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PRIME MINISTER

Arbitration on Public Services Pay

(E(81) 6)

BACKGROUND

At their meeting on 4th December, the Committee agreed in principle that unilateral access to arbitration was undesirable (E(80) 43rd Meeting, Item 1). The Secretaries of State for Education and for Scotland were invited to consult their respective employers' organisations for teachers and to encourage them towards withdrawing from unilateral arbitration in time for the pay settlements in 1981, and in advance of the wider changes envisaged for teachers' pay and conditions of service. At the same time the Secretary of State for the Environment was invited to encourage the water industry, and the local authority employers of staff and craftsmen, to amend their arrangements for settlements in 1981.

2. In E(81) 6 the Secretary of State for Education reports progress on his discussions and asks for urgent guidance on the next steps. A decision on whether or not to withdraw unilateral arbitration has to be taken this week, because the first meeting of the negotiating committee on teachers' pay is on 18th February and the unions may formally lodge their claim by 21st January. Once they have done so, the advice is that any change in the arrangements for negotiations would be open to challenge in the courts.

3. The views of the local authority employers are divided. The Association of County Councils want to make the change for teachers, though they have not decided whether to act on other groups (paragraphs 2 and 4(a)). The Association of Metropolitan Authorities are strongly opposed to change: they see advantages in the present system and do not believe that it will necessarily lead to high settlements and they are worried that a change could forfeit their ability to take teachers to arbitration on pay and conditions of service after 1981 (paragraph 3).

4. I understand that the Secretary of State for Scotland is likely to argue strongly against any changes for Scottish teachers now. Last year the employers made successful resort to unilateral arbitration; and, in any event, the Scottish teachers have already tabled a claim so ruling out any changes in the negotiating arrangements now.



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5. The Secretary of State for the Environment has not yet consulted the water authorities and the local authority employers on this question. It would be clearly inopportune to do so during the current dispute over pay in the water industry. The next relevant pay negotiations for local authority employees - white collar workers - are not due until July.

6. The Secretary of State for Education does not state his own view. He believes, however, that it is necessary for all three Secretaries of State to act in unison and my reading of his paper is that he does not wish to make changes for the teachers in England and Wales now.

HANDLING

7. After the Secretary of State for Education has introduced his paper you will wish to invite the Secretaries of State for the Environment and for Scotland to state the position on the groups for which they are responsible and to give their views. The Attorney General is present to deal with any questions which might arise on the timing of the changes and the risk of court proceedings.

8. If the Committee accepts that teachers North and South of the border, and other local authority employees, have to be treated in the same way and at the same time as regards unilateral access, that probably rules out any change now.

9. The Committee may, however, not be persuaded that in principle it is necessary to keep all groups in step in this way. In that event, the main question before the Committee is whether a change now is in the best interests of securing a satisfactory outcome to the teachers' pay settlement for 1981 and of negotiating changes in the provisions in the Remunerations of Teachers Act for pay and conditions. The Committee will wish to give weight to the division of views between the local authority employers.

CONCLUSIONS

10. In the light of the discussion you will wish to record conclusions on:-
- (i) whether the Secretary of State for Education should formally consult unions and employers this week with a view to amending the arbitration arrangements for the 1981 pay round;



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- (ii) any consequential action which the Secretaries of State for Scotland and the Environment should take now on the groups for which they are responsible;
- (iii) whether each Secretary of State should continue to urge changes in the arrangements as soon as practicable.

RA

(Robert Armstrong)

13th January 1981