

Prime Minister

Ref. A09541

You asked for information on teacher training intake. This is at Flag D.

PRIME MINISTER

Before the meeting details? who the arbitrator are? I think it is only the teachers, not the employers. - may I have refs. determining

R
4/15

Economic Strategy Committee: Teachers' Pay

(Minute of 9 May by the Secretary of State for Education and of 10 May by the Secretary of State for Scotland both to you)

employees, but is it an agreed chairman? or a chairman appointed by employers?

Flag A

You decided that the Economic Strategy Committee should consider Mr Carlisle's minute to you, dated 9 May, about the handling of the teachers' pay dispute.

2. You know the background. The teachers have claimed over 36 per cent. But the essence of their claim is restoration of the relativities established for them by the Houghton Report in 1974. A negotiated settlement within the Burnham Committee cannot be reached because of the distance between the parties. Mr Carlisle thinks that there are only two options now - arbitration (to which the teachers, like the employers, have a unilateral statutory right) and a comparability study by the Standing Commission on Comparability (Clegg). His preference is for a reference to Clegg. He also believes that to get an end to industrial action the Government must be prepared to see the Management Panel make some improvement in their present offer of 9 per cent with further stages (assuming a comparability study) on 1 April 1980 and 1 April 1981.

3. The unions themselves are divided. The National Union of Teachers (NUT) now appears to want a reference to Clegg and has the backing of other smaller unions except for the National Associations of Schoolteachers (NAS) and Union of Women Teachers (UWT) who want arbitration. The local authority employers do not appear to have a strong preference: their prime concern is that the Government should meet its share of the full cost through Rate Support Grant (RSG).

4. Once a decision to go to arbitration is reached in Burnham it generally takes about 6 weeks before an award is made. The Government cannot submit its own evidence and has only limited influence on the Management Panel's evidence. The Government can only overthrow the award by way of resolutions in both Houses of Parliament on the basis that the award was against the national economic interest. The arbitrator could stage the award but the Government could not do so unilaterally without first having the award formally rejected by the two House procedure.

5. A settlement based on comparability could, by prior agreement, be staged. But there would be considerable difficulty in reaching agreement on acceptable terms of reference. Whether or not to make a reference to Clegg begs questions about the Government's general attitude towards comparability as a pay determinant in the public services and the Clegg Commission in particular. Cabinet is due to consider a paper on comparability at its next meeting.

Arrangements are being made to circulate their paper, which we expect to be a joint one from the Chancellor of the Exchequer and the Secretary of State for Employment, in time for those present at Committee E to be aware of its contents for background information. You will want to make sure however that Cabinet decisions are not pre-empted.

This paper
is at
Flag C -
it includes
some of the
material in
John Hunt's
paper to you.

HANDLING

6. You will want Mr Carlisle to speak to his minute and to ask Mr Younger to comment on the Scottish position. (He has sent you a separate note about this.) You will also want comments in particular from [Sir Geoffrey Howe,] Mr Prior, Mr Biffen, Mr Heseltine and Lord Soames.

Flag B

7. You might take views first on whether, if the terms of reference were right (a big if), colleagues would prefer the teachers to be referred to Clegg or to allow the claim to go to arbitration. To allow this major reference ($\frac{1}{2}$ million teachers) could be seen as a sign of approval for Clegg and comparability and make it difficult to refuse other groups who may also want to follow this course - the local authority Administrative, Professional, Technical and Clerical Staff (APTCS) whose settlement date is 1 July being the main possible claimant. Arbitration could however be the most costly option in terms of public expenditure.

8. If colleagues would actively prefer Clegg, given the right terms of reference, the question is how can teachers be brought to accept sensible terms of reference? Those annexed to Mr Carlisle's minute (agreed before the election by the Burnham Committee with the Government representative dissenting) are not satisfactory - no reference to job for job comparisons, no reference to terms and conditions of employment, and a clear pointer to indexation. It

could I suppose be argued (and the Secretary of State for Education may argue) that bad terms of reference will not prevent the Standing Commission from doing a good job because they will have evidence from the Government and their *raison d'etre* and back-up machinery is geared to a PRU type of study. But this would be a considerable gamble and set a damaging precedent for any future references to Clegg.

9. The essential point therefore is how much leverage the Government has got, eg by threats to withhold RSG or a refusal in advance to foreswear asking Parliament to overthrow an arbitration award, in order to force sensible terms of reference on reluctant teachers.

10. If it is agreed that an attempt should be made to negotiate suitable terms of reference for Clegg with the teachers, it will also be necessary to consider the accompanying elements of the offer. These elements are set out in paragraph 10 of the note attached to Mr Carlisle's minute. You will want to seek a decision on each.

11. If on the other hand your colleagues prefer to go to arbitration anyway then you will need also to consider the points set out in paragraph 4 of the note attached to Mr Carlisle's minute.

12. The detailed points referred to in paragraphs 4 and 10 of Mr Carlisle's note are largely self-explanatory though in paragraph 10(b) Mr Carlisle does not say how much the payment on account might be. The Civil Service got £1 a week for those earning up to £4795; nurses got £2 or £2.50 depending on grade. Clarity is needed.

13. There are two other points which it would be useful to clear -

a. How far is the Government committed to RSG promises made by the previous administration and what precisely do these amount to? Mr Carlisle's paper does not tell us and he should be asked (we have warned his office).

b. There are a number of subsidiary negotiations with teachers in train, eg on FE teachers in England and Wales and similar groups in Scotland. Subject to any snags which your colleagues might see it would make sense to agree to deal with them all on the same basis as the main negotiations.

CONCLUSIONS

14. The choices for conclusions appear to be -

EITHER (a) to tell both sides that the only acceptable course to the Government in present circumstances is recourse to arbitration.

In this event you will also need to decide:

(i) whether the management panel should stick to its 9 per cent offer or go beyond this to provide a datum for negotiation (Mr Carlisle says at the end of his paragraph 5 that he would need to talk further to the local authorities on this point);

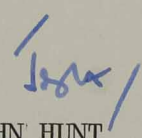
(ii) whether to give an undertaking in advance not to seek to overthrow the arbitration award in Parliament;

(iii) whether to guarantee the local authorities RSG cover for any costs in 1979-80 beyond promises already made.

OR (b) to work for a suitable reference to Clegg and to use whatever weapons are available to this end. This would involve taking a tough line on the "arbitration" concessions in paragraph 4 and no doubt being relatively forthcoming about the "Standing Commission" concessions in paragraph 10. You might run through the 7 points, 3 in paragraph 4 and 4 in paragraph 10, and record a conclusion on each.

(c) To record that all of the extant teachers pay negotiations should be handled in the same way.

15. If the Committee favour arbitration, then I think the Secretary of State can go ahead. If however they favour a reference to Clegg, then you may feel that this should be ratified by Cabinet on Thursday because of its implications for comparability policy more generally. In that event Mr Carlisle will have to stall in the intervening days.


JOHN HUNT

11 May 1979