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DEPARTMENT OF EDUCATION AND SCIENCE

FROM THE SECRETARY OF STATE

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

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Education

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

14 July 1980

Prime Minister

MG

Dear John.

14/7

TEACHERS' PAY

Play A Thank you for your letter of 3 July. I would have written before now had I not been away with flu last week.

1 We will have to consider the arbitration award on its merits when we get it, and of course the possibility of resorting to the Parliamentary procedure to try to override it cannot be ruled out in advance. But your proposition that we seek to invoke it for any award above the Management Panel's 9.2% offer seems to me to be completely untenable. As you know the procedure would require each House to resolve

> "... that national economic circumstances require that effect should not be given to the recommendations."

Michael Havers has emphasised in his letter of 9 July that these words have to be taken literally: it would not be enough to demonstrate that the Government disagreed with the award. I cannot see on what grounds we could possibly propose to Parliament that national economic circumstances required them to override an arbitration award to teachers which, taking the Clegg error into account, turned out to be much in line with what the Government had already agreed to pay from the same date to other public servants such as the doctors and the main body of civil servants. Moreover, before the Clegg error was known, we had joined with the local authorities in making a 13% offer and there could be no denying the fact that such an offer, in combination with the original Clegg recommendations, was broadly consistent with the cash limit we had ourselves set.

I appreciate your concern to safeguard the level of the education service. But a Government move to reject a reasonable arbitration award, which would inevitably lead to a major dispute with the teaching unions, supported by a significant proportion of their employers (not limited to Labour authorities), would do nothing to raise educational standards or to assist recruitment to the shortage subjects.

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

Yours ever

Mark

MARK CARLISLE

14 JUL 1980

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

01-405 7641 Extn 3201

25 July 1980

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

Dear Mark

TEACHERS' PAY

I have seen the correspondence between John Biffen and yourself following my advice of 9 July.

I would not quarrel with the resume of my advice in John Biffen's letter of 21 July.

However the point you make in your letter of 14 July about the original offer is a valid one and a factor of which I had not previously been aware.

If the offer of 13% previously made BEFORE the Clegg error was known was "broadly consistent with the cash limit we had ourselves set" it will be very difficult to argue that the requirements of section 4(2) are met so as to permit the arbitrator's recommendations to be overturned.

I fear that knowledge and discussion of this factor in the course of the debate would make the Government look rather foolish.

This is copied to all the recipients of John Biffen's letter of 3 July.

Yours ever.

Michael

29 JUL 1980

Education

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

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

21 July 1980

Dear Mark,

TEACHERS' PAY

Thank you for your further letter of 14 July.

I must confess to reading Michael Havers' letter of 9 July rather differently. Of course I entirely accept his point that the Government cannot expect both Houses to overturn the arbitration simply because the Government does not like it. It will have to make a case based on national economic circumstances. But I had envisaged, and Michael Havers appears to endorse this, that "national economic circumstances" meant the Government's overall view of the economic situation, including unemployment and pay levels in the economy as a whole.

Michael Havers may wish to comment on the above. Subject to this, however, I suggest that the best thing is to wait for the outcome of the arbitration before proceeding any further.

I am sending copies to the recipients of the previous correspondence.

Yours

John Biffen

JOHN BIFFEN

22 JUL 1980

Education

NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

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

18 July 1980

Dear John,

TEACHERS' PAY

Thank you for sending me a copy of your letter of 3 July to Mark Carlisle. I have since seen Michael Havers' reply of 9 July and Mark Carlisle's of 14 July. In Scotland there is parallel provision, under the Remuneration of Teachers (Scotland) Act 1967, for overturning an arbiter's award.

In principle, I entirely support the line that Mark has taken. As you know, the last offer by the Management Side of the Scottish Teachers Salaries Committee (STSC) was 14 per cent and, since my representatives in the STSC did not invoke the "veto", I must be deemed to be associated with the local authorities in that offer. As I have previously explained, my line throughout has been that I have fixed the rate support grant provision for pay increases and that it is now for the local authorities to decide what they are prepared to offer. The fact that the rate support grant provision is compatible with an increase of broadly the amount offered would, I am sure, be argued against us if any attempt were to be made to overturn an arbiter's award of 14 per cent or less in Scotland. Like Mark, I would certainly not wish to rule out in advance the possibility of resorting to the Parliamentary procedure, but I think that in practice the question would only arise for Scotland in the event of an arbiter's award which exceeded 14 per cent.

It now seems likely that the pay claim by the Scottish teachers will in fact be referred to arbitration. On 10 July the STSC Management Side decided to propose unilaterally that the matter should go to arbitration, seeing as this as the only initiative that might be taken to break the deadlock on pay negotiations in Scotland and try to avert the serious industrial action which is threatened by the teachers for the start of the new school session next month. There is to be a further meeting of the full STSC on 21 July, at which it seems very unlikely that the independent Chairman will do other than agree that the matter should be referred to arbitration forthwith.

I am copying this letter to the recipients of yours.

Yours ever,

George.

21 JUL 1999

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SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NA

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

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w/7

10 July 1980

Dear Mark

MACHINERY FOR DETERMINING THE PAY OF SCHOOL AND FURTHER EDUCATION TEACHERS IN ENGLAND AND WALES

Thank you for your letter of 3 July. I shall be interested to hear how your meeting with representatives of the local authority associations goes.

Copies of this letter go to the recipients of yours.

Yours

Education

ATTORNEY GENERAL

ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

01-405 7641 Extn 3201

9 July 1980

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

Dear Mark.

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

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

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

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

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

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

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

Yours ever. Michael.

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MS PRIME MINISTER

The course proposed by Mr Biffa would be immensely controversial

MS

9/7

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

3 July 1980

Dear Mark,

TEACHERS' PAY

Thank you for sending me a copy of your minute of 10 June to the Prime Minister. I have also read George Younger's letter dated 17 June, reporting the latest developments in Scotland. (both attached)

It will be several weeks before the arbitration hearings for England and Wales have taken place and the arbitrators have come to a decision. But I do not think it is too early for us to start considering our reaction if, as is likely on past experience, the arbitration award comes out higher than the local authority employers' final offer of 9.2%.

To condone an award above this level would risk local authorities blaming the Government for the financial consequences, including any resulting cuts in services or increases in rates, that might prove necessary in order to accommodate the additional cost. The Government's determination not to increase the RSG cash limit undoubtedly acted as a powerful constraint on the local authority associations' representatives, particularly in view of the high proportion of local authority expenditure allocated to teachers' pay. The local authority representatives have already made it clear to us that a high pay award would automatically require a lower level of education services; you will remember that they stressed this at our meeting with them on the 23 April.

There is already a serious risk that current expenditure on local government services will exceed planned levels in this financial year. We are currently considering what action will be necessary to bring local authorities' current expenditure under control if the response to our call for revised budgets is unsatisfactory.

In these circumstances I feel we should not implement an award above 9.2%. I believe this inevitably flows from public expenditure considerations, with all its implications for other local authority activities.

It is therefore my view that, if the award is above 9.2%, we must reckon on using the two-House Resolution procedure. You will recall I mooted this possibility in my letter of June 2nd.

I am copying this letter to the Prime Minister, all members of E and E(EA), the Chief Whips in both Houses, Patrick Jenkin, Norman St John Stevas, Sir Michael Havers and to Sir Robert Armstrong.

Yours

John Biffen

JOHN BIFFEN

4 JUL 1980

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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 for Employment
Caxton House
Tothill Street
SW1

3 July 1980

R 347

Dear Jim,

MACHINERY FOR DETERMINING THE PAY OF SCHOOL AND FURTHER EDUCATION TEACHERS IN ENGLAND AND WALES

Particularly in the light of the difficulties experienced in trying to relate teachers' conditions of service to the pay recommended first by Houghton and now by Clegg, I am coming under very strong pressure from the local authority associations to repeal or amend the unique provisions of the Remuneration of Teachers Act 1965 (RTA). I attach a brief summary of the Act's provisions and import.

My own view is that it would be highly desirable to establish unified machinery which dealt with both pay and other conditions of service and so prevented the teachers from receiving large pay awards without any trade-off on conditions. Following discussions between officials, I propose to meet representatives of the local authority associations before the recess. I shall of course consult colleagues about any firm proposals which emerge, but you may like to be aware beforehand that one of the questions at the heart of my discussions will be our present veto on the size of offers made by the Management Panel (which rests on a voluntary concordat and not statute). I would not propose to make any concession without collective discussion and would not intend to recommend any change to colleagues unless it was part of a generally satisfactory package.

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

Yours ever

Mark

MARK CARLISLE

2- JUL 1980