

Pamini Anand

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cc: MA Duguid



To note -

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9/11

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

9 November, 1979

SCHEDULE 11 OF THE EMPLOYMENT PROTECTION ACT

I was concerned to see that, following the recent pay settlement by the independent television companies, the BBC has been presented with a claim for parity in respect of their own staff, with the threat of a claim under Schedule 11 if it is not conceded. This follows the precedent set by the award to BBC staff by the Central Arbitration Committee last December following a claim under Schedule 11. One must expect the CAC to take a similar line this year, and accordingly the BBC would be faced with a legally binding pay settlement which, given our likely decisions on the licence fee, it will be unable to meet in full. If therefore Schedule 11 remains in existence and the union press their claim, there will be no alternative to substantial redundancies, with very serious consequences for the service provided by the BBC.

This has led me to look at the current state of progress on reviewing Schedule 11. You have of course sent out a consultation paper with a view to incorporating provisions about Schedule 11 in your forthcoming Industrial Relations Bill. I understand that, so far, the response has been sparse and that, given the time pressures, your officials are already working provisionally on legislative changes. Unless there are really strong arguments to the contrary (and I have not as yet seen any such arguments), I think that the objections of principle should lead us to abolish the whole of the schedule, and not simply the general level provision. Longevity of the provisions is surely in itself no valid reason for continuing them. The same applies to the Fair Wages Resolution, though here there is the added problem of ILO Convention 94 (1949). Since the FWR can be changed or abolished without legislation, there is less urgency than with Schedule 11, and I suggest that we explore all the possible options rather than reaching a rushed and possibly premature decision.

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/I am

X this gives public sector workers parity with private sector workers.

The Rt. Hon. James Prior, M.P.

PL

CONFIDENTIAL



I am also concerned about the timescale. Embodying the repeal of Schedule 11 in your Industrial Relations Bill will presumably mean it cannot take effect before next July at the earliest. This is of no help in dealing with the BBC problem, and indeed with any similar problems that might arise before July. I am not sure whether there is any way to expedite the repeal, or otherwise to render Schedule 11 ineffective, but I hope you will consider this and inform colleagues of the result. This really needs to be done on a matter of urgency in view of the BBC problem.

I am copying this letter to members of E Committee, and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read "Geoffrey Howe".

(GEOFFREY HOWE)

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QUEEN ANNE'S GATE LONDON SW1H 9AT

19 November 1979

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Dear Sir

SCHEDULE 11 OF THE EMPLOYMENT PROTECTION ACT

I am also very concerned about the possibility of a BBC claim under Schedule 11 to which Geoffrey Howe drew attention in his letter of 9 November. I share his view that this could lead to very serious consequences for the service provided by the BBC, and like him I was looking to an early repeal of the whole of Schedule 11.

I have now also seen your letter of 15 November. I note what you have said about the BBC's attitude and approach this year and I will make clear to the Corporation the consequences of the outcome of any parity claim by its Unions.

I am copying this letter to members of E Committee and to Sir Robert Armstrong.

James Prior

The Rt. Hon. James Prior, M.P.

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

16 November 1979

Dear Geoffrey

SCHEDULE 11 OF THE EMPLOYMENT PROTECTION ACT

You wrote on 9 November about Schedule 11 and the pay claim by BBC staff unions.

I am about to circulate a paper for discussion at E Committee next week seeking final policy decisions on our industrial relations legislation, which we have already agreed should deal with Schedule 11. As for the Fair Wages Resolution, I agree that our international obligations cannot be lightly set aside and that we should explore all possible options rather than reach a rushed decision.

On timing, I am as you know aiming to introduce a Bill early next month. I would hope that we might get it on to the statute book a couple of months earlier than you suggest, but in any event it is clear that it is unlikely to be in time to help with the current BBC problem. Schedule 11 is of course contained in primary legislation and I know of no practical possibility of amending it other than in my forthcoming Bill.

I would hope that the BBC's attitude and approach will be very different this year. Last year they joined with their unions in pressing the CAC for an urgent Schedule 11 hearing and award, and BBC management were widely reported in the press at the time as greeting the award with acclaim and relief. No doubt Willie Whitelaw will be making it clear to the BBC that this time round, whether the parity claim is pressed by industrial action or under Schedule 11, they and their unions will have to face the consequences of the outcome. It will be up to them to get the message over in their negotiations.



I would add that Schedule 11 provides for comparisons of like circumstances and if a Schedule 11 claim is made I would expect the BBC strenuously to oppose comparison with the ITV settlement which we are told, includes significant productivity elements.

I am copying this letter to members of E Committee, and to Sir Robert Armstrong.

[Handwritten signature]