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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

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

5 September 1984

*Dear Nigel,*

**TEACHERS' PAY ARBITRATIONS 1984**

I received the Arbitral Bodies' Reports on School and Further Education teachers' pay late yesterday. The recommendation for school teachers is a straight 5.1%. For further education the recommendation is 4.6% for all, plus £330pa for those at the top of the lowest Lecturer grade - overall cost just under 5.1%. London Weighting remains to be negotiated separately for both groups. Under the Remuneration of Teachers Act I am required to give effect to those recommendations unless "each House of Parliament resolves that national economic circumstances require that effect should not be given to the recommendations", in which case I may substitute my own determination by order.

I do not regard the question of acceptance or override as clear-cut. Acceptance would make it more difficult to secure our desired settlement with the civil service. It would also seem likely to make for difficulties in Scotland, where the teachers settled at 4.5% this year and now press for an independent review for 1985. And, looking ahead to next year, acceptance would seem likely to affect negotiating prospects for those other local authority groups which settled this year at 4.5%. Considerations of this kind must make us uneasy about the implications of acceptance.

From the education standpoint the arguments are mixed. The recommendations would increase the pay bill for teachers by 0.6% (some £31m) over the last offers made by the management side.

We have made it clear that no additional funding will be offered to local authorities and that the expenditure constraints will not be relaxed. Thus this additional cost would impact adversely on the local education service - on books, equipment, maintenance or the numbers of teachers employed. That I should very much regret. On the other hand, the school teachers' union leaders are clearly disconcerted by these arbitral recommendations and may well seek to channel their exaggerated expectations into

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a campaign for an independent review, following the Scottish lead. What public support they might gather for that is uncertain, given that they secured an independent arbitration this year. I fear that to seek Parliamentary override would significantly strengthen their position in that regard. The lay public might well fail to understand a decision to seek over-turn of arbitral recommendations at this level, against the background of settlements, awards and offers elsewhere.

We need also to consider the Parliamentary process which would be involved in override and the risks attendant upon that. The test set out above is a strict one and it is not clear to me that we could easily justify moving override resolutions. Michael Havers advised my predecessor on this aspect in 1980. I am enclosing a copy of his letter of 9 July and would invite him to confirm that nothing has happened since which might have led him to qualify that advice. We also need to have regard to the political risks of an attempt at override if we are not confident that both Houses would support. In anticipating the possible reactions in Parliament (and outside) we should bear in mind that we found £233m from the reserve towards the recent review body awards to nurses, doctors and dentists, for increases well above 5.1%.

On balance, I conclude that I should not seek to overturn these arbitral recommendations. In giving my decision on the matter I would propose to reaffirm our position on local authority expenditure. But I am very ready to listen to counter-argument if you or colleagues should wish to offer that. If I am to accept the recommendations, though, there would be advantage in doing so quickly, so depriving the unions of excuse for continued campaigning in schools. Might I therefore ask for your views by midday Friday?

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

*Emm.*

*Kevin*

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E(PSP):- HMT ✓ DHSS ✓ Chief Sec  
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*From the Private Secretary*

7 September, 1984

TEACHERS' PAY ARBITRATIONS 1984

In his letter to the Chancellor of 5 September, your Secretary of State recommends that the Government should not seek Parliamentary override of the arbitration awards for schools and further education teachers. The Prime Minister agrees with his recommendation.

I am sending a copy of this letter to the Private Secretaries to members of E (PSP), John Graham (Scottish Office), Colin Jones (Welsh Office), Graham Sandiford (Northern Ireland Office), Henry Steel (Attorney General's Office) and to Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss E. Hodkinson  
Department of Education and Science

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Treasury Chambers, Parliament Street, SW1P 3AG

7 September 1984

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

*Dear Secretary of State,*

TEACHERS' PAY ARBITRATIONS 1984

In his absence abroad I am replying to your letter of 5 September to the Chancellor about the arbitral recommendations on the pay of school and further education teachers. I am sure that you are right to conclude that we should not seek to overturn these. It will however be important for us to underline that no additional funding is being provided to local authorities to help meet their costs.

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

*Yours sincerely*

*Peter Rees*

PETER REES

*(Approved by the Chief Secretary and signed in his absence)*

WSPM

AT 7/9

CC NO



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU  
TELEPHONE: 01-233 3000

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

7 September 1984

Dear Chancellor of the Exchequer,

TEACHERS' PAY ARBITRATION 1984

In George Younger's absence I am responding to Keith Joseph's letter of 5 September about the Arbitral Bodies' reports on the pay of school and further education teachers in England and Wales.

As George pointed out in his letter of 28 June and as Keith recognises in his letter to you, any award in excess of 4.5% is potentially embarrassing for us in Scotland. The Scottish teachers settled reluctantly at that figure, but they did settle without industrial action and without demanding arbitration, and they may now feel that they have lost out by doing so. This will strengthen the hand of those who favour the use of industrial action in Scotland. As Keith points out, we already have a demand for an independent pay review. This is being backed up by a campaign of action. At present this takes the form, mainly, of non-cooperation by teachers with new curricular developments, though some groups of teachers have taken advantage of the situation to take more disruptive action on matters of local dispute. The main campaign is planned to escalate later in the autumn, and I fear that the English arbitral award will tend to encourage the teachers' leaders to hold to this course.

Finally, it seems certain that, at the very least, the Scottish teachers will press hard, in the 1985 pay review, for restored parity with their English colleagues.

Nevertheless, I would on balance agree with Keith that the difficulties associated with seeking a Parliamentary override of the arbitral award are such that it should not be attempted and that he should give effect to the award. I must however give warning that I do not think it will be possible, in the 1985 pay negotiations, to stand out against a claim by the Scottish teachers for an increase which puts them back on a par with their English counterparts.

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

Yours sincerely

*E. Kinsey*  
ALLAN STEWART

Approved by the Minister  
and signed in his absence.

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AT 7/9

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ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

01-405 7641 Extn

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

6 September 1984

Dear Keith

TEACHERS' PAY ARBITRATIONS 1984

In your letter of 5 September to the Chancellor of the Exchequer you invited me to confirm that nothing has happened since my letter of 9 July 1980 which might lead me to qualify the advice I gave in that letter. That advice has, in fact, been expanded by my letter of 25 July 1980 to your predecessor, Mark Carlisle, and by correspondence between officials in your Department and here in March and April 1982.

I can confirm, however, that nothing has happened since 1982 which causes me to qualify the advice that has been given by me and my officials on Section 4(2) of the Remuneration of Teachers Act 1965.

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

Yours Gra  
Michael

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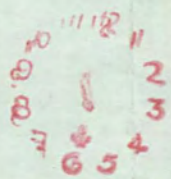
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Rt Hon Mark Carlisle QC MP  
Secretary of State  
Department of Education & Science  
Elizabeth House  
York Road SE1 7PH

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Dear Mark,

I have seen John Biffen's letter to you of 3 July and would like to comment on the suggested use of the "Two-House resolution procedure."

If such a resolution was passed then that would be the end of the matter and there could be no legal basis for attacking you for failing to carry out your statutory duty to give effect to the increases.

My note of caution arises from the wording of section 4(2) of the Remuneration of Teachers Act 1964 ie "that national economic circumstances require that effect should not be given to the recommendations (of the arbitrators)".

It is likely to be argued against you that this subsection was contemplating a situation like the 1931 economic crisis and that its use in the present circumstances had not been intended by Parliament. HMG would therefore have to satisfy both Houses that the present national economic situation was the justification for the Resolution and that it was not simply that HMG did not like the award.

I would have thought that the Prime Minister's statement on Monday went a long way to establishing the justification required but I felt it right to warn you that it must be clear that the Resolution is not being used just because HMG thinks the award is too high.

It will of course be necessary to emphasise that the real value of the offer is 13.2%.

I have copied this letter to all the recipients of John Biffen's letter.

*Yours faithfully*  
*Mark Carlisle*