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

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MS 11/7

11 July 1983

The Rt. Hon. Sir Keith Joseph Bt MP
Secretary of State for Education and Science

Dear Secretary of State

TEACHERS' LONDON WEIGHTING

You wrote to me on 6 July, informing me of the line your officials propose to take during the Burnham negotiations on London Weighting.

I am content with what you suggest. I hope the Management Panel will decide to offer the minimum necessary to recruit, retain and motivate London Teachers. No doubt your representatives will urge this strongly. But I agree it would be undesirable to use the veto in these negotiations.

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

Yours sincerely,

Margaret O'Mara

NIGEL LAWSON

(Approved by the Chancellor and signed in his absence)

10 T JUL 1983



Prime Minister (4)

Agree X

overleaf?

MCS 7/7

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

6 July 1983

John Major

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TEACHERS' PAY: LONDON WEIGHTING 1983

The Burnham Committee which negotiates London Weighting for teachers is to meet on 12 July. It will then consider an unquantified claim "to maintain the equality of real earnings between teachers in London and those outside". Our decision last year to discontinue publication of the Department of Employment indices means it is impossible to be certain what figure the unions have in mind. Nor have we as yet any clear idea of the level at which they might settle, though it may be that a settlement at the level of the main pay settlement (4.98%) will be possible. There would of course be no rationality in matching that figure in this quite separate matter: justification would presumably derive from considerations of negotiability.

We have not decided a general line on London Weighting this year. Without the DE indices, there is no case for increases based on the principle of cost compensation and employers can therefore concentrate on their ability to pay and on the need to recruit, retain and motivate staff. The main cost of London Weighting for teachers falls upon the Inner London Education Authority (ILEA) and their views will not be known until shortly before negotiations open with the teachers. However, I would not expect the other employers to be sympathetic to any proposal for an increase in London Weighting at or above 5%. On the other hand, they would be unlikely strongly to resist a settlement in line with the main pay settlement, if that is what ILEA wished to achieve.

I need to decide what instructions to give to the officials who represent me in these negotiations. Under a voluntary concordat with the local authority associations, they have a weighted vote

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Chancellor of the Exchequer
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in proceedings of the Management Panel but it is sufficient to win the day only if the associations are divided. The concordat also allows my representatives to veto any offer agreed between the associations which is unacceptable to Government on grounds of total cost. I think it somewhat difficult to contemplate using the veto on a London Weighting proposal because it accounts for only a small proportion of the total teachers' pay bill (each 1% increase on London Weighting costs £0.64m and represents less than 0.005% on the total pay bill). I have also to balance the advantages of using the veto against the risk that its use would lead to a breakdown in the concordat, with the loss of my weighted vote. Indeed, if my representatives were to veto an offer which the employers judged reasonable, the result would probably be an immediate reference to arbitration, as happened when the veto was used in the main pay negotiations in 1982.

Against this background, I propose to instruct my representatives to:

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- a. argue for a settlement consistent with a 3½% pay assumption;
 - b. to oppose any higher settlement, and to seek a formal vote and to cast my weighted vote against any offer at 5% or above; but
 - c. not to have recourse to the veto.

I shall be grateful for any comments which you might have on these proposals by midday on 11 July.

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

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