CONFIDENTIAL

cc NJ

Prime Minister 2

MLS 24/3

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

23 March 1983

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education
And Science
Elizabeth House
York Road
LONDON SE1 7PH

Dear Secretary of State,

Thank you for your letter of 21 March about the Burnham Primary and Secondary pay negotiations.

In the light of the Scottish Teachers' developments, to which I refer again below, it is clear that the prospect of a negotiated settlement at or below 4½ per cent for the English and Welsh teachers has now receded. Your letter in effect poses the question whether something less than an extra ½ per cent above that would be a price worth paying to avoid use of the veto and recourse to arbitration for the second year in succession.

Put in those terms, I think it would be very difficult for me to oppose the line you suggest your representatives should take. But I need hardly say that the outcome of the Burnham negotiations will have an important bearing on the negotiations with the non-industrial Civil Service. This will be so whether the Burnham Committee settle at the upper limit you mention or whether the issue is referred to arbitration. In the circumstances, while I agree that it would not be right to use the veto if a settlement below 5 per cent can be guaranteed, I must ask that your representatives do everything they can to get it lower.

I hope that it will be possible next year to avoid a situation in which the negotiations in the Scottish Joint Negotiating Committee are used as a lever to secure a higher settlement in England and Wales than might otherwise be the case. Whatever you and George Younger can do to influence the timing at least of the negotiations so that the "larger" influences the "smaller", and not vice versa, would be welcome.

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.

Yours sincerely,

Margaret O'Mara

GEOFFREY HOWE

(approved by the Chancellor and signed in his absence)

24 MAR 1983

CONFIDENTIAL

VP

Prime Minister 2

MLS 12/4

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

12 April 1983

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

Dear Keith.

I am responding to your letters of 21 March and 6 April about the Burnham Primary and Secondary pay negotiations.

I do not dissent from your view that a settlement of 4½-5 per cent achieved without arbitration would be preferable to the risk of the much higher settlement which might result from arbitration. However as you will appreciate I am extremely concerned about the impact on other setttlements within the public sector and, in particular, within the National Health Service. I would therefore stress that I regard it as being vitally important that DES representatives should only move above 4½ per cent if they are quite certain of success without arbitration.

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.

Yours

CONFIDENTIAL

Education
Teachers' pens
pt 3

B0405PR1504

MLS(or)

Education
~~CCNO~~

(2)

Prime Minister

A.J.C. 6/4.

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

6 April 1983

Dear Chancellor,

Limited progress was made at both the Burnham Primary and Secondary Committee meeting on 25 March and the Burnham Further Education Committee meeting on 28 March.

At the P and S meeting, the management panel increased their previous offer from 3½% to 4%. The local authority interests were unanimous that the expected improvement should be at that level and, in line with the agreed instructions, my representatives did not force a vote. The teachers rejected this offer and reiterated their claim for a settlement which would match the rise in average earnings and, in addition, go some way towards restoring Houghton relativities. The management panel made it very clear that they regard Houghton relativities as irrelevant and were firm about not being willing to raise the 4% offer although saying that they were prepared to continue negotiations if the teachers showed some flexibility. Both sides agreed that the negotiations should resume on 15 April. At the Burnham FE Committee, exploratory contacts took place between leaders of the two sides. However the meeting was again adjourned without a formal offer being made. Negotiations are to resume on 21 April. The FE teachers may now seek to follow whatever settlement is reached by the primary and secondary teachers.

Unless events should later point to a different course, I propose for the next Burnham meeting to continue with the instructions and reserve position which were set out in my letter of 21 March.

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.

Yours sincerely,

S.R. Williams.

Approved by the Secretary of State and signed in his absence

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

Educ Teachers Pay Pt 3

6 APR 1987

Education
Teachers Pay

CONFIDENTIAL

FC/NO

Prime Minister

Sir Keith proposes not to veto something just under 5% (he earlier said he would veto anything over 4½%).

MCS 22/3

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

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

21 March 1983

Dear Geoffrey,

TEACHERS' PAY NEGOTIATIONS 1983

The Burnham Further Education Committee met on 16 March. There were significant exploratory exchanges with the teachers on a no-commitment basis, but no offer was made. That Committee will meet again on 28 March, three days after the next meeting of the Primary and Secondary Committee.

I have discussed the prospects for negotiated settlements with the Chairmen of the management panels of these Committees, at their request. Both are committed to the lowest achievable settlements and fully willing to co-operate with us in achieving those. However, both consider that the lowest realistic figure to hope for is 4.5% and for both the absolute upper limit is 5%. In coming to that view, they have doubtless had regard to the current position on the schoolteachers' negotiations in Scotland, where I understand that 4.9% was offered conditionally - but then withdrawn - and where the employers seem to think the probable outcome will be in the range of 4.9 to 5.0%. It appears just possible that such a settlement will be reached on 23 March, before Burnham P and S meets again. It is against this background that I have to consider whether the instructions previously agreed for my representatives within Burnham should stand for a further round. Those were:

a. to argue and vote for offers at or below 3½%;

b. to argue and vote against offers above 3½%;

c. to veto any offers above 4½%.

These instructions apply to overall costs, and to both schoolteachers' and further education negotiations.

My judgment is that my representatives should go to the Primary and Secondary meeting on 25 March on the basis of these instructions (save

that I would not wish them to force a vote on an improved offer of 4% or less, given that the management panel clearly indicated a willingness to make an offer above 3½% at the last meeting). Within the management panel they would act in precise accordance with those instructions. They would however seek to avoid exposure of the veto level by discouraging any test-vote above 4½%. In that I believe they would have the full co-operation of the panel Chairman. The point here is that the management panel cannot be told the veto level. Only if the panel decide they want to make an offer above the veto level are they then told that that particular offer is above the veto level - and negotiations almost certainly break down. If the current veto level can be concealed and if at the end of the day the Chairman is able to assure the panel that the teachers would be ready to settle below 5%, immediately in full committee and with no qualifications of any kind, my representatives should then tell the management panel that they have no authority to agree to an offer at that level and seek a brief adjournment to take instructions. In that event I would propose to authorise the withholding of the veto. The matter would then go to the vote within the management panel: my representatives would oppose and, because of the weighted vote, the proposal would fall unless the employers were 80:20 in favour. If such a majority were in favour, however, the settlement would be made.

The above describes the extreme position and it may yet be that a settlement can be achieved at 4½%. My view is that in the last resort a settlement below 5% would be preferable to the other likely outcome. Last year my representatives blocked a proposed offer which was unanimously supported by the employers. They immediately voted for arbitration: the veto does not apply to references to arbitration and my representatives were outvoted. I think it important to avoid a repetition of that this year.

This analysis of instructions and reserve positions is expressed in terms of the Primary and Secondary meeting on 25 March. I propose to take a matching line for the further education negotiations on 28 March. If you should have views on the line I propose I should need to have those by midday on Thursday 24 March.

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.

Yours,

Education;
Teacher pay;
pt 3

21 MAR 1983