

CONFIDENTIAL



MIPM AT
11/2

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

8 February 1985

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

Dear Secretary of State

TEACHERS' PAY (ENGLAND AND WALES)

You wrote to me on 6 February proposing an amendment to your instructions to your representatives for the meeting of Burnham next Monday.

I agree it would be wrong to miss the opportunity, however remote, of a moderate settlement with the primary and secondary teachers. But I think it would also be wrong to go to a figure as high as 5 per cent. That would not be significantly below the settlement the teachers received at arbitration last year. It would set 5 per cent as the target other service groups would hope to beat and, in particular, would weaken the employers' position in relation to the local authority manuals, where the offer already stands at 4.75 per cent.

In these circumstances, I would suggest you instruct your representatives that if, and only if, a settlement is certain, the employers should be allowed to offer 4.8 per cent. I do so on the understanding, which I see you accept, that no indication is given to the employers or teachers' unions that your representatives have instructions allowing them to refrain from vetoing offers above 4 per cent. If, as still seems most likely, the teachers' negotiations end in arbitration, we should not want the employers to go with a final offer of around 4½ per cent.

It is not easy to predict how public service pay negotiations will develop over the coming weeks. So on the assumption that there is no settlement with the teachers on Monday, I should be grateful if you would consult me again about your representatives' instructions before the next Burnham meeting.

CONFIDENTIAL



I agree with the instructions you propose to give your representatives for the further education negotiations, but would again substitute 4.8 per cent for 5 per cent in (c), once more subject to the understanding that no hint will be given to employers and employees that you have any intention other than to veto offers of over 4 per cent.

Copies of this letter go to the Prime Minister, the other members of E(PSP), to George Younger, Nick Edwards and Douglas Hurd, and to Sir Robert Armstrong.

*Yours sincerely,
Margaret O'Hara*

NIGEL LAWSON

*(approved by the Chancellor
and signed in his name)*

EDUCATION
Teachers Pay Pl. 4

9
8
7
6
5
4
3
2
1

11 FEB 1965



NARM
AT 1/2

CENO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

8 February 1985

Dear Sir Keith

TEACHERS' PAY (ENGLAND AND WALES)

I refer to your letter of 6 February to Nigel Lawson about the line your representatives should take in the Burnham (P & S) negotiations on 11 February. I agree with your general approach but with other negotiations now reaching a delicate stage I would very much prefer that we should not breach the psychologically important 5% figure. May I therefore suggest that your veto should be withheld only for a figure below that level.

As far as the F E negotiations are concerned the same considerations apply. In addition, however, whilst I entirely endorse the principle which lies behind the proposal that your representatives should vote against anything over 3% we should, I think, consider whether adherence to that principle is, at this stage, going to be helpful in achieving the degree of commitment from the management side which will be essential if we are to achieve a moderate but realistic settlement.

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

Your sincerely

Atehani

for

PATRICK JENKIN

Approved by the RFR and
signed in his absence

EDUCATION : Teachers Pay : A 4

