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CONFIDENTIAL

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

26 June 1984

*Dear Nigel,*

TEACHERS' PAY IN 1984

I am grateful to Keith Joseph for letting me see a copy of his letter to you of 12 June about the decision to offer arbitration on teachers' pay. I have now seen his further letter of 20 June.

I know that Keith will do everything possible to try to ensure as low an arbitration award as can be obtained. Any arbitration award beyond the 4.5 per cent which has already been accepted by teachers in Scotland would be potentially very embarrassing to me. In accepting 4.5 per cent the Scottish teachers complained that it represented further erosion of salary and said that their members should not be expected willingly to continue to undertake additional work in connection with Government-inspired curriculum development programmes if the Government were unwilling to provide more finance to meet higher pay settlements. The Educational Institute of Scotland proposes to mount a campaign, beginning in the autumn for a comprehensive review of teachers' pay, and the Scottish Secondary Teachers' Association has already put to me a proposal, which I have rejected, for "an immediate independent review of the salaries of teachers similar to that of Houghton". An award above 4.5 per cent south of the border would undoubtedly lend additional force to representations such as this.

Even if the teachers could be fended off until next year's pay negotiations, there would be considerable difficulties then, since the Scottish teachers would undoubtedly want to restore parity with their colleagues south of the border and obviously would be much more inclined to press for arbitration than they were this year. The difficulty for Management might be complicated also by the local authorities having to meet - like their English counterparts this year - an increase in superannuation contributions following the Government Actuary's quinquennial review of the Scottish Teachers' Superannuation Scheme.



I realise of course that we cannot guarantee an acceptable recommendation from arbitration proceedings. I think, however, that if there is an award in excess of 4.5 per cent we shall have to give very serious consideration to the case for initiating Parliamentary procedure to set it aside - difficult though that may be.

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

Yours we,  
George.



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AT 3/7

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

3 July 1984

*San Miguel.*

TEACHERS' PAY 1984

I have seen George Younger's letter to you of 26 June.

I recognise the real difficulties which an arbitral award to teachers in England and Wales in excess of 4.5% would cause for him and I shall indeed do everything I can to try to secure as low an arbitration award as possible.

As for seeking Parliamentary override, you yourself have already in your letter of 7 June noted the need to give this matter the most careful consideration in due course. Like you, I do not think that this is a step to be taken lightly and it is certainly not one on which we should pre-judge our decision.

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.

*Lawson/Keir.*

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
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EDUCATION : Teachers Pay : P-3

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