

Education
cc: JV



Prime Minister

(1)

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

Agree that Sir K Joseph's
Burnham representatives
should vote against
anything above 6% on

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

*Provided that is in
with the amount
we are for a no. of
other things
- yes -*

14 July 1982 London Weighting
for teachers; but not use
the veto?

Dear Chancellor,

Told DES, Tsy
and Mr Grogan
MCS 15/7

MCS 14/7

TEACHERS' PAY: LONDON WEIGHTING 1982

A meeting of the Burnham Primary and Secondary Committee has been fixed for Monday 19 July, to consider London Weighting for 1982-83. The teachers are claiming an increase based on the recently published Department of Employment indices. They have not yet quantified that claim in detail, but it is expected to be for a 14.1% increase in London allowances. This is the figure which results from a tax-adjusted approach to the indices, and would be in line with the approach adopted by the arbitrators in making their 1981 award a few weeks ago. If the unadjusted indices were used the claim could be 18.1%.

Among the employers there is a variety of attitudes. I understand that the ILEA, the main employer concerned, is almost certain to want to accept a 14.1% claim in full without delay. AMA, with less enthusiasm, is likely to follow this lead. Between them, the ILEA and the AMA employ almost all the teachers concerned, and they claim with some justice that London Weighting is very largely their concern. Certainly if the teachers take industrial action over the claim that action is likely to be limited to their schools. The ACC, on more general grounds, are likely to want to aim for 6% in line with the main 1982 pay settlement but it appears that even within the ACC there would be a good deal of support for immediate acceptance of a figure around 10% if it appeared likely that the teachers would accept a figure of that order.

The local authorities, and their Conditions of Service Advisory Bureau (LACSAB), do not like the Department of Employment indices playing such a prominent part in determining London allowances. They believe that the Government should review the practice of publishing these on

an annual basis. As things stand they see that this year a case can be made for 6% on London allowances (broadly in line with a number of pay settlements for the public services), and that a case can be made for 14.1% on the basis of the Department of Employment indices, but find it less easy to identify rational arguments for a figure between those points. I understand that the local authority representatives on the LACSAB Board favour aiming for the 6% figure across all their services.

We have yet to decide a general line on London Weighting this year; the official committee is currently considering the matter. Megaw has not offered anything to help us on this point. In the circumstances I think that my aim for next week's Burnham meeting must be to achieve either a low settlement or a delay in reaching a settlement. The lowest figure which stands any chance of success is 6%. I therefore propose to instruct my representatives to argue for a settlement at this level, and to vote on 19 July against anything higher than this. Even so, if the teachers were to show signs of being willing to settle at around 10%, then I would expect my representatives to be outvoted in favour of such a settlement; but this outcome seems unlikely in that the teachers will be reluctant to lower their sights from 14.1% at a first meeting. The most likely outcome on this basis appears to be a decision to adjourn and not to reconvene until probably September. If we cannot get a settlement at 6% then adjournment may be the best outcome for us at this stage as any higher figure or a reference to arbitration would be an unhelpful precedent for other negotiations.

I do not expect either side to want a reference to arbitration at the present stage. The recent arbitrations have criticised the Burnham Committee for not engaging sufficiently seriously in negotiations, and both for this reason and also because arbitration might well favour a settlement closely in line with the Department of Employment indices, I do not think that there is great risk of early recourse to arbitration. But I propose to instruct my representatives to argue and vote against arbitration if this should be suggested.

Lastly we have to consider whether at any stage and in any circumstances I should instruct my representatives to veto an offer. I do not think this would be appropriate. There are three reasons for this. One is that the veto rests on a proposed offer being unacceptable to Government on grounds of total cost. London Weighting is a small element of the total teachers' pay bill; the difference between the 6% and 14.1% is some £4.5million or about 0.1% of the total teachers' pay bill; and this alone would make it difficult to argue the case for applying the veto. The second and related consideration is the fact that the veto only exists through voluntary agreement, and as you will recall this concordat was strained to the limit earlier this year. I am still in the process of considering whether there should be any changes to the Remuneration of Teachers Act, but in the meantime it would be easy to break the concordat by applying the veto - inappropriately, as the local authorities are likely to consider, for the preceding reason - on this issue. This leads on to the third and main reason, which is that the consequences of applying the veto to an offer the employers wanted to make might well be an immediate decision by the management panel to seek arbitration - their response, as you will recall, to my

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use of the veto earlier this year. It is even possible, though in my judgement unlikely, that they would decide to ignore the veto on this occasion.

In brief I propose to instruct my representatives to argue for the lowest possible settlement and on 19 July to vote against any offer above 6%, and to vote against any proposal for arbitration; but not to use the veto (even if the employers were to propose to meet the claim in full). I cannot be sure what the result of this, or any other course of action, will be; but adjournment seems most unlikely.

I shall be meeting the leader of the management panel on Friday. I should therefore be grateful if you would let me have any comments you may wish to make on the line I propose to adopt by close of play on Thursday 15 July.

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.

Yours sincerely
Imogen Wilde

Approved by the Secretary
of State and signed in his
absence