



Prime Minister (2)

cc. J.V.

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CONFIDENTIAL

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

11 February 1983

Jessie Peasney,

TEACHERS' PAY NEGOTIATIONS 1983

I have seen Keith Joseph's letter to you of 9 February, setting out the line which he proposes to instruct his representatives in Burnham to follow in relation to the pay claim by school teachers in England and Wales. I confirm that, for my interest, I am content.

I should take this opportunity also to report on corresponding negotiations in Scotland. The Scottish school teachers are asking for a 12 per cent pay increase and for the introduction of agreed data on comparability into salary reviews together with the establishment of an external and objective assessment of their salary position. The further education lecturers have submitted a claim for a 13 per cent increase and have asked that before the end of this year the negotiating committee should conduct a review of existing salary levels and the salaries structure with a view to restoration by 1 April 1984 of erosion since the 1980 post-Clegg pay settlement.

You will remember that the position of my representatives in these negotiations is somewhat different from that of Keith Joseph's in Burnham. In Scotland there is no veto and no weighted vote; we have to rely on persuasion during discussions in the Management Side and, ultimately, on my control of local authority spending through rate support grant and power to penalise unreasonable expenditure. My representatives have already made it clear to the Management Side in both the negotiating committees that, while the Government has not set any pay norm for the public sector, it expects public sector pay settlements to be in the area of 3½ per cent; and that, if there were to be a settlement above that level, the consequence would be the need for either a reduction in teacher numbers or a reduction in spending in some other area or an increase in local authority expenditure to a level at which the Government might have to take action. In receiving the staff claims, the Management Side has accordingly in each case stressed very heavily that the attitude of employers must depend predominantly on the concept of "ability to pay", and that there can be no commitment to the introduction of machinery whereby comparability would be automatically introduced into the consideration of claims.

There are to be further meetings next week of both Committees (further education on 14 February and schools on 17 February), and in the meantime the Management Side has been sounding out the employers. The responses from the local authority sector point to initial offers of not more than 3½ per cent; and it is clear that the centrally-funded employers (ie the colleges of education and central institutions) will not wish to offer more. It seems possible that the local authorities might be willing to move as far as 4½ per cent eventually if it were clear that this would secure a settlement without the need to go to arbitration; this would be much in accordance with the scenario postulated by Keith for the Burnham negotiations. My representatives will of course continue to argue strongly for a settlement at the lowest practicable level.

Copies of this letter go to the Prime Minister, Keith Joseph, Nicholas Edwards, members of E(PSP) and Sir Robert Armstrong.

Yours ever,  
George.

Edwerton = Teachers Pay Pt 3

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