

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(81)6
12 January 1981

COPY NO:

56

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

ARBITRATION ON PUBLIC SERVICES PAY

Memorandum by the Secretary of State for Education and Science

1. I was invited (E(80)43rd Meeting, Item 1, Conclusion 1) to consult with the local authority employers of teachers with a view to removing the unilateral right of access to arbitration for the 1981 pay negotiations. That invitation extended also to the Secretary of State for Scotland as regards Scottish teachers, and Conclusion 3 invited the Secretary of State for the Environment to encourage the water industry employers and the local authority employers to take steps to remove the right of unilateral access to arbitration in time for the 1981 pay negotiations.

2. In the context of my general discussions with the local authority employers about changes in the Remuneration of Teachers Act 1965 (which could not themselves be made for this year) I have reviewed with them the case for change in the arbitral arrangements for the teachers' pay negotiations this year in England and Wales. They were sharply divided in their views. The Association of County Councils (ACC) felt strongly that the change must be made. They considered that unilateral access to arbitration made realistic negotiations less likely and feared a 1981 arbitral award above the cash-limited provision in RSG and what authorities could afford to pay. In that case, unless we could and were to use the two House procedure provided for in the Remuneration of Teachers Act 1965, provision of local authority services would have to be cut, or rates increased, or both. They did not think that industrial action need occur: the employers could, if they chose, agree to arbitration before that point was reached if they were satisfied that there was no prospect of progress through negotiation. Lastly, they thought that these arguments applied for other groups, and wanted to see change to access by joint agreement across the board.

1.

CONFIDENTIAL

226

CONFIDENTIAL

3. The Association of Metropolitan Authorities (AMA) were equally strongly opposed to change. While they too would be concerned about the effect of a high arbitral award, they did not think that need happen if employers presented their case cogently to arbitrators and were encouraged by recent experience of arbitration. They felt particularly that arbitration was a valuable safety valve which reduced the risk of industrial action. They saw change now as forfeiting employers' ability to take teachers to arbitration against their will on key conditions of service after 1981 (when we intend to have in operation new arrangements for negotiating pay and conditions of service together).

4. It is important that the Government and local authority and other public service employers should act consistently and so far as possible in unison in this matter. We therefore have to take into account -

- a. that the ACC were unable to say, at my meeting with them, whether they proposed to take an initiative in respect of their other groups of employees who also had existing rights to unilateral arbitration;
- b. the intentions of the Secretary of State for the Environment in that respect; and
- c. the position in Scotland where it appears that the local authority employers would strongly favour unilateral access (because, I gather, of a very reasonable outcome last time when they took the teachers to arbitration), and the unions are understood to be more attracted by the idea of arbitration by agreement only;
- d. the longer-term disadvantage of change now. The AMA may be right in seeing advantage in being able to take the teachers to arbitration on conditions of service in the future: the Scottish authorities might well take the same line;
- e. the risk that changing the arbitration arrangements for 1981 would make negotiations on changing the Remuneration of Teachers Act more difficult than they otherwise would be.

5. Time is short. A change in the arrangements made after pay negotiations open might be successfully challenged in the courts: on present plans, the first meeting of the negotiating committee is on 18 February. And it would be awkward to change the arrangements once the unions have formally submitted a pay claim; that may be lodged as early as 21 January. Accordingly I must formally consult unions and employers this week if I am to amend the arrangements for the 1981 round.

CONFIDENTIAL

CONFIDENTIAL

6. Given the differences of opinion between the employers in the ACC on the one hand and in the AMA and in Scotland on the other, and the need for the three Secretaries of State to be seen to be in unison, I would welcome the Committee's views and guidance.

M.C.

Department of Education and Science
12 January 1981

CONFIDENTIAL