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Prime Minister

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Scottish Teachers will
probably get at least

4.9% from
7 March 1983

arbitration.

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MUS 8/3

Dear Chancellor

PAY OF PRIMARY AND SECONDARY TEACHERS IN SCOTLAND

Thank you for your letter of 2 March. I fully share your concern that a settlement for primary and secondary teachers in Scotland should be at the lowest practicable level.

A further meeting of the relevant negotiating body - the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) - took place on 4 March. At a preliminary meeting of the Management Side, my representatives reiterated, in the strongest terms, points which they had made at previous meetings, viz that the Government expected public service pay settlements, on average, to be in the area of 3½ per cent and that this assumption had been built into the rate support grant settlement; that there was no minimum figure for a settlement and that the lower the overall level of pay increases the better for employment; that a key factor was what education authorities needed to pay in order to recruit and retain teachers, having regard to the labour market situation; that the settlement with the manual workers a 4.87 per cent (and a subsequent settlement with engineering craftsmen at 4.86 per cent) left less - not more - room for offering the teachers over 3½ per cent; and that the consequence of any settlement with the teachers above 3½ per cent would be the need for either a reduction in teacher numbers, or a reduction in spending in some other area, or an increase in local authority expenditure to a level at which the Government might have to take action.

It nevertheless became clear during discussions in the Management Side that they would be prepared in the end of the day to go to 4.9 per cent in order to achieve a settlement, on the ground that this was broadly in accord both with the manual workers' settlement and with the latest year-on-year increase in the RPI. In the event, their first offer was a 4.5 per cent increase across the board, which the teachers

rejected, although it emerged that they would have been prepared to settle at 5 per cent. In the course of a recess and after a good deal of further discussion, the Management Side decided to make a further offer of 4.9 per cent, contingent on a settlement being reached at that meeting. My representatives asked for it to be recorded formally that they dissented from an offer at so high a level; as you know, they have no veto in the SJNC(SE) and there was therefore no further action which they could take. When the full meeting resumed, however, the teachers rejected the offer of 4.9 per cent. The meeting then broke up without any arrangements for a resumption of negotiations. The formal position therefore is that the Management Side's 4.5% offer remains on the table, although inevitably publicity in the media has fastened on the 4.9 per cent figure.

There has, however, been a subsequent development. Later on 4 March the Management Side Secretariat received word that the teachers, as they are entitled to do, had unilaterally invited ACAS to exercise their role of conciliation. The Management Side Chairman took the line that he would not be justified in refusing to talk to ACAS and I understand that there are likely to be further informal discussions within the next few days.

There are also to be further discussions today in the Scottish Joint Negotiating Committee for Teaching Staff in Further Education. I shall write to you again later this week to let you know the latest position on the Scottish teachers' pay front generally.

I am copying this letter to the Prime Minister, the Secretaries of State for Education, Employment, Wales and the Environment and to Sir Robert Armstrong.

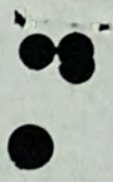
Yours sincerely

John White

Approved by the Secretary of State
and signed in his absence

Education Teachers Pay

Pt 3



18 MAR 1987

