

CONFIDENTIAL

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

~~NO~~
 Prime Minister ②

To note

AT
 6/4

The Rt Hon Nigel Lawson MP
 Chancellor of the Exchequer
 Treasury
 Parliament Street
 London
 SW1P 3AG

mf

6 April 1984

Nigel

TEACHERS' PAY (ENGLAND AND WALES) 1984

You will have seen press reports concerning Tuesday's meeting of the Burnham (Primary and Secondary) Committee, and officials here have already briefed yours and those in other interested Departments. This letter is to take stock briefly, and to look forward to the next meeting of the Burnham (Further Education) Committee, on 16 April.

It became clear during Tuesday that a negotiated settlement was impossible that day in any area which the great majority of employers could have regarded as acceptable, even if they were willing to go beyond normal prudence in the interests of a settlement. Equally, they were unwilling to make any public offer above 3%, for that would compromise their position before arbitration if they should decide ultimately to agree to that. On the teachers' side, there was similar reluctance to express precisely their "bottom line". All the figures spoken about publicly were far beyond the reasonable, affordable range, and those discussed privately still left a gap so wide that compromise was clearly out of the question. Arbitration was asked for, and refused - only two employer votes were cast for arbitration. The teachers thus face for the first time in Burnham history a refusal of access to arbitration. There was no occasion for my representatives to use my weighted vote (or veto) on any question of an improved offer, but they did vote against arbitration, as instructed.

At the end of the meeting the employers expressed their continued willingness to try to work for a negotiated settlement, and the independent Chairman assured both sides of his willingness to use his good offices at any time to try to help matters forward. No date was fixed for a further meeting, however. What happens next is uncertain and, I judge, greatly dependent on how teacher attitudes are affected by the Easter conferences of the two major unions. Negotiating prospects must be described as very uncertain but I do not yet regard a negotiated settlement as inconceivable. For the present I believe we must try to

keep the temperature down to make it as easy as possible for the teachers' leaders to seek resumed negotiations after Easter, if there is any chance at all of that.

As regards the resumed Further Education negotiations on 16 April, I intend to follow the line we agreed for last Tuesday. It could only be helpful if those negotiations could conclude successfully within our agreed limits, but the chances of that must now be considered very slight indeed. I shall presume your concurrence in those instructions for 16 April unless you intervene.

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

Emerson

Kevin

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