

Ref. A09522

Prime Minister

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PRIME MINISTER

TEACHERS' PAY

Agree that decisions on this should be taken at E Committee on Monday and that Mr Clarke can allow Burnham to reconvene on Wednesday?

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The Secretary of State for Education's minute to you of 9 May seeks an immediate decision on the choice between arbitration and a reference to the Standing Commission on Comparability.

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2. This is essentially a decision for the Government, not the local authorities. The Government holds two important cards:

i. It makes the references to the Clegg Commission, and no reference can be made without its approval (though conversely it can only make a reference with the agreement of the employers and the unions).

ii. It settles the level of Rate Support Grant and is under ^{no} obligation to make RSG available for extra expenditure unless it chooses to do so.

3. The teachers however also hold an important card. They can go to arbitration unilaterally and, if the arbitrator so awarded, the result might be payable in full immediately (i.e. arbitration might mean higher public expenditure this year than would a negotiated settlement including staging). It is true that the results of arbitration can then be overridden by a vote of both Houses of Parliament, but this is a sledge hammer to be used only in the last resort.

4. There is thus ample opportunity for a 'squeeze play'. At the extreme the Government could say "go to Clegg on terms of reference acceptable to us or go to arbitration without promises of RSG or the use of the 'Two Houses' procedure." These questions are at the heart of the discussion you will want with your colleagues.

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5. The immediate problems are of timing. Mr. Carlisle wants a meeting of the Burnham Committee "early next week". I understand from his Department that this could in fact be as late as Wednesday, at the cost of mounting irritation among the unions and employers and continuing disruption in the schools. But they are anxious about the risks of further postponement, both for the schoolchildren and as leading the teachers to seek immediate arbitration (though given that it was dissension among the teachers unions which prevented their going to arbitration before the election this latter fear may be unfounded). Mr. Carlisle does not say whether he has tried to get the teachers to call off industrial action while the new Government considers the issues.

He has.

6. If the Burnham meeting is postponed till Wednesday, teachers' pay could be discussed in the Economic Strategy Committee on Monday. (We have already arranged a meeting that afternoon to consider the question of the Price Commission.) The alternative is to insist that teachers' pay must wait until after the Cabinet's general discussion ^{as} (indeed you envisaged in your comments reported in Mr. Lankester's minute of 8 May). But if this happens (and unless Mr. Carlisle can persuade the teachers to call off their action in the interim) there is a danger that the unions will seek to shift the onus for continuing disruption in the schools from themselves to the Government.

i.e. you have said you don't want more recesses for the time being.

7. In the circumstances the best course might be:

(a) to put teachers' pay on the agenda for E Committee on Monday on the clear understanding that, if no line emerges which can be recommended with confidence to Cabinet, the matter will have to be looked at again after discussion in Cabinet.

(b) to tell Mr. Carlisle that he cannot yet make promises about the date of a resumed meeting of Burnham. Mr. Carlisle may then argue that he could not postpone Burnham beyond Wednesday without unacceptable consequences and that even a meeting ^{of E} on Monday will be too late. But he cannot have a decision without

It ought to be possible to reach a decision on Monday. So I think Mr. Carlisle can announce Burnham for Wednesday. 12.

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- 3 -

a collective discussion so that postponement of Burnham till the following week may be inevitable.

He has already
written to the
teachers' unions

(c) to ask him to try, meanwhile, to get the teachers to call off their unwarranted action.

7. I should add that I am not particularly impressed by the substance of Mr. Carlisle's argument and will let you have a separate brief on this before the discussion with your colleagues. As a foretaste however I attach a minute to me from Sir Kenneth Berrill which goes to the heart of the matter.

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JOHN HUNT

9 May 1979