



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Prime Minister²

DCW

12/13

12 March 1986

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Dear John,

TEACHERS

You will want to know how the situation in Scotland has developed since my announcement last Thursday of an independent inquiry.

The announcement was well received by the media and by parents, and welcomed by the employers. The unions, taken by surprise, were initially defensive. I met representatives of both sides, separately, on Friday. It was necessary to explain to the Teachers' Side, as I had done to the House, that the inquiry team will be free to make any recommendations that they think appropriate after hearing the evidence put to them by all parties, including the Government; but I emphasised that the Committee would have to take into particular account what ratepayers and taxpayers could afford. I left them in no doubt that we should want to study the inquiry recommendations as a whole (and the reactions of unions and management to them) before reaching our decision on them. I put these same points to the employers' leaders when I met them on Friday afternoon and particularly stressed that they should be seeking a settlement for 1985/86 within what they knew they could afford. The general result of my discussions seems to be that the unions, while hostile to some of the terms of reference of the inquiry, will collaborate fully with it; the employers certainly will.

The Scottish Joint Negotiating Committee met yesterday. There was some pressure in the preliminary meeting of the Management Side to seek additional resources from the Government, but my representatives said categorically that the employers could not look to Government for any assistance or relief from penalties for overspending. The Teachers' Side argued that the settlement must cover both 1985/86 and 1986/87, since

otherwise they would have to wait until late in the year, after the inquiry had reported before they could get a 1986/87 settlement. They also insisted that the 1985/86 element should be worth at least 0.5% more than the Burnham settlement, on the grounds that they had lost that amount of ground relative to Burnham in 1984/85 (when Scottish teachers were refused but English teachers allowed access to arbitration). The employers were convinced that they would have to meet these demands if disruption were to be ended, and accordingly offered 7% from 1 April 1985 plus 2% (on the 1984/85 base) from 1 January 1986, and a further 5.5% (on the new 1985/86 base) from 1 April 1986. This last figure (5.5%) was apparently agreed within COSLA in consultation with the leaders of the Employers' Side for negotiations on other local authority pay groups and is seen by them as unlikely to prejudice the rest of the present pay round. The settlement will lead to a total increase of 14.9% in 1986/87 over present (1984) rates. The Teachers' Side agreed to recommend this offer to their executives. Subsequently the executives of the 2 largest unions agreed to recommend their members to accept the deal by ballot and to suspend strike action till the ballot results are known. The SSTA have also suspended the exam-boycott and the EIS have set in hand procedures to end theirs.

It goes without saying that I should have preferred a more modest settlement. By offering a settlement well above what they have budgeted for the employers have undoubtedly taken great risks. I expect they will shortly come back to me with a formal request for a relaxation of the penalty regime, although they know in advance that I shall refuse it.

We now have the prospect of a rapid return to a reasonable degree of normality in the schools and a considerable improvement in the atmosphere: strike action will cease and the threat to the examinations will be lifted. It is unlikely that curricular development work will fully resume until after the inquiry has reported - but after the delay to the Standard Grade programme it would in any case have taken some time for progress to be resumed, and meantime I expect that a good deal of work will start up whatever the formal position of the unions.

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

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND