

CONFIDENTIAL



Prime Minister ②  
To note

AT 6/2

DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

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

6 February 1985

Dear Nigel

**TEACHERS' PAY (ENGLAND AND WALES)**

The Burnham Primary and Secondary (P & S) and Further Education (FE) Committees meet on 11 and 12 February respectively. It seems unlikely that significant movement will take place at either meeting. In the P & S negotiations the employers have established what they seem to regard as a reasonable defensive position - 4% offer rejected but not withdrawn, arbitration offered and refused, and a return to the structure talks still open. On present instructions my representatives would veto any attempt to make an improved open offer, if indeed the employers should decide on that in the interests of continued movement during negotiations. I think that remains our best course and propose no adjustment to my instructions as regards open offers.

However, it is possible - though extremely improbable - that the teachers might be willing to settle a little above 4%. If it were clear that a settlement would result, straightaway and without strings, and the employers were so solidly for that as to prevail against my weighted vote, should my representatives block such a settlement by having recourse to the veto? I think not, judging the uncertainties of the other options far less attractive than a quick negotiated settlement at 5% or below. This fall back position would remain entirely private to Government, of course. Should a settlement on these terms not be certain on the day, my instructions would stand unchanged, with employers and teachers unaware of my position.



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The FE meeting on 12 February is only the second in the round and likely to be taken up by a further presentation of the teachers' claim. Nevertheless my representatives need instructions against the unexpected. I propose that those should match my instructions for the P & S negotiations, as amended above ie

- a. argue and vote against proposals to offer more than 3%;
- b. argue and vote against any offer of arbitration;
- c. veto any proposal to offer more than 4%, unless it is clear that a settlement at or below 5% will result straightaway, in which case they would withhold the veto up to that level.

I should need to have any comments you or colleagues might wish to offer by close of play on Friday 8 February.

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.

John ...

John ...

It being assumed that  
the target to be met  
accommodated within the  
same cash limit i.e. the  
more the pay the more  
the redundancies  
no



- 6 FEB 1985

