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FROM THE SECRETARY OF STATE

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

*Prime Minister* (2)  
*To note X on next page*

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20 June 1984

*AT 20/6*

*Jim Nigel.*

**TEACHERS' PAY IN 1984**

The Burnham FE Committee met on 18 June and agreed that this year's pay settlement should be referred to arbitration on the terms set out in Annex A to this letter, those terms to be accompanied by the statement at Annex B.

My representatives argued against and voted against these terms. This accords with the strong line that we have taken against arbitration throughout. My representatives particularly argued against leaving open the possibility of an arbitrator deciding in favour of that part of the teachers' claim which seeks automatic progression for FE lecturers from Scale 1 to Scale 2. The Management Panel were unanimous in wanting to avoid a phased arbitral award and any forward look by the arbitrators at the sort of salaries FE lecturers might receive beyond the financial year 1984/85. After considerable debate in which my representatives argued that there should be absolutely no room for doubt, the local authority representatives on the Panel satisfied themselves that although it was impossible to prevent an arbitrator from interpreting terms of reference by his own lights, the precise reference to 1 April 1984 went as far as the Panel could get in seeking to preclude an arbitrator from determining or anticipating salary scales from any other dates. In the vote on whether to offer these terms to the Teachers' Panel, the two Associations were unanimously in favour and my representatives were therefore outvoted by 13 votes to 8.

All this said, the terms could be much worse, and I take some comfort from the incorporation of the provisional agreement reached in Burnham on 16 April which the Teachers Panel subsequently failed to ratify.

This arbitral process may be interrupted by the Association of Polytechnic Teachers (APT). The APT were given a seat on the Burnham FE Committee in 1980. Their admission was bitterly opposed by the National Association of Teachers in Further and Higher Education (NATFHE) who since then

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have refused to allow the APT to take part in Teachers' Panel meetings. Having been denied the opportunity to play its full and proper part in the deliberations on arbitration in accordance with the arrangements which the holder of my office makes under the Remuneration of Teachers Act 1965, the APT have announced their intention to apply for a judicial review seeking an injunction restraining the Burnham FE Committee from proceeding to arbitration until the arrangements have been properly complied with. It may well be, therefore, that the APT and the Courts could prevent the FE teachers from getting to arbitration before the school teachers.

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The Burnham Primary and Secondary Committee meets on Friday. Following the outcome of Monday's meeting, the assumption must be that the Association of County Council's only condition for agreeing to a reference to arbitration will be that the arbitrator should be explicitly excluded from considering any reform to the teachers' pay structure. I propose to instruct my representatives to maintain our stand in principle against arbitration; to argue against and vote against harmful forms of words; and to avoid voting for any particular terms of reference - this would probably be represented as voting in favour of arbitration. If agreement on such terms proves difficult it is always possible that the Management Panel's attention will be drawn again to the possibility of higher offers. In the unlikely event of the Management Panel proposing to make an offer above 4.5% in total cost terms, my representatives will argue and vote against and, if need be, formally veto such an offer.

[In the meantime I have taken the opportunity at question time in the House today to place formally on record the Government's position that there can be no question of additional resources being made available to local authorities].

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

*Evans*  
*Keir*

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Terms of Reference

To determine the salary scales (and allowances except London and Fringe Area Allowances) to be paid to teachers in Further Education with effect from 1st April 1984 in the light of:-

- (a) The claim submitted by the Teachers' Panel
- (b) The response of the Management Panel
- (c) The provisional agreement reached in the Burnham Committee on 16th April 1984 (including the percentage increase applicable to all; the additional sum by which the maximum of the L1 scale was to be increased; and the agreement to conduct a fundamental review of the pay structure and related conditions of service).

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DES notes

- (a) Summarised in Teachers' Panel letter dated 24 February 1984 as:

"We seek a substantial percentage increase for all such staff on scales and allowances, sufficient to make a significant step towards the restoration of their standards of living and to return them to acceptable external relativities. We further seek one change in structure, namely the automatic transfer of Lecturers Grade I at the top of the scale to the appropriate point on the Lecturer Grade II scale."

- (b) As made in Burnham Committee meetings culminating in (c).
- (c) Set out in the Secretary of State's letter to the Chancellor dated 18 April 1984. The following statement was also agreed on 16 April:

"Both parties are agreed on the need for a fundamental review of the current salary structure and related conditions of service. The aim is to develop further the efficiency and flexibility of the service, and to ensure adequate career prospects for the teachers delivering that service. Both sides will aim to make significant progress so that next year's pay negotiations can take account of the position achieved. To emphasise the importance of this work elected members on both sides will play a major part in the conduct of the review, which will begin as a matter of urgency."



ANNEX B

The pay structure for FE Teachers is complex and diverse. Arbitrators and other third parties have commented in the past that it is difficult for them to appreciate the issues underlying structure proposals and to assess the implications and possible effect of change.

For these reasons arbitrators have usually confined their awards to straightforward pay increases on which they are confident of their expertise.

This cautious approach accords well with the wish of the Employers' Side and we know that is, in general, commended by the Teachers' Panel.

We therefore believe that we should together express to the arbitrators, in conveying the terms of reference, that both the Burnham FE Committee and the National Joint Council for FE Teachers have the shared view that general structural change is best brought about by negotiation in those bodies themselves or through mechanisms which they establish. On 16 April both Side acknowledged that the problems of the FE service required a full review of the system which should be conducted as soon as possible through these normal bargaining arrangements.



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