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DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

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

9 February 1983

See Geoffrey,

TEACHERS' PAY NEGOTIATIONS 1983

The Burnham Committee which negotiates schoolteachers' pay in England and Wales meets on 15 February. The claim has various elements: the two most important are for a "substantial" (but unquantified) increase as part of a staged programme to restore pay to the level set by the Houghton award in 1974, and for the establishment of permanent joint machinery to analyse data on comparability. I am represented in the management panel, where my representatives sit alongside the employers. You will recall from our correspondence last year that a voluntary agreement with the employers - the "concordat" - gives my representatives a weighted vote sufficient to carry management panel decisions in alliance with either the Association of County Councils (ACC) or the Association of Metropolitan Authorities (AMA), but not to prevail against both in combination. (There are two Welsh seats, which do not affect the voting balance unless one of the major Associations splits its vote.) The concordat also provides that I may veto any offer on grounds of its aggregate cost. Last year the veto was used to block an offer of 5.9%, proposed by the employers. (They immediately proposed arbitration instead and out-voted my contrary weighted vote. The teachers agreed to arbitration and the result was a 6% award.)

2. The main objective must be a settlement at or below 3½%. My representatives must argue strongly for that and argue and vote against any higher figure. The financial pressures on employers are now considerable (the first 20 shire counties where precepts for next year

have been approved or recommended show an average increase of only 5.4%, despite the reduction in rate support grant). I would hope that they would also see 3½% as a desirable and realistic level at which to settle. Nevertheless I have to expect that many authorities will have contingency plans for a settlement a little above 3½%, and that the teachers will be able to quote examples in negotiation. For that reason and because I must give the management panel leaders enough room for them to open negotiations with some hope of an agreed settlement I judge that the veto should not come into play at 3½%. If that were done, and the employers favoured a settlement even marginally above 3½% my representatives would be out-voted, leaving the veto the only alternative. That would be likely to lead on to arbitration, as happened last year.

3. Thus there is a nice judgment to be made about the level at which the veto should be used, with the chosen figure being viewed against the likely outcome of arbitration. In my view, 4½% is the natural break-point. That was the level of the NHS second stage, applying also from April of this year. 4½% is also currently on offer to local authority manual workers. My judgment is that we should not countenance a higher settlement for teachers this year but equally that I should not risk arbitration if there is prospect of a settlement below or at 4½%.

4. I propose therefore to instruct my representatives to

- a. argue and vote for offers at or below 3½%;
- b. argue and vote against any offer above 3½%;
- c. veto any offer above 4½%.

I propose also to instruct them to argue strongly and to vote against any suggestion that joint machinery for analysing comparability data should be established, and against any hostages of that kind for the future. (In this matter, I must rely on the weighted vote: the veto is not available.)

5. There is also the matter of teachers' London allowances. Traditionally those are negotiated separately following the publication of the DE indices of London costs about June of each year. Publication has now been discontinued and the 1982 arbitration report (just available) suggests that London allowances should in future be negotiated alongside the main pay settlement. I agree, and will also instruct my representatives to apply the same principles to that as to the main pay claim.

6. These negotiations may be long and difficult this year and I would want to encourage the employers to take a firm stand. If a negotiated settlement consistent with the position stated above cannot be

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achieved, then we may face disruption in schools, in particular with withdrawal of teacher co-operation over mid-day supervision. I will need to make it clear to our allies amongst the employers that they will have our full public support in resisting such pressures, even in the face of parental and community concern.

7. If you should have any views on the line which I propose to instruct my representatives to follow within the management panel, I should need to have those by close of play on Friday 11 February.

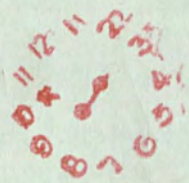
8. Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

Conover.

Kerr

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Prime Minister (2)

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
London SE1 7PH

11 February 1983

Keith,

TEACHERS' PAY NEGOTIATIONS

In Geoffrey Howe's absence I am replying to your letter of 9 February.

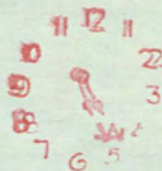
The judgement as to whether to allow an offer as high as $4\frac{1}{2}$ per cent is a very difficult one to make. Clearly we should only contemplate such an offer if there is a near certainty, supported by specific evidence that it will produce a settlement. It is perhaps unlikely that this will emerge at the first meeting of the Burnham Committee, although, if it did, it would be worth seizing the opportunity of a quick settlement. On balance, and having regard particularly to the risk of arbitration and an even higher outcome, I agree with your proposals (including those on London Weighting) on that basis.

Your letter does not specifically say what your representatives would do if there was a proposal at this stage to offer less than $4\frac{1}{2}$ per cent, but more than $3\frac{1}{2}$ per cent, without a clear prospect of a settlement. It should not be too difficult to persuade sufficient local authority representatives that there would be no point in putting more than $3\frac{1}{2}$ per cent (or perhaps a still lower figure) on the table in those circumstances. But should your representatives be outvoted on the issue, I think that they should use the veto (as you no doubt intend). Otherwise we shall simply have an unnecessarily high starting point for future bargaining.

I am copying this letter to the Prime Minister, members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

LEON BRITTAN

1 FEB 1983



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DEPARTMENT OF EDUCATION AND SCIENCE
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FROM THE SECRETARY OF STATE

14 February 1983

Dear Leon

TEACHERS' PAY NEGOTIATIONS

Thank you for your helpful letter of 11 February. I have comments on one point only.

I am confident that the Chairman of the Management Panel will be determined to avoid a formal offer in the range 3½% to 4½%, unless it is clear that such will yield a settlement at or below 4½%. In that he will have the full support of my representatives. And if some within the panel should force a formal vote on an unconditional offer in that range, I would indeed expect them to be defeated by the combined votes of a substantial group of employers and my representatives. But, as you note, there is a possibility - which I judge very remote - that the Chairman and my representatives may not carry such a vote on the day, raising the question of whether the veto should then be exercised. Under the concordat the veto can be used only on grounds of total cost. It is not open to me to use it on other grounds - for example that, in this circumstance, the offer favoured by the panel would not achieve a settlement. Thus, if the veto were used to block an offer even a little above 3½% it could not then be withdrawn later in the day if it became clear that such an offer would lead to a settlement at or below 4½%. I conclude that recourse to the veto just above 3½% in such circumstances would be counter-productive, effectively destroying the chance of a negotiated settlement at 4½% or less. I am therefore instructing my representatives to do their utmost to avoid any formal test of management panel positions in the 3½% to 4½% range, using any means available to them, unless it is clear that a negotiated settlement will result. However, if such a test should be inescapable, because of near-unanimous employer views, they should

/withhold

The Rt Hon Leon Brittan QC MP
Chief Secretary
Treasury
Parliament Street
London SW1P 3AG

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withhold the veto. It will of course be used to block offers above 4½%, whether or not a settlement is in prospect.

I am copying this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

Ken

Ken

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