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## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

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

30 November 1984

Dear Chancellor,

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

Discussion of the local authority employers' proposals concerning the pay structure, teachers' duties and responsibilities, performance appraisal and management resume on 5 December. However, I understand that in yesterday's meeting of the Teachers' Panel the National Union of Teachers exercised its block vote to carry by 16 to 15 a proposal to withdraw from those talks. There is therefore every prospect of breakdown on 5 December, with the teacher majority subsequently seeking to prosecute its entirely unrealistic claim for structural change and a minimum increase of £1200 pa for all teachers from April 1985, in the next meeting of the Burnham (Primary and Secondary) Committee itself, on 7 December.

This letter concerns the instructions which I propose to give my representatives for the 5 December meeting, and for the Burnham meeting on 7 December. As regards the 5 December possibilities, I intend to instruct them to reiterate my reserved position on the employers' proposals which, to stand any chance of success, must pass the tests of negotiability, acceptability and affordability, to which I referred in the House on 14 November. I have already made plain to the employers the difficulties which their proposals present me with as regards the second and third of these tests. But the ordering of the tests is important and I would not on 5 December want to be seen as destroying an honest attempt by the employers to secure improvements in teacher commitment, appraisal, professionalism and management. It is likely that the teacher majority will try to present breakdown in such a way as to lay the blame at the door of the employers or the Government. The employers and the Government will be better served if breakdown is seen to arise directly from the NUT's refusal to consider matters such as performance appraisal and clearer contractual obligations. No matter how things go on 5 December, the existence of the employers' proposals would seem likely to leave them better placed and more willing to



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stand against the teachers' long-term objective of a return to favourable 1974 relativities, beginning with a minimum £1200 increase from next April.

It now seems unlikely that the employers' proposals will survive 5 December, but if they did I would expect the employers to proceed very cautiously in the formal Burnham forum on 7 December. My representatives would argue for more time to consider what (if anything) might be offered by way of a straight pay increase from April 1985: if necessary they would have recourse to the veto to prevent an excessive offer - see below.

It is difficult to assess the likely employer reaction in the expected event of breakdown on 5 December. It is possible that they might want to make a quantified offer in Burnham on 7 December, simultaneously upbraiding the NUT leaders for having forsaken the one path which they think might lead to an acceptable conclusion. If in the event they should be minded to follow that course, it seems to me quite likely that they would want to offer visibly more than 3%, in the hope of winning some grass root support for their preferred alternative and with recollections of last year, when the management panel was widely criticised for sticking too long to its original 3% offer and so (it was said) missing an opportunity for settlement at an "affordable figure" - unspecified, but seen by commentators as significantly below the 5.1% which finally resulted from arbitration. I fear they would regard a 3% offer as tactically inept, signalling a readiness to see a re-run of last year's difficulties. For my part, I would regard any quantified offer on 7 December as premature, even in the light of breakdown on 5 December. The teachers have already been asked to spell out more detail on their claim, and the employers could certainly seek adjournment to consider their position. My representatives would therefore argue strongly and vote against any quantified offer on 7 December. If they should be out-voted, there would then be the question of possible recourse to the veto. Nice judgments are involved here. Clearly my representatives would have to veto any proposed offer which would set an unfortunate early signal to other negotiators. Last year my final veto level was 4.5%. For 7 December it must certainly be lower: the choice is effectively between 3 1/2% and 4%. The level is not disclosed to the employers (unless the veto has to be used) and so does not indicate any level of expectation on my part. Rather it defines the range within which I am ready to see offers decided by vote within the management panel. If set too low and brought into play, the results are likely to be unfortunate. I believe that to set it so as to preclude an offer of 3 3/4%, say, should the employers be strongly for that, would be seen as unreasonable. The result could be a rift with the employers with the risk of an early offer of arbitration. (My representatives would certainly oppose any such offer of arbitration but might not prevail in voting: the veto is not available on the question of access to arbitration.) I conclude that my representatives should strongly resist by argument and weighted vote any quantified offer on 7 December, and if the circumstance arises veto any proposal to offer more than 4%.

London Weighting (1984) is on the 7 December agenda. The inner and outer London rates were increased by 5.1% at the last meeting,



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but the fringe area rate remains for settlement. The employers are committed to making an offer on 7 December. My representatives will argue for settlement below 5.1% and I would hope for some employer support. But history suggests that the employers not affected by London Weighting may not stand firm, and at the end of the day I fear that a 5.1% (£12 pa) increase may result.

If you should have views on my intended line for the 5 December discussions and the 7 December negotiations I should need to have those by the afternoon of Tuesday 4 December.

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

Yours sincerely,

Elizabeth Hodd

Approved by the  
Secretary of State  
and Signed in his  
absence



10/11/50

