

PRIME MINISTER

c.c. David Wolfson  
Richard Ryder

TEACHERS' PAY

The Burnham negotiations were restarted today on the basis of the offer which Cabinet agreed yesterday - i.e.:

- (i) 9.3 per cent from 1 April;
- (ii) £1 payment on account for those earning up to £5,000 to be clawed back later whatever the outcome of the comparability study;
- (iii) the balance, if any, to be paid in January 1980 and January 1981;
- (iv) improved terms of reference, including a reference to terms and conditions of service.

In addition, the Management Panel were told - in the terms of the draft which the Chancellor and Mr. Heseltine agreed with Mr. Carlisle following Cabinet - that there might well have to be a further reduction in the RSG following a settlement.

No agreement was reached today, but sufficient progress was made for the teachers to agree to adjourn <sup>and</sup> to reconvene the meeting on Monday. The NUT negotiators said they personally could go along with the revised terms of reference, but they now have to clear them with their Executive over the weekend. They made it clear that the January 1980 and January 1981 staging was not acceptable, and they also pressed for the £1 on account to be paid to everybody.

Provided they can get the NUT Executive's agreement to the revised terms of reference, the Management Panel intend to offer on Monday:-

- (i) improved staging as authorised by Cabinet, namely January and September 1980;

/ (ii)

(ii) £1 on account to be clawed back for all teachers.

The £1 on account for everybody was not authorised by Cabinet, and the Government representative on the Management Panel has formally objected to it. But because there is the claw-back provision, and hence it will not cost anything, the Government cannot veto this. After he had made his objection, the other members of the Management Panel formally out-voted him. On this basis, I do not think we can object.

The DES assessment is that there is a better-than-even prospect of getting agreement with the NUT on Monday on the above lines. This will still leave the NAS, who merely sent an observer to today's negotiations. However, if the NUT agree, there must be a fair chance that the NAS will come into line with them.

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18 May 1979