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

25 January 1985

The Rt. Hon. Sir Keith Joseph Bt MP
Secretary of State for Education and Science

Dear Secretary of State

BURNHAM (P&S)

Thank you for your letters of 17 and 23 January.

I agree that at Monday's meeting your representatives should argue and vote on offers as you proposed in your letter of 17 January. But I should be grateful if they would also do everything they can to prevent the employers making an offer of arbitration. That would effectively bring negotiations to a halt as soon as they began. It would fly in the face of our often repeated assertion that arbitration should be a last resort and the arbitrator might well lean in the teachers' favour, concluding that the employers had made no attempt to reach a settlement. I am in any case not convinced that this tactic would succeed in heading off industrial action: at present the NUT are on record as saying that they will not go to arbitration this year.

Looked at more widely too, there are problems in an immediate offer of arbitration. It would repercuss on other public service negotiations this year and make arbitration for these groups harder to resist.

The outcome of arbitration is always uncertain. The arbitration awards for teachers and local authority APT & C staff in the 1983-84 round were clearly influenced by the fact that other public service groups which negotiate their pay had settled for less than 5 per cent. The panel would have no such touchstone available if the teachers' negotiations went to arbitration early in the current round and the teachers would be bound to insist that the Chairman of the 1984 arbitration panel was changed.

For the longer term, I welcome the fact that you are exploring alternative proposals on teachers' contracts/conditions of service. But although I was encouraged by your judgement that the risk is low, I remain concerned that sooner or later the employers' proposals will be revived. While there may be scope for argument about how expensive those proposals might be, they could involve the employers in a very substantial increase in costs. I must make it clear that Treasury Ministers could not agree to any additions to public expenditure on this account, even if most or all of the cost fell beyond the planning period.

Given the possible sums involved, I think it would be helpful if our departments could examine together the options for progress on teachers' terms and conditions of service. I have therefore asked my officials to contact yours and to report back to both of us in due course.



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

Yours Sincerely,

Margaret O'Hare

NIGEL LAWSON

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

EDUCATION: Teachers Pay:

Pt 3

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25 JAN 1985



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NAPM AT 281
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

28 January 1985

Dear Keith,

I refer to your letter of 23 January to Nigel Lawson.

Whilst I can well understand the employers' wish to avoid the possibility of widespread disruption in the schools, I believe that we should strongly oppose any immediate reference to arbitration on the lines indicated in your letter. As you yourself recognise, the stakes would be very high and it would be quite inconsistent with our general position that negotiated settlements should be reached wherever possible, with arbitration only as a last resort. In the present case we have not even reached the stage of making an initial offer, let alone establish what the realistic difference between the two sides is going to be. To go to arbitration with a gap of the order of 8% or more, and with no negotiations having taken place, seems to me unacceptably risky.

There is an additional point. In both last year's teachers' arbitration (which was itself only 4 or 5 months ago) and the recent APT&C award the arbitrators clearly paid a good deal of regard to the affordability argument deployed by the employers. It is in my view vital that we keep this argument to the forefront and I believe that we need to demonstrate to any arbitrator that we have done our utmost to persuade the Unions of the strength of that case. To go to arbitration as early as is now proposed looks very much like asking the arbitrator to do the employers' job for them. This would, I suggest, not only weaken the 'affordability' argument but might influence the arbitration towards the Trade Union's position.

Your em
Patrick

PATRICK JENKIN

N.B This letter is copied as before.

The Rt Hon Sir Keith Joseph MP

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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 7PH

25 January 1985

Dear Secretary of State
TEACHERS' PAY

Thank you for sending me a copy of your letter of 23 January to Nigel Lawson about the possibility that, at the Burnham (Primary and Secondary) meeting on 28 January, Management might make a low offer (on the expectation that it would be refused) and then proceed immediately to propose arbitration.

I find this disturbing. While I follow the reasoning which leads you to regard this possibility as "less unacceptable" than some other scenarios, I am by no means convinced that it would be wise to move to arbitration so soon. It seems to me that there is a real risk of reducing Management scope for manoeuvre. Moreover, in purely Scottish terms, I fear that such a speedy concession by Burnham Management might exacerbate the existing Scottish difficulties - about which I have written separately to colleagues - and make it even harder for me to persuade the two Sides of the SJNC(SE) to take on the task themselves of looking at pay and conditions of service together.

I should prefer it, therefore, if you felt able to instruct your representatives to resist any immediate move to arbitration in Burnham on the 28th. I entirely accept of course that any eventual move to arbitration must be from as low a base as possible, but from what you say there seems no danger of Burnham Management wishing to make other than a low offer.

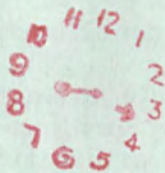
Copies of this letter go to the Prime Minister, to Nigel Lawson and other Members of E(PSP), to the Secretaries of State for Wales and Northern Ireland and to Sir Robert Armstrong.

Yours sincerely

E S GOWANS
Private Secretary
Approved by the Secretary of State
and signed in his absence

Education, Teachers Pay: Pt 3

28 JAN 1985



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ASBPM
CE NO
AT 25/1

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....

Switchboard 01-213 3000

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

25 January 1985

Dear Keith,

TEACHERS' PAY (ENGLAND AND WALES)

You sought views on the proposals in your letter of 23 January to Nigel Lawson.

I believe that it is too early for arbitration to be offered next Monday. It is too soon to write off the possibility of a negotiated settlement; and to offer arbitration at the first negotiating meeting - on the basis of an offer which would generally be seen as low - might lead the arbitrators, if the teachers agreed to arbitration, to the view that the employers had acted unreasonably. And surely there can be no need to offer arbitration so soon. The unions would find it hard to win much public support if they decided to take industrial action after only one negotiating meeting.

Looked at more generally there must, as you recognise, be a risk that an early award could be awkwardly high and repercussive. Moreover for the Government to go along, albeit reluctantly, with so early an offer of arbitration would fit badly with our general policy that arbitration should be viewed very much as a device of last resort, and would make it harder for us to resist arbitration for the NHS and for the Civil Service should the need to do so arise.

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I would therefore prefer your representatives at the meeting next Monday to argue and vote against an offer of arbitration.

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

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