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Qa 04094

To: SIR JOHN HUNT

cc Mr Le Cheminant

From: SIR KENNETH BERRILL

Mr Mountfield

Teachers' Pay

1. I have read the minute on Teachers' pay which the Secretary of State for Education & Science put to the Prime Minister today. In this Mr Carlisle comes down in favour of a further attempt to use the Standing Commission but he argues that the only way to get the teachers to agree to go to the Standing Commission would be to accept the terms of reference which were on the table before the Election.
2. In my judgement this would be a very dangerous move. The terms of reference are so loaded that they are a travesty of a proper comparability exercise - "...the assessment of the value and role of the teaching profession in society and in particular to all matters referred to in the Houghton Report.... and to the movement of inflation and salary levels since April 1978".
3. There is very little about job-for-job comparisons; there is nothing about the current demand and supply position of teachers; there is tacit support in these terms of reference for the concept of 'indexing' teachers' pay to the most favourable relativity point achieved in the Houghton report.
4. Given this Government's attitude towards comparability, I would have thought that for them to start by acceding to these particular terms of reference would be both illogical and damaging to the future of their policies on public sector pay. At the very least it would make it difficult to have responsible terms of reference accepted by other public sector groups.

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5. I realise that if the Government comes forward with revised terms of reference the teachers may exercise their right to go to arbitration, but I think in a wider context it is less damaging to the Government's freedom of manoeuvre on pay questions. If the teachers did decide to go to arbitration, the 9 per cent offer should be withheld pending the results. The 9 per cent on account would only be payable if they agreed to go to the Standing Commission on reasonable terms of reference.

KR

9 May 1979