

MR LANKESTER

TEACHERS' PAY

You asked me for comments on the Secretary of State for Education's minute to the Prime Minister dated this day. I have two.

(i) The Secretary of State's covering letter refers, in paragraph 3, to the fact that arbitration would leave unresolved the teachers' claim to Houghton relativities. Since the Comparability Commission could not conceivably undertake this work before early next year at the best, and since one is not yet clear whether the Commission would be able to resolve the issue satisfactorily in any case, there is much to be said for leaving it unresolved!

(ii) Paragraph 4c. of the DES paper, which is attached to the Secretary of State's letter, suggests that it would only be possible to go to arbitration if the Government were able to guarantee "acceptance of the full additional cost of the arbitration award in 1979-80 as relevant expenditure . . .". It is surely inconceivable that the DES should be able to proceed on this basis. Even the Joel Barnett statement of 23 February ruled out such a course of action. In today's more stringent circumstances, it begs fundamental questions about the handling of Cash Limits before the Treasury and Chancellor have had proper time to consider them.

Michael Portillo

to Shirley

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ADAM RIDLEY

9 May 1979

I have noted the
Des's copy with these
points - though on (ii)
we could accept the size
of the award but still
have volume cuts.

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