CONFIDENTIAL

Education

10 DOWNING STREET

7 November 1980

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1

Dear Keith,

SCOTTISH TEACHERS: E(EA), MONDAY 10 NOVEMBER

The Secretary of State for Scotland proposes not to take the power of veto over Scottish teachers' pay. At the same time, the Secretary of State for Education and Science is proposing to retain this power either by voluntary or statutory means. We believe the Secretary of State for Education's paper advances good reasons for doing this - rightly arguing that cash limits are not enough (paragraph 9 of E(EA)(80)56).

Although the circumstances in Scotland are different, it would seem very odd to go down one route in England and Wales and another in Scotland. It is very hard to see the force of the Secretary of State for Scotland's argument (in paragraph 5(ii) of E(EA)(80)55) that he would be open to a charge of discrimination against Scottish teachers if he were simply doing what is being done for other teachers. This leads onto a wider point. The experience so far suggests that more may have to be done in other fields of the public services to increase the power of central Government to ensure that public service pay accords with our economic circumstances.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, members of E(EA), Robin Ibbs and Sir Robert Armstrong.

Yours ever

JOHN HOSKYNS

CONFIDENTIAL

VS

c. HO
FCO
HMT
D/Ind
LPO
D/M
MAFF
Trade
D/N
CS, HMT

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

19 August 1980

Scottish Teachers' Pay

I have consulted the Prime Minister about your letter to Mike Pattison of 18 August. The Prime Minister has agreed that your Secretary of State should go ahead with an early announcement of acceptance of the Chairman's recommendation, as proposed in that letter.

I am copying this letter to the Private Secretaries to members of E Committee, and to Peter Shaw (DES) and David Wright (Cabinet Office).

NJS

J.S. Wilson, Esq.,
Scottish Office.

CONFIDENTIAL

Telegraphed to Switzerland.

CONFIDENTIAL

PRIME MINISTER

Scottish Teachers' Pay

Mr. Younger has asked for your agreement to the early announcement of his acceptance of the arbitration award on Scottish Teachers' Pay.

When negotiations broke down in Scotland the final offer of the Management Side stood at 14% while the teachers were claiming 21.2%. The arbitration board itself was unable to reach agreement on a recommendation. In accordance with the relevant arrangements in Scotland, the Chairman has recommended an increase of 14% over and above the final stage of the Clegg award. The total cost increase in 1980/81 would be 14.5%, compared with 14.6% for the full year cost of the English award.

Mr. Younger is obliged to give effect to the recommendation unless both Houses resolve that national economic circumstances require that it should not be accepted.

He will make identical statements to those made in England and Wales about financing the award, namely that the local authority cash limit will not be adjusted to accommodate it and that authorities will have to meet it from existing resources or make savings in other ways.

I see no grounds for taking a different line in Scotland from that in England. Content to accept Mr. Younger's recommendation?

MJS

19 August 1980

MESSAGE NO 2 TO SWITZERLAND

CLASSIFIED CONFIDENTIAL

MINUTE TO THE PRIME MINISTER FROM NICK SANDERS

BEGINS

SUBJECT: SCOTTISH TEACHERS PAY

MR YOUNGER HAS ASKED FOR YOUR AGREEMENT TO THE EARLY ANNOUNCEMENT OF HIS ACCEPTANCE OF THE ARBITRATION AWARD ON SCOTTISH TEACHERS PAY.

WHEN NEGOTIATIONS BROKE DOWN IN SCOTLAND THE FINAL OFFER OF THE MANAGEMENT SIDE STOOD AT 14% WHILE THE TEACHERS WERE CLAIMING 21.2%. THE ARBITRATION BOARD ITSELF WAS UNABLE TO REACH AGREEMENT ON A RECOMMENDATION. IN ACCORDANCE WITH THE RELEVANT ARRANGEMENTS IN SCOTLAND, THE CHAIRMAN HAS RECOMMENDED AN INCREASE OF 14% OVER AND ABOVE THE FINAL STAGE OF THE CLEGG AWARD. THE TOTAL COST INCREASE IN 1980/81 WOULD BE 14.5%, COMPARED WITH 14.6% FOR THE FULL YEAR COST OF THE ENGLISH AWARD.

MR YOUNGER IS OBLIGED TO GIVE EFFECT TO THE RECOMMENDATION UNLESS BOTH HOUSES RESOLVE THAT NATIONAL ECONOMIC CIRCUMSTANCES REQUIRE THAT IT SHOULD NOT BE ACCEPTED.

HE WILL MAKE IDENTICAL STATEMENTS TO THOSE MADE IN ENGLAND AND WALES ABOUT FINANCING THE AWARD, NAMELY THAT THE LOCAL AUTHORITY CASH LIMIT WILL NOT BE ADJUSTED TO ACOMMODATE IT AND THAT AUTHORITIES WILL HAVE TO MEET IT FROM EXISTING RESOURCES OR MAKE SAVINGS IN OTHER WAYS.

I SEE NO GROUNDS FOR TAKING A DIFFERENT LINE IN SCOTLAND FROM THAT IN ENGLAND. CONTENT TO ACCEPT MR YOUNGER'S RECOMMENDATION?

MESSAGE ENDS

ARE THERE ANY ORE MESSAGES TO COME K

NOT AT THE MOMENT K

OK KK

010

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

Mike Pattison Esq
Private Secretary
No 10 Downing Street
LONDON
SW1

18 August 1980

Dear Mike,

SCOTTISH TEACHERS' PAY

I am writing to report the outcome of the recent arbitration which was arranged by the Advisory Conciliation and Arbitration Service in accordance with the Remuneration of Teachers (Scotland) Act 1967 following the failure of the Scottish Teachers Salaries Committee (STSC) to reach agreement on the claim by Scottish teachers for a pay increase from 1 April 1980.

When negotiations in the STSC broke down the final offer of the Management Side stood at 14% while the Teachers claim was for an increase equal to the increase in the Index of Average Earnings (New Series) between April 1979 and April 1980 ie 21.2%. The arbiters found that the principal issues dividing the parties were (a) whether or not account should be taken of the correction made by the Standing Commission on Pay Comparability to their Report No 7 on pay of teachers from 1 April 1979 and (b) disagreement on the importance to be attached to the concept of "ability to pay" on the part of local authorities. The report of the three man arbitration board indicated that they were unable to reach agreement on a recommendation. Consequently, in accordance with the relevant provision in the Arrangements for Arbitration, the Chairman (Mr Norman Singleton) issued a Chairman's Recommendation as follows:-

> "The appropriate increases in salary to be paid to (a) Scottish day school teachers and (b) Scottish further education teachers with effect from 1 April 1980 are 14% on the basis of the total payroll after implementation of the Standing Commission's recommendations."

The effect of such an award would mean that increases paid to teachers from 1 April 1980 would be based on the rate of salary reached at 1 September 1980 when the second stage of the salary settlement which was reached following the Report No 7 of the Standing Commission becomes due. This means that the arbiter's award would bring about an increase in the salary bill between 1 April 1980 and 31 March 1981 of about 14.5%. You will recall that the cost increase of the corresponding arbitration award in England and Wales was 14.6% in a full year.

CONFIDENTIAL

Under the 1967 Act my Secretary of State is obliged to give effect to the recommendation of the arbiter unless each House of Parliament resolves that national economic circumstances require that effect should not be given to the recommendation. The recommendation in this case is in fact the same as the Management Side had already offered and Mr Younger's view is that the award should be accepted.

Since Scottish schools started the autumn term this week and the STSC will be meeting on 27 August, Mr Younger is anxious to remove any uncertainty as soon as possible. He accordingly proposes to inform the STSC that he proposes to give effect to the award in accordance with the 1967 Act. When making the announcement of his decision to accept the recommendation my Secretary of State would of course follow the decision of E in relation to the arbitration award for England and Wales, by indicating that the local authority cash limit will not be adjusted to accommodate the present award, and that local authorities will either have to meet this from existing resources or have to make savings in other ways to finance the increased costs. I should be grateful if you could let me know by Wednesday whether the Prime Minister agrees to this course.

I am sending copies of this letter to the Private Secretaries to the members of E Committee.

Yours sincerely

John Wilson

JOHN S WILSON
Private Secretary

D. R. W. SHARPE

Remuneration of Teachers Act 1965

CHAPTER 3

ARRANGEMENT OF SECTIONS

Section

1. Committees to consider remuneration of teachers.
2. Review of remuneration by committees.
3. Provision for arbitration.
4. Action on recommendations of arbitrators.
5. Effect of orders as to remuneration.
6. Financial provisions.
7. Supplementary provisions as to orders relating to remuneration, and repeals.
8. Interpretation.
9. Short title, citation, construction and extent.

ELIZABETH II

1965 CHAPTER 3

An Act to make new provision for determining the remuneration of teachers; and for purposes connected therewith. [23rd March 1965.]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Committees to consider remuneration of teachers.

1.—(1) The Secretary of State shall secure that, for the purpose of considering the remuneration payable to teachers by local education authorities, there shall be one or more committees consisting of—

(*a*) a chairman appointed by the Secretary of State as being an independent person;

(*b*) one or more persons nominated from time to time by the Secretary of State to represent him, together with persons representing one or more bodies to which this paragraph applies;

(*c*) persons representing one or more bodies to which this paragraph applies.

(2) The bodies to which paragraph (*b*) of the preceding subsection applies are local education authorities, joint education committees, organisations appearing to the Secretary of State to represent local education authorities and organisations appearing to the Secretary of State to represent education committees; and the bodies to which paragraph (*c*) of that subsection applies are organisations appearing to the Secretary of State to represent teachers or particular descriptions of teachers.

(3) The Secretary of State shall determine which bodies to which paragraph (*b*) or paragraph (*c*) of subsection (1) of this section applies are to be represented on each committee constituted under this section, and the number of persons by whom

any such body is to be so represented, and (subject to the following provisions of this section) may from time to time vary or revoke any such determination.

(4) A determination of the Secretary of State whereby a body which is for the time being represented on a committee constituted under this section will cease to be so represented (except in a case where that body will have ceased to exist before the time when the determination is to take effect) shall not have effect unless it is embodied in an order made by the Secretary of State.

(5) Any order under the last preceding subsection may be revoked by a subsequent order made by the Secretary of State.

(6) Any power to make orders under this section shall be exercisable by statutory instrument; and any statutory instrument containing an order under subsection (4) of this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(7) Subject to any determination of the Secretary of State under this section, it shall be for each body to which any such determination relates to nominate from time to time the person or persons by whom it is to be represented on a committee constituted under this section.

(8) The Secretary of State, either at the time when a committee is constituted under this section or at any subsequent time, may give directions specifying the descriptions of teachers whose remuneration any such committee are to consider, or allocating, as between two or more such committees, the descriptions of remuneration which they are to consider respectively.

Review of remuneration by committees.

2.—(1) It shall be the duty of each committee, whenever they think fit or are required by the Secretary of State to do so, to review the relevant remuneration of teachers as that remuneration exists (whether in pursuance of this Act or of any previous enactment or otherwise) at the time of the review.

(2) Where, in consequence of such a review, a committee agree on any recommendations with respect to the relevant remuneration of teachers, they shall transmit those recommendations to the Secretary of State.

(3) Subject to the following provisions of this section, on the receipt of any recommendations of a committee under the last preceding subsection the Secretary of State shall prepare a draft document, setting out the scales and other provisions required for determining the relevant remuneration of teachers, in the form in which, in his opinion, those scales and provisions should be so as to give effect to the recommendations of the committee.

(4) Where the Secretary of State has prepared a draft document under the last preceding subsection, he shall consult the

committee in question with respect to the draft and shall make such modifications of the draft as are requisite for giving effect to any representations made by the committee with respect thereto; and he shall then—

(*a*) arrange for a document setting out the requisite scales and other provisions in the form of the draft, or in that form as modified under this subsection, as the case may be, to be published by Her Majesty's Stationery Office, and

(*b*) make an order referring to that document and directing that the relevant remuneration of teachers shall be determined in accordance with the scales and other provisions set out in the document.

(5) If at the time when any recommendations of a committee are transmitted to the Secretary of State under subsection (2) of this section—

(*a*) an order made under the last preceding subsection is in force with respect to the relevant remuneration of teachers, and

(*b*) it appears to the Secretary of State that effect could more conveniently be given to those recommendations by amending the scales and other provisions set out in the document referred to in that order,

the Secretary of State, instead of preparing a new draft document under subsection (3) of this section, may prepare a draft order setting out the amendments of those scales and other provisions which, in his opinion, are requisite for giving effect to the recommendations.

(6) Where the Secretary of State has prepared a draft order under the last preceding subsection, he shall consult the committee in question with respect to the draft and shall make such modifications of the draft as are requisite for giving effect to any representations made by the committee with respect thereto; and the Secretary of State shall then make the order in the form of the draft, or in that form as modified under this subsection, as the case may be.

Provision for arbitration.

3.—(1) The Secretary of State shall make arrangements whereby, in such circumstances and subject to such exceptions as may be provided by the arrangements, matters in respect of which agreement has not been reached in a committee after they have been considered by the committee in accordance with the preceding provisions of this Act may be referred to arbitration in such manner as may be so provided.

(2) Before making any arrangements under the preceding subsection in relation to a committee, the Secretary of State shall consult the bodies which are to be represented on the committee

file (Teachers Pay) MS

in accordance with any determinations made by him under section 1 of this Act which are for the time being in force.

(3) Any such arrangements may include provision for the appointment of arbitrators by the Minister of Labour for the purposes of any reference under this section; and, where arbitrators are so appointed, that Minister may pay to the arbitrators such remuneration (whether by way of fees or otherwise) and such allowances as he may with the consent of the Treasury determine, and may provide accommodation or other facilities required for the purposes of any such reference.

1950 c. 27.

(4) The Arbitration Act 1950 shall not apply to any reference under this section.

Action on recommendations of arbitrators.

4.—(1) Any recommendations of the arbitrators, on a reference under section 3 of this Act with respect to any matters considered by a committee, shall be transmitted to the Secretary of State; and, except where those recommendations do not propose any change in the relevant remuneration of teachers, the provisions of subsections (3) to (6) of section 2 of this Act shall (subject to the next following subsection) have effect in relation to the recommendations of the arbitrators as if they were recommendations of that committee.

(2) If, in any case where any recommendations of arbitrators have been transmitted to the Secretary of State under the preceding subsection, each House of Parliament resolves that national economic circumstances require that effect should not be given to the recommendations, the provisions of section 2 of this Act referred to in the preceding subsection shall not have effect as mentioned in that subsection.

(3) Where such a resolution has been passed by each House of Parliament, the Secretary of State, after consultation with the committee in question, shall determine what changes (if any) in the relevant remuneration of teachers are appropriate in the circumstances, and, unless he determines that no such changes are appropriate, shall (subject to the next following subsection) proceed in accordance with subsections (3) and (4) of section 2 of this Act, or (where applicable) in accordance with subsections (5) and (6) of that section, as if the changes determined by him had been recommended by that committee under subsection (2) of that section.

(4) Subsections (4) and (6) of section 2 of this Act, as applied by the last preceding subsection, shall each have effect with the substitution, for the words from "shall make" to "giving effect to", of the words "may, if he thinks fit, modify the draft in consequence of".

Effect of orders as to remuneration.

5.—(1) Where any order made under subsection (4) of section 2 of this Act is for the time being in force, then, subject to the next following subsection, remuneration to which the order

applies shall be determined, and shall be paid to teachers by local education authorities, in accordance with the scales and other provisions set out in the document referred to in that order.

(2) Where, at any time while an order under subsection (4) of section 2 of this Act (in this subsection referred to as "the principal order") is in force, an order under subsection (6) of that section relating to remuneration to which the principal order applies (in this subsection referred to as "the amending order") comes into force, then, at any time while the amending order is in force, remuneration to which the principal order applies shall be determined, and shall be paid to teachers by local education authorities, in accordance with the scales and other provisions set out in the document referred to in the principal order as amended by the amending order.

(3) In this section any reference to subsection (4) or subsection (6) of section 2 of this Act includes a reference to that subsection as applied by section 4 of this Act.

Financial provisions.

6. There shall be paid out of moneys provided by Parliament—

(*a*) any increase attributable to this Act in the sums payable out of moneys so provided by way of Rate-deficiency Grant or Exchequer Equalisation Grant under the enactments relating to local government in England and Wales or in Scotland;

(*b*) any increase in the sums payable out of moneys so provided under the said enactments in respect of general grants, being an increase arising from any increase in the expenditure relevant to the fixing of the aggregate amounts of those grants which is attributable to the provisions of this Act;

(*c*) any increase attributable to this Act in the sums payable out of moneys so provided under section 107 of the Education Act 1944 in respect of administrative expenses incurred by the Secretary of State; 1944 c. 31.

(*d*) any expenses of the Minister of Labour in pursuance of section 3 of this Act.

Supplementary provisions as to orders relating to remuneration, and repeals.

7.—(1) Any power to make orders under the provisions of sections 2 to 4 of this Act shall be exercisable by statutory instrument.

(2) Any order made under those provisions may be revoked by a subsequent order thereunder.

(3) Any order under those provisions may be made with retrospective effect to any date specified in the order, and the remuneration of teachers to whom the order applies shall be deemed to have been payable accordingly:

Provided that nothing in this subsection shall be construed as authorising the remuneration of any teacher to be reduced retrospectively.

(4) Any order made under those provisions may include provision for revoking any order made under the Remuneration of Teachers Act 1963 which is for the time being in force.

1963 c. 20.

(5) Subject to the proviso to subsection (3) of this section, any order made under those provisions may contain such transsitional, supplementary and incidental provisions as the Secretary of State may consider necessary or expedient.

(6) Without prejudice to the operation of any order made (whether before or after the passing of this Act) under the Remuneration of Teachers Act 1963, section 89 of the Education Act 1944 is hereby repealed.

1944 c. 31.

(7) The Remuneration of Teachers Act 1963 is hereby repealed as from the earliest date on which no order made under that Act (whether before or after the passing of this Act) continues to have effect.

Interpretation.

8.—(1) In section 1 of this Act "education committee" means an education committee established by a local education authority or a joint education committee established by two or more local education authorities.

(2) In sections 2 to 4 of this Act "committee" means a committee constituted under section 1 of this Act, and "the relevant remuneration of teachers", in relation to such a committee, means the remuneration which, in accordance with any directions under section 1(8) of this Act which are for the time being in force, that committee are required to consider.

(3) Except in so far as the context otherwise requires, any reference in this Act to an enactment shall be construed as a reference to that enactment as amended or extended by or under any other enactment.

Short title, citation, construction and extent.

9.—(1) This Act may be cited as the Remuneration of Teachers Act 1965.

(2) The Education Acts 1944 to 1964 and this Act may be cited together as the Education Acts 1944 to 1965.

(3) This Act shall be construed as one with the Education Acts 1944 to 1964.

(4) This Act, except section 6 thereof, shall not extend to Scotland.

(5) This Act shall not extend to Northern Ireland.

PRINTED BY SIR PERCY FAULKNER, K.B.E., C.B.
Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament
LONDON: PUBLISHED BY HER MAJESTY'S STATIONERY OFFICE
Price 9*d.* net
(37200) PRINTED IN ENGLAND

Education 2

SECRETARY OF STATE FOR SCOTLAND

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Prime Minister
The Scottish teachers in colleges of Education to get 14%. Like the teachers in England. TH 7/9

Tim Lankester Esq
Private Secretary
No 10 Downing Street
LONDON SW1

19 September 1980

Dear Tim,

SALARIES OF ACADEMIC STAFF IN COLLEGES OF EDUCATION IN SCOTLAND

I am writing to report the outcome of the recent arbitration which was 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 1980.

When negotiations in the NJC broke down the final offer of the Management Side stood at 14 per cent, while the Staff Side claim was for an increase equal to the increase in the Index of Average Earnings (New Series) between April 1979 and April 1980 - 21.2 per cent. Pending the outcome of the arbitration, an interim award of 13.5 per cent was made from 1 April 1980. During the arbitration the Management Side contended that the offer of 14 Per cent represented a very fair offer when account was taken of the error in the Clegg Report on Teachers' Pay and that it was not feasible to make a more generous offer within the constraints of cash limits. The Staff Side argued that the Clegg error was irrelevant and should be disregarded, that the staff were entitled to the attainment and maintenance of salaries comparable with those in other areas of education and with the level of earnings generally; and that consideration of cash limits imposed unacceptable limitations on free collective bargaining.

The arbiter has recommended a pay increase of 14 per cent, at all points on all scales, with effect from 1 April 1980. Briefly, his argument seems to be that the Clegg settlement did not in any real sense establish new salary levels on any basis of comparability, but merely that pay increases for teaching staff throughout Great Britain would be on a uniform basis. That being so, and having had regard to other recent arbitration awards for teaching staffs, which were made with the firm intention of keeping the amount of new money within the region of 13-14 per cent, the arbiter concludes that appropriate relationships would be preserved by implementing the Management Side's offer of a 14 per cent increase.

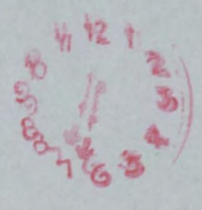
Since the award is exactly similar to that recently made to teachers employed by local authorities in Scotland (following arbitration) and is compatible with the awards made to teaching staffs in England and Wales

(also following arbitration), Mr Younger is in no doubt that he should give effect to it and he is informing the NJC accordingly. The award can be accommodated within the relevant cash limits.

I am sending copies of this letter to the Private Secretaries of members of E Committee, to Peter Shaw (DES) and to David Wright.

Yours ever,

John Wilson

JOHN S WILSON
Private Secretary

17 SEP 1980