

TOW Sir K Joseph's office 2 Mes 10/5

MR. SCHOLAR

Agree that we go to arbitration and reject ACAS approach

Prime Minister

(3) (1)

Education

X seems a very sensible approach. Indeed, it is what Sir K Joseph recommends in his letter (attached). Agree?

TEACHERS' PAY

Two points about teachers' pay:

MCS 6/5

(1) The Prime Minister has been sent a copy of Mr. Younger's letter of 6 May to the Chancellor, recommending acceptance of the arbitral award of 6 per cent for Scottish teachers. I am sure that this is right: overriding the arbitration would require us to demonstrate that national economic circumstances required it, a condition which I think is not met, and following today's announcements 6 per cent will be quite well established in the public's mind as the going rate for public service pay rises.

(2) I understand that Keith Joseph will be writing round later this evening about teachers in England and Wales, whose pay claim has already been referred to arbitration. Apparently ACAS has approached the parties to ask whether there is scope for conciliation in order to avoid the whole panoply of arbitration. I understand that this is a not uncommon procedure on the part of ACAS, which may have been prompted by the unions, who will no doubt have worked out that they are unlikely to get more than 6 per cent out of arbitration. I do not know what Sir Keith Joseph will recommend, but I am clear that conciliation would be a much riskier procedure, holding out much less chance of a settlement below 6 per cent. Our position in arbitration is a good one, with an offer on the table of 3.4 per cent, and evidence which has already convinced two arbitrators about affordability and market factors. In the course of conciliation we would risk (what we narrowly escaped during the negotiations) being forced to raise our offer significantly and failing to settle, thus providing a new floor for subsequent arbitration. So I think the DES representatives on the Burnham Management Panel should argue for rejection of the ACAS approach.

6 May 1982

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