Prime Minister, members of E(PSP), Malcolm Rifkind, Nick Edwards, Tom King and Sir Robert Armstrong.

Yours etc,

JOHN MacGREGOR



CC BGT

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon John MacGregor OBE MP  
HM Treasury  
Parliament Street  
London SW1P 3AG

4 March 1987

**UNIVERSITY ACADEMIC PAY**

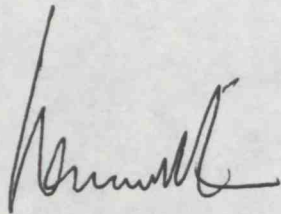
We discussed yesterday our recent correspondence on this subject. I write now to record our agreement on the way my Department should present the Government's position in Committee B.

The Department's letter, sent by the Chairman of Committee B, will say that the Government can accept the proposals for academic and academic-related staff contained in Committee A's Twenty Third Report. It will add:

"Accordingly, the Government is now willing to release the additional £40 million conditionally offered for university academic pay in 1987-88. The subsequent tranches of £56 million in 1988-89 and £71 million in 1989-90 will remain conditional on satisfactory progress with the appraisal, probation and promotion arrangements proposed in the Twenty Third Report.

I must remind you that the Secretary of State made it clear in his statement to Parliament on 23 January that there would be no increase in these figures. That remains the position."

I am intending to make an announcement about this by way of an inspired PQ tomorrow or Friday. Copies of this letter go to the Prime Minister, Members of E(PSP), Malcolm Rifkind, Nick Edwards, Tom King and Sir Robert Armstrong.

A handwritten signature in cursive script, appearing to be 'H. H. H.', written in dark ink.A handwritten signature in cursive script, appearing to be 'H. H. H.', written in dark ink.

EDUCATION: University Teachers' Pay: April 1980



Treasury Chambers, Parliament Street, SW1P 3AG

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

*NBPN.*

25 February 1987

*Dear Secretary of State,*

UNIVERSITY ACADEMIC PAY

Thank you for your letter of 24 February about university academic pay.

It is helpful that we are now in sight of an agreement on a new pay structure which will deliver the improvements in management flexibility for which we have been pressing; and I am grateful for the emphasis you indicate in your penultimate paragraph you propose to give to the fact that delivery of the tranches of extra money will be conditional on delivery of the appraisal, probation and promotion arrangements. I have to say however that I am concerned at the cost of what is on offer from Committee A both in itself and because of the scope which it leaves for the AUT to bid for a further increase in 1988-89.

The cost of the Committee A proposal in 1988-89 will be 3.1 per cent higher than the projection in your letter of 7 January of what you thought could be afforded within the conditionally increased provision. As you say, this would mean eating into the universities' own resources and also the UGC's earmarked provision - on which you are seeking the UGC's views on Thursday. While that is undesirable I could accept it (within your stated limit of £8.5 million in 1987-88 and a similar amount in 1988-89 for the earmarked funding) so long as I could be sure that was the end of the matter.



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I cannot see however, that your suggestion for lowering the AUT and CVCP's expectations will be enough to guard against pressure for further additional funding to finance a further pay increase in 1988-89. Indeed, I would have the greatest difficulty in accepting any further pay increase in 1988-89 on top of the previous 24 per cent even if no extra funding were required.

I can only agree, therefore, to your authorising approval in Committee B of the Committee A proposal on condition that it is made clear that the Government's view is that the new pay rates should be sufficient to carry through 1988-89 without a further increase and that the Government will not provide any more extra money in 1988-89 or later to finance a further pay settlement in respect of 1988-89.

I am copying this letter to the Prime Minister, members of E(PSP) Malcolm Rifkind, Nick Edwards, Tom King and Sir Robert Armstrong.

*Yours sincerely,*

*John MacGregor*

pp JOHN MacGREGOR

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

Education



UNIVERSITY TEACHERS PAY  
4/10

CONFIDENTIAL



1 cc88

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon John MacGregor OBE MP  
Chief Secretary of the Treasury  
Parliament Street  
London SW1P 3AG

24 February 1987

Prime Minister<sup>2</sup>

JLS  
26/2

ms

UNIVERSITY ACADEMIC PAY

1. Following our meeting and correspondence in January, good progress has been made towards a settlement of the universities' academic pay question. You will recall our agreement that sums of £40m, £56m and £71m for the financial years 1987/88, 1988/89 and 1989/90 would be released from the reserve if a satisfactory pay restructuring deal could be negotiated. I informed the CVCP and the AUT, and they have been negotiating in Committee A on that basis.

2. Committee A has now submitted formal proposals. Structurally these are very similar to their earlier proposals that I welcomed on 6 November last year. The main features are:

- the lecturer scale is divided into two grades A and B with progression dependent upon promotion;
- the senior lecturer scale has been shortened to avoid overlap with the lecturer scale and has 3 discretionary points above the maximum to reward merit;
- the professorial average will rise more than the professorial minimum, leaving scope for above average increases where justified on merit, recruitment and retention grounds;
- the CVCP and the AUT have committed themselves to the introduction of new arrangements for staff appraisal and for probation by October 1987; and to the introduction of revised promotion arrangements linked to appraisal by October 1988;
- the senior staffing ratio which restricts the proportion of academics holding senior posts will be abolished. Each university will make its own decisions about the numbers of staff at different levels having regard to its own financial resources and academic objectives.

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/cont..

# CONFIDENTIAL

3. A new and welcome feature is agreement on restructuring the pay scales for academic-related staff, such as librarians, administrators, and research workers. In general the scales have been shortened and progression made dependent upon promotion.
4. All that is good. The cost is higher than we would have wished, but the CVCP recognise that they must find it within existing resources including the extra £40, £56 and £71 million. In pay bill terms the cost amounts to 16.6% back dated to 1 December last, 5.5% in the financial year 1986-87, and a further 7.4% from 1 March 1988, making 24% in total, and 17.6% on the present base level in the financial year 1987-88.
5. The cost in 1986-87 and 1987-88 can be contained within overall resources. It will take some time for each individual university to work out exactly what the settlement means for its finances and the UGC will need to keep some money at present earmarked for other purposes in reserve to cover problems. That can be done. The following year may be more difficult. The CVCP have committed themselves on the basis of known resources to a settlement which raises the pay bill cost in that year by 24% on existing rates. But the AUT say they intend to put in a further claim for 1988-89. We shall have to make clear now that neither the AUT nor the CVCP should assume any further increase in resources for 1988-89. Subject to that point, UGC and DES officials judge the cost containable at the expense of using rather more than we intended of the resources available for recurrent grants on pay. The diversion from earmarked funds will be limited: it should not amount to more than £8.5m in 1987-88 with a broadly similar figure in 1988-89.
6. I believe we should accept that. We shall gain much. Overall, the package will provide management with much needed flexibility to take account of the quality of individual university teachers' performance, as well as of shortages in particular subjects or in particular universities. Universities will have discretion to make appointments at any point on the scales, to accelerate increments, to give senior lecturers with special ability or with special responsibilities the benefit of the 3 discretionary points above the normal senior lecturer scale, and to pay substantially more to professors whose performance and contribution are outstanding or to those who possess scarce skills. These improvements will greatly strengthen the hands of British universities in countering the brain drain.
7. I am clear that the alternative, if we reject or seek to modify the package, is certainly no deal of this kind, and probably no deal at all. Politically that would be damaging. The public will not understand if we reject a deal agreed by the CVCP and which they are prepared to finance within agreed resources. The damage to morale and to the ability of the universities to recruit and retain good staff will be serious.
8. The UGC meets on Thursday 26 February. The DES assessor will seek a clear response from the Committee which will put beyond doubt the ability of the university system to meet the

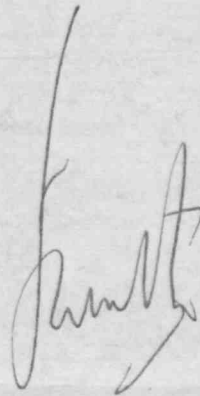
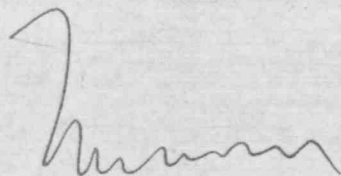
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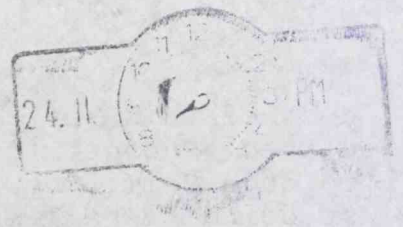
cost of this settlement within the resources we have already agreed. Subject to that I propose to authorise the Department, through Committee B, to approve the settlement on Friday. In so doing I shall emphasise that subsequent tranches of the £40, £56, £71 million will be conditional on delivery of the appraisal, probation and promotion arrangements, and that neither the AUT nor the CVCP should assume any further increase in announced resources for 1988-89.

9. I should be glad to know that you are content. I am copying this letter to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.



**CONFIDENTIAL**

EDUCATION: Univ. pay April 80



JCBG



Treasury Chambers, Parliament Street, SW1P 3AG

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

17 December 1986

*Dear Kenneth,*

*NBPN.*

**UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF  
1986 LONDON ALLOWANCE**

I am replying to your letter of 12 December to Nigel Lawson.

Subject to the cost being accommodated within existing university grants, I am content with the proposal.

I am copying this letter to the Prime Minister, E(PSP) members, Malcolm Rifkind, Nick Edwards, Tom King and Sir Robert Armstrong.

*Lawson,*  
*JH*

JOHN MacGREGOR

EDUCATION. University Teachers Pay April 1980.







DEPARTMENT OF EDUCATION AND SCIENCE  
 ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
 TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

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

12 December 1986

*John Major*

*NBP?*

**UNIVERSITY ACADEMIC AND ACADEMIC RELATED STAFF PAY -  
 1986 LONDON ALLOWANCE**

I am writing to seek your agreement to an increase in the London allowance for university teachers from £1297 to £1393 with effect from 1 July 1986. This single figure derives from the Civil Service rates, and is an appropriate weighted average. This proposal from the negotiating committee reflects past practice for more than a decade. While we do not accept any automatic link, I see no advantage in our resisting the present proposal. I would of course make it clear that there would be no addition to university grants on account of this settlement.

I would like to be able to give a response during next week. A reply by 14 December would therefore be helpful.

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

*John Major*

*[Signature]*





NEW ST. ANDREW'S HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

ECBS

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

17 August 1986

Dear Nigel,

FURTHER EDUCATION LECTURERS' PAY - SCOTLAND

I am writing to report that provisional agreement was reached on 7 August in the Scottish Joint Negotiating Committee for Teaching staff in Further Education on terms for a settlement of further education salaries in Scotland. The agreement, which is subject to ratification by the unions, provides that:

1. All salary scale points shall be increased by 5.5%, or £519 whichever is the greater, with effect from April 1986. This carries an estimated cost of 5.50%.
2. The Teachers' Side reaffirms its commitment to make progress on a common core of conditions of service, recognising the need for a conclusion by 31 December 1986.
3. Both sides agree to seek a successful conclusion to the review of salary structure as a matter of urgency, recognising that progress in this review would give an opportunity to review the salary settlement of April 1986 and to take note of progress in parallel discussions in other educational sectors.

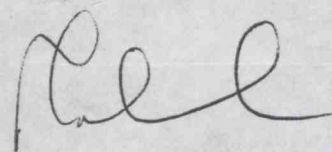
The formal position is that the unions will now put these terms to a ballot of their members. The outcome will not be known until mid-September but the expectation is that these terms will be agreed.

This agreement has been heavily influenced by the further education salary settlement in England and Wales reported in Kenneth Baker's letter of 24 June. As in England and Wales the unions and the local authorities have left themselves free to reopen negotiations later in the current financial year in the light of what may happen on pay of school teachers and university staff.

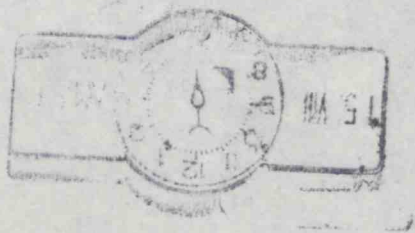
The formal commitments to further discussions may have somewhat different effects in detail from what may emerge from discussions on

restructuring in England and Wales. The impact of a common core of conditions of service largely based on existing practice in local authority FE colleges is expected to be minimal except in colleges of education where charges in overtime payments should save around 1% of the salary bill. Work so far on salary structure have concentrated on technical questions of how best to define the appropriate number of promoted posts at each grade in a college. The direct impact of such a technical change could be relatively minor. The unions may however seek to use the introduction of any new arrangements as a vehicle for a much more substantial claim if they judge the climate to be favourable.

Copies of this letter go to the Prime Minister, Kenneth Baker, Nicholas Ridley, Lord Young, Nicholas Edwards and to Sir Robert Armstrong.

*Yours ever,*  


MALCOLM RIFKIND





CCBG

Treasury Chambers, Parliament Street, SW1P 3AG

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

NBP 17

3<sup>rd</sup> June 1986

Dear Kenneth,

**FURTHER EDUCATION LECTURERS' PAY**

Thank you for your letter of 24 June.

I note that you are making it quite clear that no additional resources will be made available to fund either this pay agreement or any reform of pay and conditions which might be agreed in the talks on restructuring. I have to say also that I hope more will come this time of the unions' undertakings to discuss improvements in working practices. I was most concerned when NAB committee, in making its proposals for student cuts in 1987-88 failed to take account of any potential savings flowing from the undertaking given in return for last year's 7.25 per cent pay increase. This year's deal has the makings of a re-run of the same episode.

I am copying this letter to members of MISC 122, E(PSP) and to Sir Robert Armstrong.

Yours etc,  
JH

JOHN MacGREGOR

EDUCATION  
UNIVERSITY  
TEACHERS  
PAY

4/20

OW

CCBG



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

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

E24/4

Pomie Ninker  
Just like the  
teachers.

24 June 1986

*Lu Mylet*

*JRS*  
24/6.

*mb*

**FURTHER EDUCATION LECTURERS' PAY**

You will have seen reports in the newspapers that the employers and the unions agreed last Thursday to a without prejudice payment of 5.5% or £519, whichever is the greater, on all scales with effect from 1 April 1986. This will add an estimated 5.6% to the annual pay bill.

This bargain was reached by representatives of the employers and unions in their National Joint Council, on which my representatives have only observer status. I understand that a meeting of the Burnham Further Education Committee has been called for 9 July. It will presumably formally come to the same conclusion.

This offer was made by the employers in return for yet another undertaking from the unions to enter into constructive talks to reform pay and conditions in the interests of a more economic, flexible and responsive further education service. My representatives, on my instructions, made it very clear that no additional resources would be forthcoming from the Government and that any reform would have to be self-financing. This did not prevent the two sides making an agreement which explicitly stated that on the successful conclusion of their talks they would make a joint approach to me for the additional resources required to implement the agreement.

I am seeing the leader of the employers on 9 July when I propose to re-affirm the Government's position on resources. My representatives will do the same in Burnham.

Copies of this letter go to members of MISC 122, E(PSP) and Sir Robert Armstrong.

*Secretary of State*



010

aba



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

NBPN

13 February 1986

Dear Secretary of State

*[Handwritten signature]*

UNIVERSITY NON-CLINICAL ACADEMIC AND RELATED STAFF PAY, 1985

*WILL REQUEST IF REQUIRED*

Nigel Lawson has asked me to reply to your letter of 10 February.

I am content with your proposal to accept Committee A's recommended settlement from April 1985 on the understanding that for 1985-86 and future years the cost will be met from within existing provision for university grant. The pay increase is close to the average for the public services in the last pay round, so the cost will not be out of line with what has had to be absorbed elsewhere. The proposal for a general review of salary levels is worrying. Even if we cannot stop Committee A doing it I think your representatives should argue against it and restate our rejection of comparability. I agree that the line in your proposed statement adequately protects our position against the outcome.

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

*Yours sincerely*

*[Handwritten signature]*

for JOHN MacGREGOR

*Approved by the Chief Secretary*





## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury  
 Parliament Street  
 LONDON SW1

10 February 1986

*Dear Nigel.*

## UNIVERSITY NON-CLINICAL ACADEMIC AND RELATED STAFF PAY, 1985

Committee A of the negotiating machinery for university non-clinical academic staff salaries has now offered its Twenty-first Report. The Report proposes an increase in the pay of academic and related staff with effect from 1 April 1985 and outlines a general review of the pay of these staff, with restructuring. The pay proposal stands in the name of Committee A, but is a chairman's ruling, given because the two sides of the Committee failed to reach agreement. It is for 5.2% on all salaries plus a flat rate £110 for those on low scale points up to and including the 27 age point. The overall cost is 5.25%. This is above the pay assumption used in setting the 1985-86 cash limit for university grant and will therefore inevitably squeeze the non-pay elements of university expenditure. The extra cost above the universities' own final offer in Committee A of 4.9% is about £2.3 million per annum. This amount, though small in relation to the universities' recurrent grant, will cause them difficulty in present circumstances. Nevertheless I believe we should accept this proposal even though it exceeds the provision made and will add to the already severe pressures on university budgets. A refusal to accept would be very difficult to defend publicly, given the relative moderation of the proposal and pay increases elsewhere, and could well lead to greater damage - in terms of morale, for example - than acceptance.

2. The Report is also concerned with the Committee's proposals for a general review of the salary levels of university academic staff and the difficulties which universities are experiencing at current pay levels in recruiting, retaining and motivating people of the right quality. Committee A are considering employing consultants for this review. Their aim is that the review should make sufficient progress for regard to be paid to the results in the 1986 pay settlement, with completion "in time for the necessary improvements in pay from 1 April 1987." Both sides

of the Committee expect the review to provide powerful arguments for increasing Government resourcing of the universities. I cannot prevent the Committee proceeding with this review, nor can I reasonably decline to take delivery of their evidence and conclusions. I can and will avoid direct involvement by my Department in the exercise and make it clear in advance that there is no prior Government commitment to action consequent on the Committee's conclusions.

3. I propose therefore to accept the 1985 pay proposal straight away and to agree to Committee A's request for a meeting of Committee B (chaired by my Department) at which my attitude to their review would be made plain. I should be glad to know by close of play on 12 February if you have any comments on this proposed course of action.

4. 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.

*Yours ever,*

*Kear.*





## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

Ms Rachel Lomax  
Private Secretary to the  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

NAM.

14 August 1985

Dear Rachel,

## UNIVERSITY TEACHERS' PAY: LONDON ALLOWANCE 1985

I am writing in Sir Keith Joseph's absence from the office to invite the Chancellor's agreement to a proposal that the London allowance for university teachers should be increased from £1233 to £1297, with effect from 1 April 1985. This single figure derives from the Civil Service rates, being an appropriate weighted average. The proposal reflects past practice for more than a decade, though in 1982 we did make it clear to the university side that we did not feel bound by any principle of automaticity. Acceptance of this proposal would be accompanied by a restatement of the well-known message that university grant would not be adjusted on account of this settlement.

We are being pressed to give a response quickly. Might I ask for views by midday on Friday 16 August please? I shall take silence from copy recipients as indicating readiness to see the proposal agreed.

Copies of this letter go to the Prime Minister's office and Private Secretaries to Ministers in membership of E(PSP), Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

Yours sincerely,

R L SMITH  
Private Secretary



CONFIDENTIAL



NLSM

9/10

CE NO

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

9 October 1984

*Dear Nigel.*

UNIVERSITY NON-CLINICAL ACADEMIC STAFF PAY, 1984

Committee A of the negotiating machinery for university non-clinical academic staff salaries has proposed a pay increase of 4.6% on all scale points with assistant and ordinary lecturers on the maximum of their scale receiving an extra £150 giving an overall cost of about 4.8%. The proposal comes from the Committee, but is the result of a chairman's ruling because the two sides of the Committee failed to reach agreement.

The proposed pay increase is above the 3% pay assumption used in setting the cash limit for university grants, and will therefore inevitably squeeze the non-pay element of university expenditure. This is an aspect of the matter I shall pursue separately with the Committee of Vice Chancellors and Principals. Nevertheless, since the universities made an offer very close (4.75%) to that now proposed by the chairman, they must regard it as manageable on this occasion within their cash limit. A similar squeeze applies to Government Departments as a result of the Civil Service pay decision. Moreover the proposal comes after the arbitral award which gave further education lecturers a 5.1% increase and the Government's response to the Doctors and Dentists Review Body recommendations which has already fed through to the clinical dons. In these circumstances, and given the arbitral nature of the chairman's ruling, I propose to accept it, making it clear that the cash limit for 1984/85 cannot be increased on account of the settlement. The Chief Secretary and I have already noted that the position may be different next year.

At the same time Committee A has agreed to seek a £47 increase in London weighting from £1,186 to £1,233, or just under 4%, from 1 April 1984. I would have wished to reject this altogether, but the decision to allow an increase in Civil Service London

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allowance makes that difficult. The amount is calculated on the basis of a claimed traditional and automatic link with the Civil Service allowance, a link which the Committee nonetheless seeks to relax somewhat this year so as not to follow the Civil Service's 1 October operative date. Although the Department has been disputing this link since 1982 I now propose to decline the proposal; and, unless they should produce arguments of substance which would justify further consideration of the matter (which seems unlikely) refuse to consider anything more costly than following the Civil Service both as regards amount and date. I shall also refuse arbitration. The existing agreement requires arbitration not to be withheld unreasonably, but I shall argue (if necessary) that it is reasonable to withhold arbitration because the Civil Service link is being maintained.

If you should have comments on the course which I propose, I should be grateful to receive them by close of play on 11 October.

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.

*Yours ever,*

*Keir*

CONFIDENTIAL

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9 OCT 1984

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

9 May 1983

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

*Dr. King*

**PAY OF UNIVERSITY NON-CLINICAL ACADEMIC STAFF**

Thank you for your letter of 5 May about the proposed pay increase for university teachers. I agree with your assessment and have no objection to approval of the increase, subject to the point you make about the cash limit.

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.

GEOFFREY HOWE

*[Handwritten signature]*

*cg no*

*NBPM*

*MMS 10/5*

1888

COLLEGE  
1888

CONFIDENTIAL



Prime Minister

Agree?

MCS 5/5

Told Stephen

William  
DES

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

5 May 1983

MCS 6/5

Yes

*Gen Geoffrey*

UNIVERSITY NON-CLINICAL ACADEMIC STAFF PAY 1983

The university authorities and the Association of University Teachers (AUT) have proposed a pay increase for non-clinical university teachers of just under 4.7%, to run from 1 April 1983, and an increase in London Allowance of £28pa (2.4%) from the same date. I judge these proposals helpful to us in terms of public service pay generally: indeed, I think it would be a little difficult to refuse to settle on this basis, given the recent Civil Service settlement. While the proposed pay increase is above the 3½% pay assumption used in setting university grant for 1983/84, the universities' concurrence in the proposal indicates that they think it manageable within the cash limit for 1983/84. I therefore propose to accept both proposals - and to do so quickly, lest other settlements or a review body recommendation should arrive to complicate matters. The letter from the Department would emphasise that the cash limit for 1983/84 cannot be increased on account of the settlement.

If you should have comments on this matter, I should be grateful to receive those by close of play, Monday 9 May.

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.

*Gen. Howe*

SECRET

SECRET

SECRET

THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

27

15 MAY 1983



CONFIDENTIAL

*Education*



*NBPM*

*MUS 20/7*

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

19 July 1982

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

*Dr. [unclear]*

UNIVERSITY TEACHERS' PAY

Thank you for your letter of 15 July.

It is disappointing that the universities have not been able to secure a settlement with the lecturers at or below 4 per cent: especially so since you had made it clear that any savings from a settlement less than 4 per cent would not be clawed back but could help ease the financial pressures on the universities.

However I accept your analysis that the Committee A proposal is probably the best settlement available. I know you understand that its cost must be met from within your cash programme. Accordingly it is vital, as you recognise, that it is made quite clear to the universities that endorsement of a 5 per cent settlement by your officials in Committee B does not mean there can be any question of an addition to grant because of it, in this or future years.

I am copying this letter to the other recipients of yours.

GEOFFREY HOWE

*[Handwritten signature]*

010 / ct

CONFIDENTIAL

Education



Prime Minister (1)

2

Agree to 5%

for university

teachers?

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

MS 16/7

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON  
SW1P 3AG

Yes  
ms  
Told  
Mr Cornwall  
DES 19/7  
MS 15

July 1982

*John Giffey*

UNIVERSITY NON-CLINICAL ACADEMIC STAFF PAY

Pay for university non-clinical academic staff is negotiated through two committees. The first stage takes place in Committee A, under an independent chairman (Sir Alexander Johnston), between the employers in the form of the University Authorities Panel (UAP) and the employees represented by the Association of University Teachers (AUT). Conclusions reached in Committee A are then put to Committee B, which operates under DES chairmanship and effectively takes the form of negotiations between representatives of Committee A, arguing on the basis of Committee A conclusions, and my representatives advised by the University Grants Committee (UGC).

In Committee A the AUT claimed 15% as being the increase needed this year in their view to compensate for such factors as pay erosion and comparability with further education lecturers, but eventually limited their pressure to a claim for 6% in view of factors such as Government policy as reflected in the grants made to the universities. The UAP, it having been made very clear to them that the Government was determined to stand by the cash limit on the universities' grant for 1982-83, refused to make any offer above 4%.

In circumstances of this kind, under the provisions of the negotiating machinery, it falls to the chairman of Committee A to arbitrate between the proposals put forward by the UAP and the AUT. He ruled that an increase of 5% at all points in the pay scales should be proposed to Committee B. This proposal now comes forward to Committee B as the decision of Committee A. I have to decide what instructions to give my officials in Committee B.

A 5% settlement is of course higher than we would choose, and there is no doubt that it would be difficult for the universities. The extra cost (beyond the cost of a 4% settlement) is about £5 million, and the universities would have to finance it by making savings elsewhere; savings in staff support and maintenance costs as well as further reductions in staff in some universities may all have to play a part. Nevertheless the present indications are that both the UGC and the Committee of Vice-Chancellors and Principals, while



recognising those difficulties, would now prefer us to accept the 5% figure and so resolve the issue, and to do so quickly.

A strong argument in favour of accepting the 5% proposal is that it would set a new low in percentage terms as a settlement for public service pay. This might be helpful at the moment in relation to the current National Health Service negotiations as well as in future. There is also a good reason for not refusing the 5% proposal, in that what would then happen is uncertain. There would be little prospect of reaching agreement on a lower figure in Committee B - it must be recognised as a significant achievement that Sir Alexander Johnston is able to put forward the 5% proposal from Committee A. Arbitration is therefore an all too probable eventual outcome, since under the provisions of the negotiating machinery arbitration cannot be "unreasonably withheld", and the Attorney General's advice has been that arbitration could not be withheld indefinitely if genuine negotiations had taken place in Committee B, except at the risk of challenge in the courts. Although arbitration ought under the constitution to be between the Committee A 5% proposal and whatever the Government offers through Committee B (4%?), I believe there must be a real risk that in practice arbitration might look wider. The AUT, for example, would surely claim that the 5% was already in effect an arbitration between their claim and a UAP offer, and it therefore seems quite possible that the arbitrators would look at the original claim put forward by the AUT. In the event it must be probable that an arbitral award would be either that already proposed by Committee A, or a figure in the 5%-6% range.

I conclude that I should instruct my officials to accept the 5% proposal, again making clear that the cash limit for 1982-83 cannot be increased. I understand that in this year's circumstances this could be done quickly without a formal meeting of Committee B. I would see advantage in this, and it also seems to me that a quick announcement could now be of some advantage in the NHS context. It is, of course, the case that acceptance of the 5% figure will exacerbate the financial difficulties for the universities beyond the current year: this is a matter we must return to in the context of the public expenditure survey but I do not wish to increase my existing additional bids on this account.

I should be grateful for any comments, by the end of this week, that you or others may have on my proposal to accept the 5% figure.

Copies of this letter go 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.

*Emerson,*

*Kear*

010

*a. J. Jones  
Admiral of  
Mables*

*Education 1 2.*



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

*Prime Minister  
Good news*

Tim Lankester Esq  
Private Secretary  
No 10 Downing Street  
LONDON SW1

28 July 1981

*MA 28/7/81*

*Dear Tim,*

*mb*

SALARIES OF ACADEMIC STAFF IN CENTRAL INSTITUTIONS IN SCOTLAND

I am writing to report the outcome of pay negotiations which have been in progress in the Central Institutions Academic Staff Salaries Committee (CIASSC).

The CIASSC Staff Side's claim was for an increase of 15%, based on the increase in the Index of Average Salaries between April 1980 and April 1981. The Management Side resisted this strenuously; and their case was considerably strengthened by the recent 6% arbitration award for lecturers in Scottish colleges of education (reported in my letter to you of 2 July). As a result the Staff Side have now accepted the Management Side's offer of a 6% increase at all points on all scales, plus some minor structural improvements to certain of the scales. The final settlement will be accommodated within the 6% cash limit by means of a small volume reduction.

I am sending copies of this letter to the Private Secretaries to Members of E(PS)P to Peter Shaw (DES) and to David Wright.

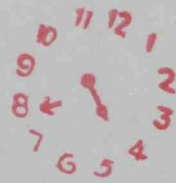
*Yours ever,*

*Godfrey Robson*

GODFREY ROBSON  
Private Secretary

POSTAL OFFICE  
ST. LOUIS, MISSOURI 63101

28 JUL 1981





SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Education

ADagw  
A. Walker 2  
D. Wolfe

CF. Tim  
Yes

to Soames  
6/7.

Prin. Muriel

Tim Lankester Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

a number of

This is the best arbitration  
we could have possibly hoped for:

E(PS)P ?

6% and exactly the  
same as the  
original offer.

2 July 1981

Good news.

Dear Tim,

R

R.  
3/87

SALARIES OF ACADEMIC STAFF IN COLLEGES OF EDUCATION IN SCOTLAND

I am writing to report the outcome of an arbitration arranged by the Advisory, Conciliation and Arbitration Service following the failure of the National Joint Committee for Salaries of Academic Staff in Colleges of Education in Scotland (NJC) to reach agreement on the claim by college lecturers for a pay increase from 1 April 1981.

When negotiations in the NJC broke down the final offer of the Management Side stood at 6%, exactly corresponding to the cash limit provision for pay increases, while the Staff Side claim was for an increase equal to the increase in the Index of Average Earnings between April 1980 and April 1981, ie 14.4% on the latest figure. Pending the outcome of the arbitration, an interim award of 5.9% was made from 1 April 1981. The Management Side's case in the arbitration was, in essence, that there was no scope for a larger offer within the cash limit provision.

The arbiter has recommended a pay increase of 6% with effect from 1 April 1981, exactly in line with the last offer of the Management Side. His report recognises the constraints placed on the Management Side by cash limits and in effect accepts that they could not have improved on their offer. Moreover, having looked at movements in the Index of Average Earnings in recent years, the arbiter concludes that with a 6% increase the salaries of academic staff in colleges of education will come close to keeping pace with the Index. He concludes that the Management Side offer was in the circumstances fair and reasonable.

The award is less generous than the 7½% award made earlier this year to teachers employed by local authorities in Scotland and than the corresponding awards made in the Burnham Committees for teachers in England and Wales. It will not therefore be welcomed by the Scottish college lecturers, but my Secretary of State is in no doubt that he should give effect to it and he is informing the NJC accordingly. The award can of course be accommodated within the relevant cash limit.

I am sending copies of this letter to the Private Secretaries to Members of E(PS)P, the Secretary of State for Education and Science, and Sir Robert Armstrong.

and Lord Soames  
if not on E(PS)P. Yours ver,

GODFREY ROBSON

GODFREY ROBSON  
Private Secretary

SCOTTISH OFFICE  
1745 WEST BROMWICH ROAD

3 JUL 1981



010

*Educative*



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

FROM THE SECRETARY OF STATE

*as the Verker  
Mr. Hyman*

*Prime Minister*

The Rt Hon Sir Geoffrey Howe MBE MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON SW1P 3HE

*Not too bad.*

27 February 1981

*Rec. Geoffrey.*

*mt*

*R  
27/2*

UNIVERSITY TEACHERS' PAY

You and colleagues may like to know that an agreement was reached today in Committee B which represents a small improvement, from our point of view, on terms I canvassed in my letter of 20 February. The details are:-

- a. 7% increase from 1 October 1980;
- b. further 3% increase from 1 March (instead of 1 January) 1981;
- c. the small structural change (adding 0.2% to the total salary bill) also from 1 March 1981 (instead of from 1 October 1980); and
- d. the settlement to cover 18 months, to 31 March 1982.

|| The combined effect (10.4% over the 18 months) can be expressed as an annual rate of just under 7%.

The university authorities accept, and the presentation of the settlement will make clear, that both the 1981-82 financial year cash limit and the baseline for future cash limits will be based on the pay factor of 6% which you announced on 24 November last.

The settlement is being announced by Committee B later today.

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

*Yours ever*

*Mark*

MARK CARLISLE

27 FEB 1981



Mr Walker  
Mr Bayliss  
Mr Vercher



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000 24 February 1981

P A Shaw Esq  
Private Secretary  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1 7PH

R  
24/2

Dear Peter,

UNIVERSITY TEACHERS' PAY

with request if required

As I have already told you by telephone, the Chancellor was content with the proposal set out in your Secretary of State's letter of 20 February. He agrees that it will be desirable to limit the first increase to 7%. He has also asked me to make two points on the public presentation of the settlement, if it is obtained.

First, it will be important to stress that the cost of the settlement will be contained within a cash limit for 1981-82 calculated on the basis of 6% pay factors.

Secondly, it should also be made clear that the baseline for calculating the cash limit for 1982-83 will be no more than 9.2% above the present level. As you will recall, the Government has stated its intention not to allow staged pay increases to inflate the cash limit for later years; and the Treasury and Civil Service Select Committee has expressed similar views.

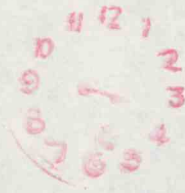
I am copying this letter to Tim Lankester (NO.10), David Wright (Cabinet Office) and to the Private Secretaries of members of E(PSP) and of the Secretaries of State for Wales and Scotland.

Yours ever  
Peter.

P S JENKINS  
Private Secretary



24 FEB 1981



**ACTION**

**CONFIDENTIAL**

*Education*

*TR*

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(PSP)(81)4  
30 JANUARY 1981

COPY NO

**1**

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

SUB-COMMITTEE ON PUBLIC SERVICE PAY

UNIVERSITY TEACHERS' PAY

Memorandum by the Secretary of State for Education and Science

BACKGROUND

1. As colleagues know, negotiations have been going on in the University Academic Salaries Committee (Committee B) on the pay increase for university teachers for October 1980. Committee A (the University Authorities Panel and the Association of University Teachers) originally put forward a proposal for a 13% increase for the year beginning 1 October 1980. They argued, with some force, that this was the minimum needed to keep in line with the increases awarded to their main comparators in 1980. It was also within the cash limit allowance originally provided for the grant year 1980-81. This was later changed to 6% from 1 April 1981 and we agreed that the baseline for the university grant year 1981-82 would be calculated as if a 6% increase were given from 1 October 1980. In furtherance of these decisions, my officials in responding to Committee A offered an increase of 6% only.

CHANGE IN SETTLEMENT DATE

2. Our experience this year has shown us that it is highly desirable for the efficient working of the cash limit system in the university field to get university teachers onto a 1 April settlement date. With this change the pay element factor would be determined and the universities grant announced before the pay negotiations were due to begin; this would make for more realistic negotiations. Moreover a 1 April date would bring the settlement date into line with that of the pay groups with which they are normally compared; avoid leapfrogging claims in the future; and lessen the chance of anomalies such as occurred in 1975 which gave rise to so much trouble. I should like to achieve the change in settlement date to 1 April.

3. The university authorities are equally well aware of the advantages to management of a 1 April date and Committee A has now countered with proposals (without prejudice to their 13% proposals, which remain on the table) to change the date by negotiating an eighteen month settlement. This would be in two parts - 6% from 1 October 1980 to 31 March 1981, with a further increase of 6% from 1 April 1981 to 31 March 1982. The university authorities have attached a condition that the baseline for future grant settlements should be adjusted accordingly. They point out that this would be the first time in this pay round that the Government would have achieved a settlement with 6% so firmly part of it.

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# CONFIDENTIAL

## LEVEL OF SETTLEMENT

4. The level of settlement over eighteen months which would be consistent with a 6% annual pay element would produce an increase of about 9% at the end of the eighteen months (compared with the 12% implied by the Committee A proposal). I therefore propose that my immediate response should be that:

- (i) I could agree to a proposal which raised the level of salaries by 9% at the end of the eighteen months period;
- (ii) I would be flexible about the sizes of the two steps by which that 9% was reached and the timing of the second;
- (iii) the Government would agree that the baseline for calculation of future cash limits as from April 1982 would be adjusted in accordance with that settlement;

and

- (iv) that with effect from 1 April 1982 the pay element in the grant would be whatever was the standard at that time.

All this would be entirely consistent with our policy.

5. However it will be difficult to get Committee A to agree to a settlement which imposes an upper limit on salary levels increase of no more than 9% over eighteen months, and left no room at all for negotiation. There is a real risk of a request for arbitration which as the Committee knows from our previous discussion, I would be almost bound to concede. I need, therefore, a little room for manoeuvre. What I suggest is that I should be free to negotiate an eighteen month settlement between the 6% plus 6% requested by Committee A and the 6% + 3% consistent with a 6% annual pay element, provided that it is clearly understood and accepted by Committee A that:

- (i) no additional grant will be provided for the current year; and that
- (ii) no commitment should be given that the baseline for future years would be calculated as if an eighteen month settlement had been negotiated with raised salary levels by more than 6% compounded with 3% ie 9.2%.

This flexibility is entirely in line with our attitude to the operation of cash limits in other public services.

6. If we were later to decide that the cash limits relating to NHS or civil service pay were to be adjusted to allow for more than 6% I would wish to reserve the right to extend the same facilities to the cash limits for universities' pay. I should not, however, make any mention of any such possibility during the negotiations.

**CONFIDENTIAL**

CONCLUSIONS

7. Accordingly I seek my colleagues agreement to a negotiating position as set out in paragraphs 4 and 5 above and to the proposals for relating cash limits to the settlement reached as set out in paragraphs 4 to 6.

M.C.

Department of Education and Science  
30 January 1981

**CONFIDENTIAL**

CONFIDENTIAL



*Educator*

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 3HE

*to the Secretary  
to the Treasury*

*MSM*

*RM*

29 October 1980

*Dear Geoffrey,*  
UNIVERSITY TEACHERS' PAY

I have your letters of 15 and 27 October on the university teachers' pay increases due at the beginning of this month.

You will remember that in July, when we had not yet settled the university teachers' October 1979 increase, I offered to do all I could to secure a single-figures settlement for October 1980 (see my minute to the Prime Minister of 16 July and paragraph 6d of E(80)73). Obviously I will make no response to the proposals now before me until we have decided what that phrase means. I cannot see what more you expect from me at this stage.

I am sending copies of this to the recipients of yours.

*Yours ever  
Mark*

MARK CARLISLE

Education

April 80



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*Education* *Amendment 2*

*✓* *Mr Verker*  
*Mr Dennis*

*R*

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

27 October 1980

*27/10*

The Rt. Hon. Mark Carlisle QC MP.  
Secretary of State for Education and Science

*✓* *not*

*Law mark*

UNIVERSITY TEACHERS' PAY

Our officials have been in touch following the decision by Committee A to propose to Committee B a 13 per cent increase in the pay of university teachers. This figure is very much higher than anything likely to emerge as a result of the decisions we will have to take shortly on public service pay: although I accept that the negotiators were working on the basis of the provision in the 1980-81 cash limit, I am rather surprised that they have not apparently taken account of the clear indications I have given that settlements will need to be in single figures.

It is important that we should achieve a realistic settlement for this group, and it may be that the university authorities' position will toughen once they are aware of our decision on the pay element. But it is clear that no further negotiations should take place until the decisions on this and associated matters have been taken. I recognise that this may lay us open to criticism (as it did in the summer), but I see no alternative.

I am sending copies of this letter to members of E Committee, to the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

*2*  
*John*

GEOFFREY HOWE

CONFIDENTIAL

27 OCT 1980





CONFIDENTIAL



FROM THE SECRETARY OF STATE

cc Mr Wolfson  
Mr Hoskyns

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

→ 1. C.D.S. <sup>AW</sup> <sup>15.x.</sup>  
2. P.L. <sub>TK</sub>

N J Sanders Esq  
10 Downing Street  
London SW1

14 October 1980

Dear Nick

nb

UNIVERSITY TEACHERS' PAY

You asked for a background note on university teachers' pay, and on Mr Carlisle's intentions on the 13% increase (from October 1980) proposed to him by the parties in Committee A.

The attached table provides a useful perspective on the university teachers' October 1979 settlement, reached only on 7 August last.

It shows that the university teachers' "catching-up" settlement (17% agreed on 7 August, compounded with 10% already in payment from October 1979) was less than that of their natural "opposite numbers" like the civil service Principals and Assistant Secretaries and the doctors (the latter comparison is particularly acute as university clinical teachers receive the DDRB awards).

The 13% increase proposed by Committee A has to be compared with the figures in the final column. However, you will recall that Mr Carlisle offered in July to secure "a settlement of not more than 10% for October 1980" - that is, "single figures" - if October 1979 could be satisfactorily settled (E(80)73, paragraph 6d). This remains his intention even though it would re-open the much-regretted "anomaly" of 1975. But he proposes to make no response to Committee B until present Ministerial discussions are clarified.

Yours sincerely

*P A Shaw*

P A SHAW  
Private Secretary

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	Catching-up Settlement			Next Annual Settlement
	Date	Amount, irrespective of staging	Length of staging	
		%	Months	%
Armed Forces	Apl 79	32½	-	17
Civil Service:				
EO/HEO	"	27	9	18
Principal	"	33	9	19
Ass. Sec.	"	39	9	15
Nurses	"	30	12	14
Doctors	"	39	12	18½
Burnham Teachers	"	29	17	14½
University Teachers	Oct 79	29	12	Awaited

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*Education*

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(80) 31st Meeting

COPY NO

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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

MINUTES of a Meeting held at  
10 Downing Street on  
THURSDAY 7 AUGUST 1980 at 9.30 am

*Item 2*

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Industry

The Rt Hon Lord Soames  
Lord President of the Council

The Rt Hon James Prior MP  
Secretary of State for Employment

The Rt Hon Peter Walker MP  
Minister of Agriculture,  
Fisheries and Food

The Rt Hon Michael Heseltine MP  
Secretary of State for the  
Environment

The Rt Hon John Nott MP  
Secretary of State for Trade

The Rt Hon David Howell MP  
Secretary of State for Energy

The Rt Hon John Biffen MP  
Chief Secretary, Treasury

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Lord Hailsham  
Lord Chancellor  
(Item 2)

The Rt Hon Francis Pym MP  
Secretary of State for Defence  
(Item 2)

The Rt Hon George Younger MP  
Secretary of State for Scotland  
(Item 2)

The Rt Hon Patrick Jenkin MP  
Secretary of State for  
Social Services  
(Item 2)

**CONFIDENTIAL**

**CONFIDENTIAL**

The Rt Hon Mark Carlisle QC MP  
Secretary of State for Education  
and Science (Item 2)

The Rt Hon Lord Mackay of Clashfern QC  
Lord Advocate  
(Item 2)

Sir Ian Percival QC MP  
Solicitor General

Lord Cockfield  
Minister of State, Treasury  
(Item 1)

Mr J R Ibbs  
Central Policy Review Staff

SECRETARIAT

Sir Robert Armstrong  
Mr P Le Cheminant  
Mr D J L Moore

CONTENTS

Item No	Subject	Page
[LCA] 1	COMPUTERISATION OF PAYE	1 ]
2	UNIVERSITY TEACHERS' PAY	2

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CONFIDENTIAL

2. UNIVERSITY TEACHERS' PAY

Previous Reference: E(80) 26th Meeting, Item 1

The Committee had before them a minute of 5 August from the Secretary of State for Education and Science to the Prime Minister about university teachers' pay and a letter of 5 August from the Attorney General to the Secretary of State for Education and Science.

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that the Committee had invited him at their meeting on 22 July to negotiate a settlement of no more than 14.6 per cent for the balance of the pay increase for university teachers from 1 October 1979, rather than the 19.6 per cent which the university teachers were seeking. In subsequent negotiations the university teachers had refused to settle within this limit. They had proposed instead that they might be given the same combined increase over 1979 and 1980 as teachers in schools and further education. Since he intended to secure an exemplary settlement of not more than 10 per cent from October 1980, this proposal was too high by 3 to 4 percentage points. If it were rejected, the university interests would propose arbitration. In the light of the Attorney General's advice, in his letter of 5 August, it was clear that the Government would have to agree to arbitration and, under present legislation, to accept the outcome. It might nevertheless be possible to avoid arbitration by negotiating a settlement somewhere below 19.6 per cent in line with the corresponding award for further education teachers: there was some reason to think that it might be possible to reach a settlement at a figure of 18.2 per cent.

The following points were made in discussion -

- a. An alternative solution might be to pay 14.7 per cent from April 1980. This would cost the same in 1980-81 as the present claim for 19.6 per cent paid in two stages, half from April 1980 and the rest from October 1980. It might be unacceptable to the university teachers, since they would then start from a lower base when negotiating their 1980 settlements. From the point of view of the Government, however, it would have the advantage of avoiding staging, which had been widely criticised, and of a lower settlement in percentage terms.

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- b. There should be a general review of all the present arbitration arrangements throughout the public sector and of the scope for amending them.

At that stage the consensus of view in the Committee was that the Secretary of State for Education and Science should arrange for further negotiations in Committee B, without prejudice to arbitration proceedings, with a view to reaching a settlement of 14.7 per cent or less payable in full from April 1980.

When the discussion was resumed later in the morning at a restricted meeting (those present being the Prime Minister, the Lord Chancellor, the Chancellor of the Exchequer, the Lord President, the Secretary of State for Employment, the Secretary of State for Education and Science and the Chief Secretary, Treasury) THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that he was now advised that there was no possibility of the university teachers accepting 14.7 per cent or less from 1 April. They felt that they had fallen behind teachers in further education, and it was a matter of great importance to them to get an increase which restored their differential. This was not just a matter of status and pensions: they would fear that, if they went into the next round with a lower base, there would be no possibility in the climate then prevailing of an increase which restored their differential, and the adverse relationship with teachers in further education would persist. The choice therefore remained between going to arbitration and seeking the best possible settlement at a figure lower than 19.6 per cent.

In further discussion it was suggested that in presentational terms a high figure resulting from arbitration would be less embarrassing to the Government than a high figure resulting from a settlement to which the Government would have assented. On the other hand there could be no certainty that arbitrators would award an increase lower than that which appeared likely to be available

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in further negotiation; and a negotiated settlement would at least have the advantage of getting the announcement out of the way a good deal earlier than an arbitrated award.

The Committee -

1. Agreed that the Secretary of State for Education and Science should reopen negotiations in Committee B on university teachers' pay with a view to reaching a settlement on the best possible terms available lower than 19.6 per cent, without prejudice to any arbitration proceedings which might follow if settlement could not be reached.

2. Invited the Secretary of State for Employment, in consultation with the Lord President and other Ministers concerned, to put in hand a review of present arbitration arrangements throughout the public sector and of the scope for amending them.

Cabinet Office

8 August 1980

CONFIDENTIAL





PRIME MINISTER

UNIVERSITY TEACHERS' PAY

I have seen the Attorney General's minute to you of 5 August.

2. In the light of his advice we appear to have no alternative but to accept the best deal which Mark Carlisle is able to negotiate. But it seems intolerable that we are locked in to arrangements whereby we cannot modify arbitral awards except through fresh legislation. I am unclear how many public sector groups enjoy this kind of protection but I understand that the situation is not unique to university teachers. The implications for our cash limits policy and for our efforts to influence the level of pay settlements is obvious and I suggest that we should look urgently at how many loopholes of this sort exist and what action we can take to deal with them.

3. I am sending copies of this minute to members of E Committee and to the Attorney General.

KJ

Department of Industry  
Ashdown House  
123 Victoria Street

K J  
6 August 1980

- 6 AUG 1980



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Communications on this subject should  
addressed to

THE LEGAL SECRETARY  
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,  
LAW OFFICERS' DEPARTMENT,  
ROYAL COURTS OF JUSTICE,  
LONDON, W.C.2.

6 August 1980

Our Ref: 400/80/159

Peter Shaw Esq  
Private Secretary to  
Secretary of State for Education & Science  
Dept of Education & Science  
Elizabeth House  
York Road SE1

Dear Private Secretary

UNIVERSITY SALARIES

*Amended*

With reference to the Attorney General's letter of yesterday to your Secretary of State, there is a mistake in the twelfth line of paragraph 7. "No" should of course read "Yes". This error is regretted and was notified to you and to the Prime Minister's Office last night.

This is copied to the Private Secretaries to all the members of the Cabinet, the Chief Whip (Commons) and Sir Robert Armstrong.

Yours sincerely,

*John Mallinson*

J R Mallinson

Ref. A02831

PRIME MINISTER

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E: University Teachers' Pay

BACKGROUND

Of the recent correspondence the main papers are the minute of 5th August from the Secretary of State for Education and Science to you and the letter of 5th August from the Attorney General to the Secretary of State for Education and Science.

2. You will recall that at E on 22nd July (E(80) 26th Meeting, Item 1) the Secretary of State for Education and Science recommended that university teachers' pay as at 1st October 1979 should be increased by 19.6 per cent, over and above the interim award of 10 per cent from October 1979 given last December. When compounded this would give a total of 31.6 per cent which was within the 32.5 per cent assumed for the settlement in the 1980-81 cash limit for the universities. He argued that this settlement would be consistent with other 1979 settlements which had provided for catching up by other comparable groups.

3. The Committee rejected this on the grounds that it would undermine the recent decisions on the TSRB groups, that the university teachers had security of tenure, and that there were no problems of recruitment. The Secretary of State for Education and Science was invited to aim for a settlement of a maximum of 14.6 per cent and for lower if possible.

4. In his letter of 5th August the Attorney General advises that:-

(i) The Government could not refuse to agree to arbitration in respect of the 1979 claim.

(ii) If such arbitration took place the award would be binding on the Government, and could be overturned only by legislation.

5. In his minute of 5th August, which brings up to date that of 30th July, the Secretary of State for Education and Science lists four main options:-

- (a) He rejects the proposals by the university interests that the October 1979 and October 1980 settlements should be the same as those for the teachers. This would mean giving them more than the maximum of 10 per cent for which he will aim when the October 1980 negotiations get under way.
- (b) He notes that it is still just possible that they might accept 14.6 per cent.
- (c) He expects however that the rejection of option (a) will mean that the university interests will propose arbitration which, on the Attorney General's advice, would have to be accepted together with the outcome.
- (d) He judges that this might be averted if something more than 14.6 per cent were offered and he suggests, as a possibility, about 18.2 per cent in line with the corresponding award for further education teachers.

He sees the choice as between options (c) and (d).

HANDLING

6. After the Secretary of State for Education and Science has spoken you will wish to ask the Chancellor of the Exchequer and the Secretary of State for Employment to comment. The Attorney General's advice is unequivocal but the Solicitor General will be present to advise further if necessary.

7. As seen by the Secretary of State for Education and Science, the choice is between negotiating for something between 14.6 per cent and 19.6 per cent or accepting arbitration. In order to judge these alternatives it would be helpful if he could give the Committee his assessment of what might be the outcome of arbitration. Is there any risk that it would be for more than 19.6 per cent? Or is there a chance of anything less? If it went for that figure, or higher, would the Government be prepared to introduce legislation to overturn the award? That legislation could not now be introduced before November: what should university teachers be paid until legislation was passed?

8. If the 19.6 per cent were awarded it would be staged, with half the increase paid from April 1980 and the other half from October 1980. I understand that if there were no staging and the university teachers were given an increase of 14.7 per cent from April 1980 the cost in 1980-81 would be the same as 19.6 per cent with staging. The Committee might wish to consider this possibility, although it is admittedly a fairly transparent presentational device.

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CONCLUSIONS

9. You will wish to record conclusions inviting the Secretary of State for Education and Science to continue to press for 14.6 per cent but, if that is not negotiable:-

either

letting the dispute go to arbitration, recognising that the Government will have to accept the outcome

or

authorising him to settle somewhere between 14.6 per cent and 19.6 per cent.

A handwritten signature in dark ink, appearing to be 'RA' with a stylized flourish.

ROBERT ARMSTRONG

6th August, 1980

CONFIDENTIAL

SECRET

Prime Minister 2



PRIME MINISTER

UNIVERSITY TEACHERS' PAY

Committee B met this evening and was successfully stalled by DES. They are due to meet again on Thursday afternoon. The Attorney has advised (Flas B) that we have to agree arbitration if they have want it, and that we cannot overturn it. I think you

ms

Flas A

My minute to you of 30 July reported the outcome of the previous day's negotiations. There have now been further developments.

will want to discuss in E in Thursday morning.

2. Negotiations were resumed in Committee B yesterday morning, but again adjourned (until 5pm today) without reaching a decisive stage. My representatives made no response to Committee A's "formula" counter-proposal, on the ground that it involved the October 1980 increase which they were not in a position to discuss, but instead sought again to negotiate the university interests into the Government's proposals for 1979, filled out as a final offer by the element previously kept in reserve. There was talk of arbitration, but no formal proposal to that effect.

Agree? Yes not 12

3. We have, I suggest, the following options:-

- a. accept the counter-proposals made by the university interests and described in paragraphs 3 and 4 of my minute dated 30 July. We are now in a position to quantify this proposal. Giving the university teachers the same combined increase over 1979 and 1980 as the public sector teachers would mean some 3 to 4 percentage points more than I proposed in paragraph 6 of E(80)73. I assume you will agree with the view expressed in my minute of 30 July that this "formula" proposal must therefore be rejected; though its rejection will open us to the criticism of letting university teachers fall behind the further education teachers again.
- b. it is still just possible that, on our rejection of their "formula" counter-proposal, Committee A might after all accept our 14.6% offer as the best they can get: and we will of course press to secure this if at all possible.
- c. the likely outcome is that rejection of the "formula" counter-proposal will lead to the university interests proposing arbitration. In the light of the Attorney General's advice in his letter to me today it is clear that I should have to agree to arbitration and we could not overturn the outcome except by Act of Parliament.

Flas B

We should bear in mind that Committee A's 19.6% figure is one already agreed between the employers and the employees within the cash limit; the arbitrators would no doubt take account of that agreement in reaching their award.

SECRET

SECRET

- d. the only means of avoiding arbitration is to improve our offer for 1979 beyond the figure of 14.6%. I believe that a 1979 settlement could probably be obtained somewhere below 19.6%; a possible figure to aim at might be the corresponding award for further education teachers - about 18.2%.
4. I should perhaps make clear that all my references to arbitration above are to arbitration on the October 1979 settlement for which the claim is 19.6%. There is no case at present for arbitration on any proposals involving the October 1980 settlement, since the Government have made no offers yet in that connection: and I would withhold my agreement accordingly if any such proposal were made.
5. In essence, we are likely to be faced with a choice between arbitration and the negotiation of a figure between 14.6% and 19.6%. Unless we decide to follow the second course recourse to arbitration is almost certain; on balance, it may be the best outcome. My representatives can and will stall today as the Chancellor proposes but I do not consider that it is practicable to stall at any future meeting.
6. I should welcome your views urgently on this next step and those of the other members of E committee, to whom I am sending copies of this minute. A copy also goes to the Attorney General.

M.C.

MARK CARLISLE  
5 August 1980

SECRET





- 5 AUG 1980

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CONFIDENTIAL

cc CAB  
+ TRANS  
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AK



10 DOWNING STREET

From the Private Secretary

5 August 1980

Dear Peter,

University Teachers' pay

The Prime Minister has now read your Secretary of State's minute of 30 July (which incidentally was only received here yesterday), and also the Chancellor of the Exchequer's minute of 4 August.

The Attorney General was of course invited in E Committee yesterday to provide advice on the legal issues raised in Mr. Carlisle's minute. Subject to that, you should know that the Prime Minister strongly takes the view that either the Government will have to withhold consent to arbitration, or Ministers will have to say that they are not bound by the arbitration and cannot accept its findings.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, including the Minister of Transport, to Bill Beckett (Law Officers' Department), Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

~ ~

T. Laker.

Peter Shaw, Esq.,  
Department of Education and Science.

CONFIDENTIAL

JK



CONFIDENTIAL

B

ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

01-405 7641 Extn 3201

5 August 1980

The Rt Hon Mark Carlisle QC MP  
Secretary of State for Education and Science  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON S E 1

Dear Secretary of State

UNIVERSITY SALARIES

TPM

I have seen your minute of 30 July to the Prime Minister, and Geoffrey Howe's of yesterday. My advice is requested on two questions -

- (1) can HMG refuse to agree to arbitration in respect of the AUT 1979 comparability claim; and
- (2) if not, and arbitration takes place, will the arbitrator's award be binding on HMG?

2. Unlike the pay of school teachers, which is governed by the 1965 Act, the pay of university teachers is contractual and the negotiating procedures are set out in an undated document headed "Salaries of Non-Clinical University Academic Staff".

3. We are concerned here with Committee B on university salaries which includes representatives of HMG on one side and of the universities and the AUT on the other. Committee B considers, inter alia, salary proposals from the universities and the AUT sitting as Committee A. In this case proposals have reached Committee B which cannot agree on them. Paragraph (iv) of Committee B's terms of reference reads as follows:

"In the event of a failure to reach agreement on proposals from Committee A, the salary aspects of the matter may, if the two sides so agree (such agreement not to be unreasonably withheld), be referred to arbitration, in accordance with the procedure set out in the Annex".

4. Therefore question (1) amounts to deciding if HMG would be acting reasonably if it refused to agree to arbitration on the present claim. In my view the only circumstances in which consent to arbitration can be withheld under paragraph (iv) are those in which there remains a genuine possibility of agreement being reached without resorting to arbitration - such as

/where

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ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

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where, for example, insufficient time has been given by one side to the other to reach a conclusion, or not all the evidence has yet been obtained or examined.

5. But if there is a real impasse in negotiations then I do not think paragraph (iv) can be avoided by one side if the other wishes to use it; whether there is a real impasse is, I concede, a matter of judgment, but from what I have been told it appears that we shall have one by the time Committee B reconvenes later today. My conclusion is that HMG must agree to arbitration in the present case. Thus the answer to question (1) is "No".

6. As to question (2), paragraph (vii) of Committee B's terms of reference says -

"An arbitral award will be binding, subject to the over-riding authority of Parliament".

"Binding" here means no more than binding upon the two sides of Committee B in that capacity - so that, when the arbitrators make their award, Committee B cannot reopen the negotiations. But unless there is a term in the contracts of service of university teachers that their pay will be as determined by the negotiating procedures, their employers will not be legally bound to pay the recommended rates. However no doubt they will always do so if the money is available.

7. "Subject to the overriding authority of Parliament" is not the clearest of phrases but the intention clearly is that HMG cannot interfere with the payment in full of the new rates unless Parliament legislates for this in the exercise of its sovereignty. This it could do in any number of ways, for example, by providing for and using a procedure such as that in section 4(2) of the 1965 Act for school teachers' pay, but ordinary resolutions without statutory force would not be sufficient. As things now stand an arbitral award, if made, could not be overturned by HMG and legislation would be required to change the position in the future. Therefore my answer to question (2) is also "No", and it follows that we cannot say now or at any time in advance that we refuse to be bound by the arbitral findings.

8. This is copied to all recipients of your minute of 30 July to the Prime Minister.

*Yours sincerely*

John R Mallison

(Approved by the Attorney General and signed in his absence)

-5 AUG 1980





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

PRIME MINISTER

UNIVERSITY TEACHERS' PAY

*30 July 1978*

I have just seen Mark Carlisle's minute to you dated yesterday.

2. In the light of the decision, reached at E Committee on 22 July, that the maximum acceptable increase in university teachers' pay was 14.6%, and further that we should aim to reach a settlement at a lower level, I was disturbed to learn that an offer of 14.6 per cent is already on the table and the Association of University Teachers are expected to demand arbitration in respect of their 1979 comparability claim. It is important to establish beyond peradventure as soon as possible whether or not arbitration can be refused; and if it cannot, whether it would be open to Mark either to overturn the arbitration or, as I should prefer, to announce in advance that we cannot agree to be bound by the arbitrators' findings.

3. I should be most reluctant to see a final settlement in excess of the maximum endorsed by E Committee.

4. Accordingly, I think that we need Michael Havers' early advice on the legal issues raised in Mark's minute.

/Meanwhile, I see

CONFIDENTIAL



Meanwhile, I see no alternative other than for his representatives in the negotiating Committee to stall.

5. I am copying this minute to the other recipients of Mark's.

G.H.

4 August 1980

CONQUEROR



4 AUG 1980







cc DES

js

*Correspondence in GR*

10 DOWNING STREET

THE PRIME MINISTER

4 August 1980

Dear Sir Alec

Thank you for your letter of 22 July about university teachers' pay.

The proposals submitted by the University Authorities Panel and the Association of University Teachers have needed the most careful examination, and I am afraid this has taken a little time. I appreciate the point that the universities' offer could be accommodated within their cash limits; but we have also had to have regard to the current economic situation and the fact that we are asking Members of Parliament and similar public servants to accept considerably less than they have been recommended.

As you will be aware, a meeting of Committee B was held on 29 July. Negotiations are still continuing and I hope they can be speedily concluded.

Yours sincerely

MT

Sir Alec Merrison, DL.

jfh

Top copy destroyed.

Prime Minister A 2

Mr Calhoun mentioned this note this morning at E (we have only received it in afternoon). You - and the Chancellor at Play A - have asked for the Attorney's advice on the legal issues.

PRIME MINISTER

UNIVERSITY TEACHERS' PAY

At Committee E last week it was agreed that I would arrange for negotiations aimed at a settlement of no more than 14.6% for the balance of the pay increase for university teachers from 1 October 1979 and to report back if the university interests were to seek arbitration.

In resumed negotiations with the university authorities and the Association of University Teachers yesterday my representatives made, as agreed, an offer below 14.6%. Both the university authorities and the AUT firmly rejected our proposal and it appears clear that there is little prospect of making further progress towards an agreement on that basis.

The university interests then made further proposals. These were that we should bring together the October 1979 and October 1980 settlements (in whatever combination) with the object of ensuring that the university teachers got no less increase over the 2 years than the public sector teachers would get from the combined effect of their Burnham 1979 settlement and their 1980 arbitration award. The university interests made clear that, if these proposals proved unacceptable to the Government, they would be proposing arbitration on the 1979 issue.

The university world (and not only the AUT) feels strongly about its academic staff being paid significantly less than teachers in the public sector, the situation brought about by the introduction of pay policy in July 1975 and not rectified until October 1979. The university interests were not in a position to quantify their proposals since they did not know the arbitrators recommendations. In fact on the basis of the arbitration award as it stands at present these proposals would represent a combined increase of 35 1/2% over the 2 years. It follows that if we are not to increase the 14.6% offer for 1979 we have no alternative but to reject the university interests' latest proposals.

Committee B meets again on Monday and it seems virtually certain that the university authorities and the AUT will want to go to arbitration. The agreed procedures of the negotiating arrangements lay down that agreement to arbitration is 'not to be unreasonably withheld'. I am advised by my lawyers that in the present circumstances any decision to withhold consent to arbitration could be tested in the courts where we could be severely embarrassed.

We know the teachers got too much from Clegg and that arbitration was needed that error. We cannot therefore compound it by agreeing to the same thing for University Teachers. I believe we shall have to say what P.T.'s

4/8

① we welcome comment to articles

② we <sup>are</sup> not bound by criticisms  
and cannot accept its findings.

Many University lecturers have abundant  
opportunities to add to their earnings  
checked.

ms.

I think it would be helpful to have a collective decision one way or another before Monday's meeting of the negotiating committee. If the university interests propose arbitration we would be unnecessarily adding to our political burdens by not having any answer ready to give them.

The consideration at tomorrow's Cabinet of teachers pay may provide an opportunity to discuss this related pay problem and I am therefore copying this letter to each member of the Cabinet, the Attorney General, the Chief Whip and Sir Robert Armstrong.

*P. A. Shaw*

*for* MARK CARLISLE  
(Dictated by the  
Secretary of State  
and signed in his  
absence)

30 July 1980



File

Education

JD

10 DOWNING STREET

THE PRIME MINISTER

23 July 1980

Dear Edward,

Thank you for your letter of 21 July, and thank you so much for coming in to see me yesterday.

I take the point about the problem of university medical teachers, which I will mention to Mark Carlisle. But I am not sure there is any easy way of dealing with it.

As I mentioned to you, we have now had a look at the university teachers' pay problem generally, and Mark Carlisle hopes to convene a meeting of Committee B next week.

sgd Margaret

The Rt. Hon. Lord Boyle of Handsworth

B/C

PRIME MINISTER

This is a follow-up letter from Lord Boyle on university teachers' pay. He says that there is a particular problem with university medical teachers without clinical qualifications who are now paid very much less than their colleagues with clinical qualifications - even though they are doing almost identical work. You may like to reply as per the attached draft.

CONFIDENTIAL

T

22 July, 1980.

Told DES about  
the medical teachers  
point.

T  
23/7

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THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(80) 26th Meeting

COPY NO

**4**

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

—  
MINUTES of a Meeting held at  
10 Downing Street on  
TUESDAY 22 JULY 1980 at 11.00 am  
—

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Industry

The Rt Hon Lord Soames  
Lord President of the Council

The Rt Hon James Prior MP  
Secretary of State for Employment

The Rt Hon Michael Heseltine MP  
Secretary of State for the  
Environment

The Rt Hon John Nott MP  
Secretary of State for Trade

The Rt Hon David Howell MP  
Secretary of State for Energy

The Rt Hon John Biffen MP  
Chief Secretary, Treasury

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon George Younger MP  
Secretary of State for Scotland

The Rt Hon Mark Carlisle QC MP  
Secretary of State for Education  
and Science  
(Item 1)

The Rt Hon Norman Fowler MP  
Minister of Transport  
(Item 2)

Mr Michael Alison MP  
Minister of State  
Northern Ireland Office  
(Item 2)

Mr Michael Roberts MP  
Parliamentary Under-Secretary of State  
Welsh Office  
(Item 2)

Mr J R Ibbs  
Central Policy Review Staff

SECRETARIAT

Sir Robert Armstrong  
Mr P Le Cheminant  
Mr D J L Moore

i

**CONFIDENTIAL**

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CONTENTS

Item No	Subject	Page
1	UNIVERSITY TEACHERS' PAY	1
2	ENTERPRISE ZONES	4

**CONFIDENTIAL**



CONFIDENTIAL

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1. UNIVERSITY TEACHERS' PAY

The Committee considered a memorandum by the Secretary of State for Education and Science (E(80) 73) on the settlement of university teachers' pay as at 1 October 1979.

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that he recommended that university teachers' pay as at 1 October 1979 should be increased by 19.6 per cent, over and above the interim award of 10 per cent from October 1979 given last December. It had been intended that the final settlement for October 1979 should be based on recommendations to be made by the Standing Commission on Pay Comparability. The Commission had subsequently advised that they could not report until October 1981, and the Government had agreed with the Association of University Teachers (AUT) and the university authorities that, instead, a settlement should be negotiated within the cash limit provision. In May the AUT and the university authorities had recommended increases averaging 19.6 per cent. When compounded with the interim payment of 10 per cent, this gave a total of 31.6 per cent which was less than the 32.5 per cent assumed for the settlement in the 1980-81 cash limit for the universities. Failure to accept this recommendation would be regarded as a breach of faith. It would be contrasted with the Government's acceptance earlier in the year of 1979 settlements which provided for catching up by other comparable groups, and its commitment to accept a further increase of 19.5 per cent from October 1979 for university technicians. If agreement could not be reached, the AUT and the university authorities would be likely to propose arbitration. Under present arrangements he could not unreasonably withhold his agreement to this, and an arbitral award would be binding subject to the overriding authority of Parliament. If he were to refuse arbitration, the university interests might take court action. If, on the other hand, agreement could be reached for 1979 his intention would be to secure an exemplary settlement from October 1980 of not more than 10 per cent.

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**CONFIDENTIAL**

In discussion the following points were made -

a. Approval of a settlement totalling 31.6 per cent for the university teachers would undermine the impact of the Government's recent decisions to reduce the increases recommended by the Top Salaries Review Body (TSRB) for Members of Parliament and for senior public servants. Assistant Secretaries in the Civil Service had been refused arbitration in the light of recent changes in the economic situation and, if necessary, the university teachers should be treated similarly. They had security of tenure, and there were no difficulties in recruiting to the profession. If the Government were to approve high settlements for them, it would be offensive to opinion in the private sector, and particularly to small firms in the university towns; and it could be seized on by other major groups which would be negotiating on pay in the Autumn.

b. The reduction in the increases proposed in the TSRB reports had been on 1980 settlements, whereas the current settlement for the university teachers was in respect of 1979. The proposal could be accommodated within the relevant cash limit for 1980-81. It would be wrong to treat the university teachers more harshly than other comparable groups. This pointed to negotiating a settlement for 1979 which should be lower than the 19.6 per cent proposed but acceptable to the university interests. This should be possible, since it was thought that many university teachers were expecting less.

THE PRIME MINISTER, summing up the discussion, said that the Committee did not accept that university teachers should be awarded a further increase of 19.6 per cent from October 1979 in addition to the interim award of 10 per cent that they had already received. The maximum acceptable increase was 14.6 per cent and, in his negotiations, the Secretary of State for Education should aim at securing a lower settlement if possible. He should make clear both to the AUT and to the university authorities that a higher figure could not be justified in the light of the current economic situation. If as a result the university interests were to ask for arbitration, the Secretary of State for Education should report further to the Committee.

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The Committee -

Invited the Secretary of State for Education and Science -

- i. to arrange for negotiations aimed at a settlement of no more than 14.6 per cent for the balance of the pay increase for university teachers from 1 October 1979;
- ii. to inform the Committee of any settlement reached within this limit and to report further if the university interests were to seek arbitration.

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House of Lords

21.7.80

Dear Prime Minister,

I greatly valued our talk this afternoon, and it was good of you to agree to see me so promptly.

One point I should have added over academic pay: the Government's acceptance of the report of the Doctors & Dentists Review Body, coupled with - so far - lack of action over academics, has led to a particularly severe anomaly in many of the medical areas of the University, particularly pre-clinical departments. Clinically-qualified staff are, in many instances, working alongside non-clinically-qualified staff on almost identical work but for quite different rates of pay. One group has had its settlement, but not the other.



Whilst I fully appreciate your concern over 'leap-frogging',  
this situation seems to me different, and really not easy to  
defend. Of course clinical academic salaries are directly  
linked to the outcome of DDRB Pay Reviews.

I do think this points still further to the desirability  
of a meeting of Committee B as soon as possible.

All good wishes - & please don't trouble personally  
to acknowledge.

Yours very sincerely

Edward Boyle



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Ref. A02686

PRIME MINISTER

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University Teachers' Pay

(E(80) 73)

BACKGROUND

The Secretary of State for Education recommends that university teachers' pay as at 1st October 1979 should be increased by 19.6 per cent. This increase would be additional to the interim award of 10 per cent from October 1979 which they were given last December.

2. It had been intended that the final settlement as from last October should be based on recommendations to be made by the 'Clegg' Commission. But Clegg ran into difficulties over the methodology and said that he could not be ready with recommendations until the summer of 1981. It was therefore agreed that the reference should be withdrawn and a settlement negotiated within the cash limit provision.

3. Committee A - the union meeting with the university authorities - have now agreed on 19.6 per cent. With the 10 per cent interim increase this would give a compounded total of 31.6 per cent by comparison with the 32.5 per cent assumed last January in the 1980-81 cash limit for the universities.

4. The Secretary of State for Education recommends that he should authorise his representatives in Committee B - the two sides together meeting with representatives of DES - to accept this proposal. He argues that it would be within the range for catching up settlements in the present round for comparable groups. Anything less would lead to arbitration, which should not be 'unreasonably withheld', and to arbitral awards which would then be binding subject to the overriding authority of Parliament. More positively he proposes that in the separate negotiations for increases from October 1980 his objective would be an exemplary settlement of not more than 10 per cent.

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HANDLING

5. After the Secretary of State for Education has introduced his paper, the Chancellor of the Exchequer, the Chief Secretary and the Secretary of State for Employment will each wish to comment on the implications for public sector pay.

6. In discussion you will wish to cover the following questions:-

- (a) Is it reasonable to treat this group similarly to other groups given catching up awards?

In his paragraph 5 the Secretary of State for Education quotes the settlements for the doctors and dentists, comparably paid civil servants, the armed forces, and further education teachers. Senior lecturers are broadly comparable with principals and, for them and for lecturers, it could be argued that they should be treated similarly to these groups (i. e. allowed their 'catching up' award for last year). Professors have personal salaries but are broadly in line with Assistant Secretaries. The pay of the latter, together with that of the Top Salaries Review Body groups, was of course held down for 1980, though the 1979 'catching up' award was implemented. Thus a distinction could be made between 1979 and 1980 (where Mr. Carlisle intends to be tough). On the other hand this late settlement will appear to give more generous treatment for the university teachers and might undermine the impact of the decision on the TSRB groups. Moreover Ministers have already agreed that the concept of the 'pay round' is misleading so that the university settlement, like that for the TSRB groups, ought perhaps to be looked at in terms of its impact on the future as well as by reference to the past.

- (b) What would be the repercussions on current negotiations?

In practice the decision should not have any effect on the current negotiations over the pay of teachers. The dispute is over catching up for 1979 and not over the 1980 settlements. Moreover, the arbitration hearings on the other groups of teachers have now been

CONFIDENTIAL

held and ACAS is about to report, probably tomorrow afternoon. The binding 19.5 per cent topping up award from October 1979 recommended for university technicians' pay will be used by the university teachers in support of their case, but the fact that the figures are so close is sheer coincidence.

(c) Is the Government prepared to refuse arbitration?

Failing acceptance of 19.6 per cent the university authorities are likely to ask for arbitration, and the Secretary of State does not see how he could withhold agreement to it. However, he is not statutorily bound to agree and, in the light of changed economic circumstances, the Government could refuse arbitration, as they did to the Assistant Secretaries.

CONCLUSIONS

7. In the light of the discussion you will wish to record a conclusion on whether or not the Secretary of State for Education should be authorised to settle for 19.6 per cent; and:-

- (i) if so, invite him to clear the terms of an announcement with colleagues, which would emphasise that the settlement was for catching up and not for the current year;
- (ii) if not, to decide in principle whether arbitration should be refused if the university authorities were to ask for it.

RA

(Robert Armstrong)

21st July, 1980





DEPARTMENT OF JUSTICE

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21 July 1980

Policy Unit

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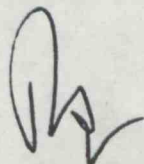
PRIME MINISTER

*Original returned  
to Policy Unit*

UNIVERSITY TEACHERS' PAY

1. The Secretary of State for Education makes a case for treating the university teachers quite generously over their October 1979 settlement, in order to be tough in October 1980. We think this approach makes sense.
2. A glance at the cycle of public sector settlements shows that university teachers have an important role to play in the forthcoming round as the first really moderate settlement. They are particularly well-suited to this role, since they have almost uniquely high job security, through the system of tenure. There is no shortage of high-quality graduates ready to take their place. Their bargaining power is weak.
3. All this means that their pay settlement for October 1980 should be the absolute floor of public service settlements. If we are trying to align pay increases in the public services with the 7-11% target range for monetary growth, university teachers should get no more than 7% next time. Some may argue that we should go even lower, in an attempt to demonstrate a wide "scatter" in the public services sector. Our feeling is that this would be unwise. It will be easier to get a low percentage accepted if it is practically uniform (moderated only by really clear-cut evidence of supply and demand imbalance).
4. But should university teachers be treated quite generously now, or should they be used to make an example now, as well as in a few months' time? Our feeling is that the second occasion will be very much more important, and that it would be best to pay up now in as low a key as possible. This will give us added moral authority when we come to the October 1980 settlement.

I am copying this minute to the Chancellor of the Exchequer.



JOHN HOSKYNs

jd  
gc AD

TL Seen



Caxton House Tothill Street London SW1H 9NA  
Telephone Direct Line 01-213 6400  
Switchboard 01-213 3000

Original on: -  
Education:  
University Technicians

Tim Lankester Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

21 July 1980

less Tim

PAY OF UNIVERSITY TECHNICIANS

My Secretary of State has seen your letter of 17 July recording the Prime Minister's wish that the pay of University Teachers should be discussed in E Committee this week; and that publication of the Clegg Report on University Technicians should be deferred until a decision has been taken about University Teachers.

In my Secretary of State's view, whatever decision is taken about University Teachers, there would be serious difficulties in delaying publication of the report on University Technicians beyond the end of this week. The recommendations of the Comparability Commission are binding on the parties and the Government's role is effectively only to publish the report and thus make it available to them; and, as they will know that the Commission has already made its report, they will be expecting early publication.

My Secretary of State therefore hopes that E Committee will agree to publication of the report this week. Copies of this letter go to the recipients of yours.

Yours sincerely  
J. Anderson.

J ANDERSON  
Private Secretary

*ACTION*

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THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(80)73  
18 July 1980

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CABINET

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MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

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UNIVERSITY TEACHERS' PAY

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Memorandum by the Secretary of State for Education and Science

---

I seek my colleagues' agreement to the settlement of university teachers' pay as at 1 October 1979.

2. University teachers' pay is negotiated through a two-stage machinery. In Committee A the union (AUT) negotiates with the employing university authorities under an independent Chairman. Agreements reached in Committee A are reported to Committee B, where Committee A, led by their independent Chairman, form one side of the table and my representatives the other. In the event of disagreement in Committee B, there is provision for arbitration "if the two sides so agree (such agreement not to be unreasonably withheld)": arbitral awards are then binding, "subject to the overriding authority of Parliament".

3. In December we made an October 1979 settlement in Committee B on these terms: an interim 10% increase from 1 October and a reference to the Standing Commission on Pay Comparability, designed to settle the full October 1979 pay rates which would then be implemented in two stages on 1 April and 1 October 1980. At that time it was expected that the Standing Commission would complete their work on the reference by about September 1980. In January we settled the 1980-81 cash limit for the universities, incorporating as realistic allowance a further 22½% increase (32½% in all) in respect of the staged October 1979 settlement and a further 14% increase in respect of other pay and price increases including the October 1980 settlement.

4. In April the Standing Commission made known that they could not promise recommendations in response to the reference, and could not in any case produce them before the summer of 1981. In those circumstances I told Committee A, with my colleagues' agreement, that we would not raise objection to the withdrawal of the reference to the Standing Commission and, instead, negotia-

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# CONFIDENTIAL

tion of an October 1979 settlement, phased as already agreed, within the present cash limits. I added that it would be essential that the outcome firmly and finally subsumed all claims up to and including 1 October 1979.

5. Committee A welcomed and adopted this offer. On 19 May they reported their agreement on increases ranging from 17% to 22% and averaging 19.6% (31.6% when compounded with the interim 10%), to be staged to 1 April and 1 October 1980 as previously agreed. Other 1979 "catching-up" figures with which Committee A's 31.6% can fairly be compared are about:

- 39% for doctors and dentists (including university clinical teachers),
- 34%-35% for comparably paid civil servants,
- 32½% for armed forces officers,
- 25% recommended for further education teachers.

Clearly Committee A's figure, which was of course negotiated under the constraint of the cash limit, is within this range.

6. We have not yet responded to these proposals in Committee B because it has been suggested in correspondence that we negotiate to attempt to achieve a lower figure. I continue to believe that both the right course and the politically advantageous one is to agree to them, resolving at the same time however to secure an exemplary settlement at not more than 10% level for October 1980. My reasons are these:

- a. to do otherwise would incur the criticism that we had broken faith with the university teachers and the Vice-Chancellors, while allowing similar and higher 1979 catching-up settlements for other groups: my colleagues will remember the unhappy outcome of the previous Government's action on university teachers' pay in 1975 which poisoned relations with the universities during the following years;
- b. failing agreement on 19.6% in Committee B, the university interests would be likely to propose arbitration: and I find it difficult to see how I could withhold my agreement to it when I invited Committee A to negotiate within the cash limit and they have done so;
- c. the Standing Commission have just presented their final report on university technicians' pay, which will have to be published soon and whose recommendations are binding, recommending October 1979 rates (again, to be introduced by stages) 19½% above those previously in force: though the circumstances of the two cases are not identical, this makes it still more difficult to justify our seeking to force a lower October 1979 increase on the university teachers than Committee A's agreed 19.6% and

# CONFIDENTIAL

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d. so far as concerns setting the tone for new settlements in the latter part of this year and first half of next, a settlement of not more than 10% for October 1980 (which I judge would be much less vulnerable to arbitration because this time the university authorities would probably be on our side) would have greater impact than an unresolved wrangle over 1979.

7. I see every advantage in a quick solution and considerable difficulties if we delay much longer. There is no fear now of our prejudicing the arbitrations on the Burnham teachers' pay since the hearings took place last week and the awards will have been transmitted before Committee B could be brought together. I hope the Committee will agree to my proceeding to an October 1979 settlement as I propose above.

M C

Department of Education and Science  
18 July 1980

**CONFIDENTIAL**

c. c. HO  
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DTrade  
DN  
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10 DOWNING STREET

*Edon Pte (Aegg) HS - 4*

*Education*

*From the Private Secretary*

17 July, 1980.

*B/f 21-7-80  
five*

*Don Petin.*

The Prime Minister has read your Secretary of State's minute of 16 July about University Teachers' pay. She has also seen your letter of the same date proposing that the Clegg Commission's Report on University Technicians should be published next Tuesday.

The Prime Minister would like the issue of University Teachers' pay to be considered by E Committee next week. Until a decision has been reached on this issue, she thinks it would be wise to defer publication of the Clegg Report on University Technicians - since the recommended increase of 19.5% for this group clearly has implications for the University Teachers' settlement.

I am sending copies of this letter to the Private Secretaries to members of E(EA), to John Halliday (Home Office), Don Brereton (Department of Health and Social Security), and to David Wright (Cabinet Office).

*~ ~*

*P. A. Shaw*

P.A. Shaw, Esq.,  
Department of Education and Science.

*11*



PRIME MINISTER

UNIVERSITY TEACHERS' PAY

1.

The attached  
note about  
technicians is  
relevant - and  
awkward ms

Prime Minister.

I think that this has better  
be discussed in E next week.

Agree? Yes no  
KWH  
16 vii

I have seen your Private Secretary's letter to mine of 14 July.

2. I am very concerned about the possibility that we may reach a situation where, as in 1975, university teachers are left in an anomalous situation when compared with other public sector groups. The problem arises because - through no fault of the teachers or university authorities - we are dealing with a 1979 settlement at a time when we are also trying to set the tone for new settlements in the latter part of this year and the first half of the next.

3. We could withhold agreement in Committee B, and try to achieve a lower figure than 19.6%, but I think you should be aware that we would be in a very exposed position. We would be accused of having broken faith with university teachers, while allowing similar and higher catching-up settlements for other groups: we would have the university authorities against us as well as the AUT.

4. We face the real difficulty that, failing agreement on 19.6% in Committee B, the university interests (teachers and authorities together) are likely to propose arbitration. The agreed constitutional arrangements specifically state that agreement to go to arbitration shall not be unreasonably withheld. I find it difficult to see how I could withhold my agreement to arbitration when I invited Committee A to negotiate within the cash limit and they have done so in these circumstances.

5. The alternative course, and one which I would have thought would have greater impact on other 1980 settlements, would be to approve the 19.6% and, I would do everything possible in Committee B to secure a settlement of not more than 10% for the October 1980 award. Whilst I accept that this course is not without its own difficulties, I think it is more likely to succeed, more defensible politically and likely to have a greater impact on the 1980 awards than an unresolved wrangle over the 1979 claim.

6. You and our colleagues will be aware of the Parliamentary campaign being mounted by the Association of University Teachers. I see every advantage in a quick solution and considerable difficulties if we delay much longer. If you see the need for discussion, there might be an opportunity at E Committee on Wednesday.



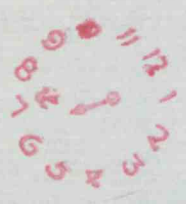
7. I am sending copies of this minute to the members of E (EA),  
Willie Whitelaw, Patrick Jenkin and Sir Robert Armstrong.

M.C.

MARK CARLISLE

16 July 1980

17 6 JUL 1960



7. I am sending copies of this minute to the members of E (EA),  
Willie Whitelaw, Patrick Jenkin and Sir Robert Armstrong.

M.C.

MARK CARLISLE

16 July 1980

17 6 JUL 1960



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DS

Education

10 DOWNING STREET

*From the Private Secretary*

14 July 1980

University Teachers Pay

The Prime Minister has read the recent correspondence on university teachers pay ending with Dr. Rhodes Boyson's letter of 10 July.

The Prime Minister has asked me to say that, in her view, the 19.6% increase proposed by Committee A is far too high - even though it relates to the October 1979 settlement. Accordingly she does not wish this figure to be confirmed in Committee B as suggested in Dr. Rhodes Boyson's letter. She hopes that a considerably lower figure can be negotiated. In addition, the Prime Minister is surprised that as high a figure as 19.6% (which is in addition to the interim 10% increase paid last October) was even provided for in the cash limit for the 1980/81 university grant.

I am sending copies of this letter to Private Secretaries to members of E(EA), John Halliday (Home Office), Don Brereton (Department of Health and Social Security) and David Wright (Cabinet Office).

I. P. LANKESTER

Peter Shaw, Esq.,  
Department of Education and Science.

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JS

PRIME MINISTER

UNIVERSITY TEACHERS PAY

*We cannot - give a  
figure of any thing like this.  
I had no idea F&ES  
had so much money  
to distribute in this  
way not.*

When you spoke to Lord Boyle on the telephone on Monday, he mentioned the question of university teachers pay. No doubt he will raise this with you again when he comes to see you on 21 July, and we will get briefing for you for that meeting. But I thought you would like to know where the negotiations stand.

University teachers were referred to the Clegg Commission last year. They were given a 10 per cent interim increase on 1 October 1979 (the date of their annual settlement). In the event, the Commission failed to produce recommendations because - in the light of their difficulty in finding suitable analogues for school and further education teachers - they decided they could not do a proper comparability study on university pay. DES and the university authorities are therefore trying now to reach a belated settlement for 1979.

*No*  
The university authorities and the Association of University Teachers, meeting in Committee A, have provisionally agreed a figure of 19.6 per cent - which, with the addition of the 10 per cent interim payment, makes a total of 31.6 per cent for the 1979 so-called "catching up round". This looks extremely high, and is more than the 25 per cent which Clegg would have recommended for F.E. teachers if he had got his sums right. But in fact it is less than the 32½ per cent which Armed Forces officers got last year, the 35 per cent for middle rank civil servants and 39 per cent for doctors.

*No*  
Mr. Carlisle has been arguing that DES should confirm the further 19.6 per cent payment in their Committee B negotiation with the university authorities. He says that, provided their October 1980 settlement is less than 14 per cent, the universities will be able to live within the cash limit for 1980/81. Moreover, he does not believe that the university authorities can negotiate anything lower than 19.6 per cent. Mr. Carlisle wants to confirm the latter figure before the AUT lobby of Parliament which is planned for next Wednesday.

/ Mr. Biffen

*Agreed*  
Mr. Biffen has argued that we should not confirm a figure of this size before the school teachers arbitration has taken place. This point has been met - the arbitration hearings were held earlier this week and the results will be known on about 21 July. Mr. Biffen has also suggested that the university authorities should be prevailed upon to rethink their offer so as to reach a settlement somewhat below 19.6 per cent.

Mr. Carlisle remains unmoved on the percentage question, and proposes to go ahead and confirm the figure in Committee B early next week (see letter at Flag A).

Do you wish to intervene? Or are you content, subject to the possibility that Mr. Biffen may come back once again, for Mr. Carlisle to go ahead?

*TL*

11 July 1980



A

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

FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE  
The Rt Hon John Biffen  
Chief Secretary to the Treasury  
Parliament Street  
Whitehall

10 July 1980

Dear John,

UNIVERSITY TEACHERS

As Mark Carlisle is away from London this week I am replying on his behalf.

We think there is still some misunderstanding. First, Committee A's decision is not provisional but a firm agreement between the university teachers and their employers, negotiated within the constraint of the cash limit as we invited them to do. And our role through Committee B is not to decide the outcome but to negotiate and agree it, subject to arbitration. And secondly, we know of no recent settlement levels in the public sector that bear on this question: the fact that the later settlements in the present round are being used to influence the forthcoming pay round should not distort our judgement on this 1979 one.

The university authorities have made a deliberate judgement of the figure at which they think they should make the 1979 settlement, within the cash limit we have set them. We would probably save no money by trying to force a lower figure on them, for the cash limit is fixed and they would probably make a consequentially higher October 1980 settlement instead (as well as accusing us of going back on what we offered in May and unjustifiably interfering with their discretion). If the Committee A proposals now go ahead with our agreement, on the other hand, the operation of the cash limit (which we would support in Committee B if necessary) can be relied on to bring about an October 1980 settlement which would not be out of line with our decisions on TSRB Report 14.

For these reasons, and in view of Jim Prior's letter of 4 July, we remain convinced that the line advocated in the 18 June letter is both the right and the political advantageous one: to agree to Committee A's proposals as quickly and unobtrusively as possible. If this were quickly agreed, we could start setting up a meeting of Committee B (though not actually hold it) quickly enough to forestall the AUT lobby next Wednesday. We hope we will now be able to do this with your agreement.



I am copying this letter to the Prime Minister, the members of  
E(EA), Willie Whitelaw, Patrick Jenkin and Sir Robert Armstrong.

*All good wishes*  
*Yours ever*  
*Rhodes*

RHODES BOYSON

11 JUL 1980



11



*Education*

Treasury Chambers, Parliament Street. SW1P 3AG

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

*B.*

8 July 1980

*Dear Secretary of State*

UNIVERSITY TEACHERS

Thank you for sending me a copy of your further letter of 3 July to Jim Prior, I have also seen his reply of 4 July.

I am glad that you take the point on timing in relation to the current teachers' arbitration, and I am content with what you propose.

On the size of the settlement, we have to recognise that the negotiating procedures effectively put into our hands the decision on this.

I agree that it is difficult in logic to frame the "right" figure to aim at, particularly as there is adequate provision in the cash limit for the provisional settlement. But it seems to me that the sensible thing is to aim for a final settlement below the 19.6 per cent mentioned in your letter of June 18. Since the university teachers have already had 10 per cent on account from 1 October 1979, this approach does not in fact mean an enormous reduction. Doubtless in any negotiations you will wish to bear in mind recent settlement levels in the public sector.

I am copying this letter to the recipients of yours.

*Yours sincerely*  
*R. Watts*

JOHN BIFFEN

[Approved by the Chief Secretary  
and signed in his absence]

11 12 1  
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5 6 7  
8 9

- 8 JUL 1960

*Education*

*MS*



Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Rt Hon Mark Carlisle QC MP  
Secretary of State  
Department of Education and  
Science  
Elizabeth House  
York Road  
LONDON SE1

4 July 1980

*Dear Sirs*

UNIVERSITY TEACHERS

Thank you for your further letter of 3 July.

For my part I am content that you should proceed in the way proposed.

I am copying this letter to the recipients of yours.

*Yours*  
*Mark*

- 4 JUL 1980



Education



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

FROM THE SECRETARY OF STATE

The Rt Hon James Prior MP  
Secretary of State  
Department of Employment  
Caxton House  
Tothill Street  
LONDON SW1N 9NA

3 July 1980

Deco Jim,

2... 47

UNIVERSITY TEACHERS

Thank you for your letter of 1 July about university teachers.

I would be content to proceed as you suggest, but you will by now have seen John Biffen's letter of 30 June which suggests further delay and a more stringent line.

I must emphasise that we are dealing with the 1979 settlement, not with the current year's round. Committee A's agreed figure falls in the lower half of the range of comparable 1979 cases and, as I pointed out in my earlier letter, can be accommodated within existing cash limits.

We have consistently reiterated our view that all public sector groups (including MPs and Ministers) should be allowed to have any 1979 comparability settlement without prejudice to the nature of our 1980-81 policy. I have in particular told representatives of the universities and university teachers that they will be treated fairly by this Government and that I would not wish them to suffer the sort of discriminatory treatment which led to "the anomaly" in 1975. University teachers are of course articulate and influential. I am already receiving a flood of letters from Members of Parliament and I and my ministerial colleagues are constantly being approached directly by Members of Parliament. It would not be too much to say that our behaviour in this case will have a significant impact upon the attitude to us of a very important body of opinion, including the Vice-Chancellors, which is at present sympathetic towards our Party.

I am acutely aware of the relationship between the timing of the Burnham teachers' arbitrations and that of meetings of Committee B.

I will refuse to hold a meeting of Committee B until the arbitration hearings have taken place next week, but I will be in a much stronger position to stall and to hold questioners at bay until then if I know that I have the agreement of my colleagues on substance and can arrange a meeting of Committee B later in the month. It would be particularly advantageous if we could forestall the lobby the AUT are planning for 16 July by agreeing well before then to a firm meeting date; indeed, more urgently still I am first for questions next Tuesday, 8 July.

I see no tenable alternative to going ahead on the basis I propose. I hope that you and other recipients of this letter can agree.

I am sending copies of this letter to the Prime Minister, the members of E(EA), Willie Whitelaw, Patrick Jenkin and Sir Robert Armstrong.

*Yours ever*

*Mark*

MARK CARLISLE





2 - JUL 1980

SW

*Education*



Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400  
Switchboard 01-213 3000

Rt Hon Mark Carlisle QC MP  
Secretary of State  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON SE1

| July 1980

*Handwritten signature*

*27*

UNIVERSITY TEACHERS

Thank you for your letter of 18 June about the provisional "catching-up" settlement negotiated for university teachers.

We are on difficult ground here. There does not appear to be a strong case for endorsing so large an increase. It exceeds most other negotiated settlements this round; it exceeds the increase which proved necessary to bring FE teachers up to date; it is based on make-shift comparisons; it is expensive. But we have agreed that the university teachers should be able to negotiate a 'catching-up' increase without waiting for a proper comparability study, and have to accept therefore that the increase will be difficult to justify. In these circumstances I should have thought it possible and reasonable to question the provisional settlement in Committee B and to aim for a somewhat lower final settlement. But I would have to accept your view if you considered that the chances of succeeding were too remote. If that indeed is your conclusion then I agree that the politically advantageous course would be to dispose of the settlement as quickly as possible after the teachers' arbitration hearings end next week.

I am alive to the problem that would be posed for the arbitrations for FE and school teachers by accepting the university teachers' proposed settlement. This seems to me an additional argument for entering into negotiation in Committee B, with the effect of delaying a settlement until the arbitrators have heard the evidence.

I am copying this letter to the recipients of yours.

*Handwritten signature*

2 - JUL 1960

U S G O  
JUL 1960



1  
Dun Smith

2  
To note

Treasury Chambers, Parliament Street, SW1P 3AG

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

R  
'17

30 June 1980

Dear Secretary of State,

UNIVERSITY TEACHERS

Thank you for sending me a copy of your letter of 18 June to Jim Prior, about the proposed 'catching up' increase for University Teachers, following withdrawal of their reference to the Standing Commission.

I think that a total increase of 31.6% for the 1979 catching-up round presents real problems. As you say, other groups have had similar increases in the past: but circumstances have changed, even since we agreed to allow the group to drop their reference to the Standing Commission. In particular:

a) we have decided our broad policies for public sector pay in the next round, and on the need to influence expectations downwards;

b) we are to discuss TSRB and MPs' pay on Tuesday in the light of these policies;

c) a University teachers' settlement could influence the outcome of the current teachers' arbitration.

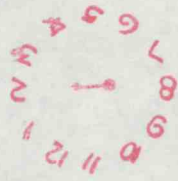
I would not like as yet to suggest a possible figure. But all the above factors are relevant, most immediately (b). Can I suggest we look at this again in the light of our decisions on Tuesday?

I am copying this letter to the Prime Minister, members of E and E(EA) and to Patrick Jenkin. A copy also goes to Sir Robert Armstrong.

Yours sincerely,

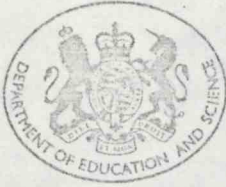
John Biffen

pp JOHN BIFFEN  
[Approved by the Chief Secretary  
and signed in his absence]  
SECRET



30 JUN 1980

Education



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

FROM THE SECRETARY OF STATE

The Rt Hon James Prior MP  
Secretary of State  
Department of Employment  
Caxton House  
Tothill Street  
LONDON SW1N 9NA

18 June 1980

Dear Jim,

M  
20/6

UNIVERSITY TEACHERS

I was grateful for your reply of 1 May and John Biffen's of 6 May to my letter of 25 April about the university teachers' pay settlement for October 1979. You both agreed that, instead of pursuing the previously intended reference to the Standing Commission, there could be negotiations "on the basis of the need to reach an equitable settlement within the appropriate cash limit", but not simply a transliteration of the Clegg recommendations on FE teachers.

I conveyed this guidance to the parties (the university authorities and the AUT) who, in accordance with the constitutional arrangement, have first to negotiate in Committee A. They have done so, and have agreed on new scales representing an overall increase of 19.6% on the rates in payment from 1 October 1979; the increase to be staged, however, by implementing half on 1 April 1980 and half on 1 October 1980 as previously agreed. The Vice-Chancellors have stressed their view that this would be the right level of settlement for 1979. The Committee A proposals have now to be discussed with my Department in Committee B.

Taken together with the interim 10% increase already operating from 1 October 1979, the Committee A proposals would represent an overall increase of 31.6% for the 1979 "catching up" round. It thus falls well within the range of 1979 "catching up" recommendations for similar brackets of public sector professionals which, ignoring staging in all cases, runs from about 25% for FE teachers (on the corrected, lower Clegg basis) to about 32½% for armed forces officers, 34%-35% for comparably paid civil servants and 39% for doctors. The comparison with doctors is important because clinical academics receive pay scales derived from those of NHS doctors. Moreover, the Committee A proposals fall below the provision that we made (but have not made known) for the October 1979 pay settlement when fixing the cash limit for university grant for 1980-81. It would thus be difficult to fault what is proposed: especially as the cash limit and other costs will almost certainly oblige the university authorities to keep their

October 1980 offer below 14%, as compared with the 18.7% 1980 increases in pay rates already given to the civil service and the doctors.

I have considered what effect early agreement by the Government to Committee A's proposals might have on the arbitrations now agreed for FE and school teachers and likely to report in late July. I recognise that the Teachers Panels would point to the analogy and seek to make play with it in their submissions to the arbitrators. The proposals agreed with the university employers in Committee A have been publicised in the Press, so that point is to some extent lost anyway; nevertheless, the Government's agreement to those proposals would strengthen the teachers' argument by analogy.

These arguments aside, there is an important political consideration on the timing of the university teachers' business. They are one of the last groups promised but still waiting for a 1979 comparability settlement. Their understandable concern about delay in responding to proposals which they made on 19 May in strict accordance with the ground rules we laid down, including the absence of a direct FE link, is greatly increased by their experience when the imposition of the first phase of the previous Government's pay policy in July 1975 meant that university teachers missed the big pay increases received by the Burnham teachers, the Civil Service and the doctors in April, and a serious anomaly was created which complicated and poisoned relationships for the ensuing years. If we now seek to delay substantive negotiations until late July, the university teachers will press very hard for an undertaking that they would be able to negotiate freely at that time.

I conclude that the right course, and also the politically advantageous one, is to agree to Committee A's proposals as quickly and unobtrusively as possible. I should be grateful for the agreement of John Biffen and yourself, whose letters set the guidelines for Committee A's negotiation, to my doing so.

I am sending copies of this letter to the Prime Minister, the members of E(EA), Willie Whitelaw, Patrick Jenkin and Sir Robert Armstrong.

Yours ever

Mark

---

MARK CARLISLE

1980 JUN 18





*As requested.*



*With the Private Secretary's Compliments*

**DEPARTMENT OF EDUCATION AND SCIENCE**

Elizabeth House  
York Road  
London SE1 7PH

*Telephone 01-928 9222*

SECRETARY OF STATE  
TO SECRETARY

See  
Tosce  
P.

Thursday  
Mr Walker ✓



Treasury Chambers, Parliament Street, SW1P 3AG

COPY  
MRS Syme ✓  
MISS Staveland ✓  
Mr Atkinson ✓  
Mr Simpson ✓  
Mr Wainman ✓  
Mr King ✓  
Mr ELL Evans ✓  
Mr ELL Evans ✓  
Mr ELL Evans ✓

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

6 May 1980

Dear Mark,

UNIVERSITY TEACHERS

Thank you for sending me a copy of your letter of 25 April to Jim Prior, about the problem posed by the delay of the Clegg Commission's report.

I should not wish to do anything to encourage groups which have already been referred to the Commission to believe that they are free to withdraw at will. On the other hand, the estimated delay in this case is exceptional and it is not even certain that the proposed feasibility study will show that a true comparability study is practical; I am sure the Commission are right, in the light of their experience with teachers, to decline to undertake another rushed study without the opportunity to develop a sound methodology. Fortunately, there are relatively few groups still awaiting a report by the Commission, and as you point out, University Teachers are in a sufficiently unusual position to enable a distinction to be drawn between them and other groups. If, therefore, the parties decide to approach the Department of Employment jointly to ask for the reference to be withdrawn, I should not object to their request in principle.

Once a reference to Clegg has been withdrawn, the settlement must be a matter for negotiation, not simply a transliteration of Professor Clegg's recommendations on further education (FE) teachers into equivalent percentage increases for University Teachers. Formal comparability can only be determined by an independent body with a clearly defined remit. On the other hand, we want to ensure that the final settlement subsumes the University teachers' current comparability claim, and that this is fully recognised by their negotiators. I therefore suggest that negotiations proceed on the basis of the need to reach an equitable settlement within the appropriate cash limit, whilst recognising that this does not preclude the negotiators taking into account changes in the earnings of other groups engaged in broadly comparable work.

I share your concern about the size of increase that the university teachers will receive during FY 1980-81, but I fear that the risk of misinterpretation is a problem which we will have to live with; however, I certainly agree about the importance of trying to separate the catching-up settlement from the annual pay award. You will also wish to bear in mind that the allowance made in the cash limit to meet the anticipated cost of Clegg was based on certain assumptions about the timing of the increases which will be reflected in the cash limits set for FY 1981-82.

I am copying this letter to the recipients of yours.

*W*  
*John Biffen*

JOHN BIFFEN

TO SECRET



Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

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

May  
to see  
P

DES	
Mr Walker	
Miss Stewart	✓
Mr A Thomas	
Mr Simpson	

Mr Jameson  
Mr King  
Mr E.H. J...  
M. ELLIOTT

May 1980

*Dear Sirs:*

UNIVERSITY TEACHERS

Thank you for your letter of 25 April. I accept that in the light of the circumstances set out in your letter, which clearly differentiate the reference about university teachers from other references, it would be unreasonable to try and insist that the reference to the Comparability Commission must be pursued - if the university authorities and the Association of University Teachers both want to withdraw. I therefore agree that the claim relating to October 1979 could be settled by normal negotiations within the existing cash limit.

I have no strong views as to how the negotiations about October 1979 should relate to the negotiations about October 1980; nor as to whether there should be separate settlements.

But I am sure that care must be taken to avoid the negotiations about October 1979 being described as, or regarded as, a comparability exercise; or the outcome being seen as a comparability settlement. The Commission in my view must remain the only route to such a settlement with which the Government should be associated. This is not of course to say that the university teachers cannot look across in the negotiations at the further education teachers. Traditional links of this sort are the bread and butter of many normal negotiations.

I am sending copies of this letter to the recipients of yours.

*[Handwritten signature]*



See F  
To see Pay  
p.

DES	
Mr Walker	
✓	
C O F I E S	Mr Symp
	Miss Stewart
	Mr A Thompson
	Mr Simpson

DEPARTMENT OF EDUCATION AND SCIENCE  
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
 TELEPHONE 01-926 9222  
 FROM THE SECRETARY OF STATE

The Rt Hon James Prior MP  
 Secretary of State for Employment  
 Caxton House  
 Tothill Street  
 London SW1H 9NA

25 April 1980

Mr Jameson  
 Mr King  
 Mr EEH  
 Jenkins  
 Mr ELLER

Dear Jim,

UNIVERSITY TEACHERS

The reference of university teachers to the Standing Commission on Pay Comparability has run into very heavy weather.

The Standing Commission's recommendations are intended to relate to 1 October last year and to be paid in stages on 1 April and 1 October this year. All concerned had understood that the report would be available by the Autumn (which itself represented a worrying slippage from earlier forecasts).

Last week, Mr Gibson of the Standing Commission (who is leading the study because Professor Clegg stood down as an interested party) called the parties together and informed them that -

- in the light of the failure of the methodology attempted for school and further education teachers, a feasibility study was essential and would take until November or December.
- if feasible results could not be available until Summer 1981.
- it had to be accepted that there was a significant risk that the exercise would prove infeasible; in that event the Commission would not be prepared to undertake a subjective rescue operation as they had done for school and further education teachers.
- the Commission understood that these developments would cause the parties to consider their positions. The Commission would undertake no work until it was confirmed that the reference should proceed, and any delay in a substantive reply beyond about 9 May would further delay the eventual report.

The university authorities and Association of University Teachers (which meet together as Committee A under the independent chairmanship of Sir Alexander Johnston) considered their position and asked for an urgent meeting of the main negotiating committee (Committee B) in which they negotiate with my officials. A meeting took place on 22 April. Committee A asked whether there was an alternative to waiting until Summer 1981 for recommendations related to October 1979. They regarded the delay as intolerable and would in any case be seeking a very substantial interim payment on 1 October 1980 by analogy with the Standing Commission award for further education teachers. But might it not be in the interest of all parties involved if the university teachers' comparability claim could quickly be settled within the existing cash limit and the reference to the Standing Commission withdrawn? They would be prepared for the settlement to be derived from the Clegg recommendations for further education teachers and would formally accept that it settled the comparability claim relating to October 1979.

My officials, who had already consulted your Department and the Treasury without prejudice, replied that they recognised the major developments since it was agreed that university teachers should be referred to the Standing Commission. The problem was not only the exceptional delay but also the uncertainty about whether there could be an outcome. Nevertheless, the Standing Commission remained the chosen instrument for the processing of comparability claims in the public sector, and Ministers would need to consider carefully any proposition for withdrawing a reference.

My own view is that it would be much preferable to settle the university teachers' comparability claim quickly by analogy with further education teachers (an analogy which has good precedent in a 1975 arbitration award). There is room for discussion about the precise translation of the FE recommendations into the universities, but any settlement would have to be contained within the recurrent grant cash limit. The settlement need not prejudice the future of the Standing Commission but could be presented as a response to the obviously unacceptable delays and uncertainties in this particular case.

To complete the picture, I should make it clear that the university teachers will also be seeking a normal pay rise from 1 October 1980 which too would have to be contained within existing cash limits. Taken with the comparability settlement, the result would be a very large percentage increase which the press would certainly seize on. This is a matter which I think might be discussed in Committee B when I hope that the university interests, both management and union, would agree that some means must be found for separating the two settlements.

I should be grateful to know by 2 May whether you agree that the reference to the Standing Commission might be withdrawn and a comparability settlement be reached within existing cash limits by analogy with the Standing Commission recommendations for further education teachers.

I am sending copies of this letter to the members of E(EA),  
to Patrick Jenkin, Willie Whitelaw and Sir Robert Armstrong.

*Yours ever*

*Mark*

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MARK CARLISLE



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