



PRIME MINISTER

TEACHERS' PAY

The most immediate problem facing me on taking office is the impasse over teachers' pay and related industrial action already being taken by the National Union of Teachers (NUT) and about to be begun by the National Association of Schoolmasters/Union of Women Teachers (NAS/UWT). I know you want to see an early resolution of this. Moreover the atmosphere will become even worse if a Burnham Committee meeting is delayed beyond the beginning of next week.

2. I attach a paper which sets out the problem. Before any substantive move can be made we have to decide whether to go for arbitration or a reference to the Standing Commission on Comparability.

3. Arbitration might more quickly resolve this year's dispute, but would leave unresolved the teachers' claim to indefinite maintenance of Houghton relativities. One particular problem would be the likely need of the Management Panel to make a positive response to the teachers claim of 36.5% instead of referring it to the Standing Commission.

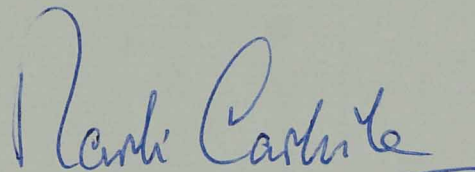
*But the  
Clegg Commission  
could not  
report until  
next spring.*

*12.*

4. A Standing Commission reference raises the question of the future of that body. If it continues, teachers are just the sort of group for which it was designed. A Standing Commission report should resolve the dispute over Houghton relativities and might provide continuing machinery which reduced the likelihood of annual disputes with accompanying growing militancy. One particular problem would be the entrenched NAS/UWT line that arbitration is the only "legal" way forward. They might continue industrial action after a Burnham decision to go to the Standing Commission, but would be very isolated and would probably find a way off the hook.

5. I would on balance favour a further attempt to use the Standing Commission (recognising that the teachers have at all times a unilateral right to insist on arbitration). If this route is to have any chance of success my representatives on the Management Panel must be able to authorise the offer described in paragraph 10, and to deal with the question of terms of reference as indicated in paragraphs 8 and 9. I accordingly seek agreement to my proceeding in this way.

6. I am sending copies of this minute to the Chancellor of the Exchequer, the Secretaries of State for Employment, Scotland and Wales and to Sir John Hunt.



MARK CARLISLE

9 May 1979

## TEACHERS' PAY

The offer already openly made to the school teachers by the Management Panel of the Burnham Committee comprises these elements:

- a. 9% increase effective from 1 April 1979;
- b. reference to Standing Commission (I return below to the vexed question of the terms of reference for this);
- c. payment of half of whatever further increase resulted from this reference with effect from 1 April 1980 and the second half from 1 April 1981.

There was some informal understanding on both sides of the Burnham Committee that the two dates at c. could be advanced to January 1980/January 1981 if nothing else stood in the way of a settlement; but this has not been formally offered in England and Wales (though it was offered in Scotland).

2. The first question is whether we intend to permit any major new references to the Standing Commission. If we do not, then - since the two sides are too far apart to permit a negotiated agreement without recourse to some form of independent third party - the inevitable outcome will be arbitration. There are thus two alternatives - arbitration or the Standing Commission.

### Arbitration

3. Recourse to arbitration would have certain immediate advantages. It probably offers the quickest route to getting a settlement and getting the schools back to normal, and it avoids pre-judging our relationship with the Standing Commission. It avoids any further conflict with the NAS/UWT; though at the cost of creating problems for the NUT, the majority union. On the other hand it could (and probably would) produce an expensive award, perhaps substantially above 9% even from April 1979; and yet would leave the teachers dissatisfied that they had not yet restored their "Houghton relativities", therefore virtually guaranteeing a re-run of the present difficulties next March.

4. Before the Burnham Committee could get to the point of deciding upon arbitration, however, we would have to say where we stood on the main elements of the prior offer, first in the Management Panel and then through the Management Panel leadership to the teachers. The essential elements in our position, which I hope you would approve my putting on the table, would for a start be these:

- a. 9% as already offered (but see paragraph 5 below);
- b. an undertaking in advance to implement the arbitration award (ie not to have recourse to stopping it by resolutions of the two Houses of Parliament);
- c. acceptance of the full additional cost of the arbitration award in 1979-80 as relevant expenditure for Rate Support Grant support.

We could still cut the number of teachers - eg 20% cut as with the public sector groups. In that

sense, we would not meet the full cost of the award. This is the line we would surely have to take.

TL

In return (particularly in return for the important undertaking at b.) I would expect the teachers to call off their industrial action forthwith. The NAS/UWT have already made clear that they would.

5. There is one difficulty in the approach to arbitration which would not be met by a prior offer on these lines. In the absence of a Standing Commission reference, the Management Panel would not have made a substantive response to the full claim for 36.5% to restore relativities. A Management Panel offer of 9% only would look exceedingly bare: it might sway the arbitrators to conclude that the Management Panel had not taken the erosion of teachers' pay since 1974 seriously and hence to make a very generous award, and indeed the local authorities within the Management Panel might themselves feel that a bald 9% offer was not good enough. But to accompany the 9% with (say) two staged payments of some undetermined sum instead of going for a comparability exercise would get us into uncharted territory. I would need to talk with the local authority representatives before advising you further on this.

#### Standing Commission

6. The alternative is by way of reference to the Standing Commission. If we are not in principle ruling out further major references to it, then teachers (School, FE and indeed University too) would be very much the kind of group for whom that treatment is prima facie appropriate.

7. Moreover, in addition to its longer-term advantage (that, if the exercise went well, we would not find ourselves in the same difficulty this time next year) this alternative has the financial attraction that the additional cost within the 1979-80 financial year would be minimised, since the concept of staging at least the second half of the resulting increase into 1980-81 is already accepted by all concerned. As the Standing Commission has so many earlier cases to deal with, we probably would not know the size of their recommendations until (say) April 1980, so the first stage would have to be paid retrospectively (the teachers may be dismayed when they realise the likely timing and may therefore seek a specified percentage increase at the first stage on the lines of the Civil Service arrangement). We would also

have to reckon on continuing trouble for a time from the NAS/UWT if we chose this route, for their leader (Mr Casey) has committed himself firmly against it: though he probably could not keep up his opposition (and his members' industrial action) indefinitely if the majority union, the NUT, and the smaller ones found the combined package acceptable.

8. In considering what we would have to do to bring about agreement to a reference to the Standing Commission, the question of the terms of reference must come first. Within the Burnham Committee, terms of reference as set out in the Annex were in fact agreed between the Teachers Panel and the Management Panel (though with the Secretary of State's representatives dissenting). The former Government had let it be known that they would see great difficulties in referring the question to the Standing Commission on these terms (because, I understand, they feared that so direct a reference to the Houghton Committee Report of 1974 might unduly restrict the Standing Commission) and this of course was a major cause of the impasse.

9. I do not myself feel that we need make an obstacle out of this. The terms of reference could certainly be improved by amplifying the kind of comparability study envisaged in the opening words, and by clarifying at the end the processes required to turn the Commission's report into a pay agreement without going over the whole ground again. I would like to try to get the agreement of the teachers and the local authorities to this. But, for the rest, I take the view that the Houghton Report is so important a landmark in teachers' pay history that the Commission cannot fail to take account of it whatever the terms of reference say; and that we must trust them to do a more thorough job than simply applying up-dating index changes to it. I am clear, from what has already passed in the Burnham Committee, that we are most unlikely to get any progress towards a Standing Commission reference unless we take a different view from our predecessors here.

10. As in relation to arbitration, we would have to make clear where we stood on the prior offer. In addition to finding acceptable terms of reference, the essential elements would, for a start, have to be:

- a. some improvement on the present 9% offer effective from April 1979, most probably the removal of some small anomalies in the pay structure, adding about 0.3% to the total cost;
- b. a payment on account from 1 April 1979 (by way of advance on the first half of the increase from the Standing Commission reference) as already granted to other groups, perhaps limited to those earning under about £5,000, this will be the more necessary if the Standing Commission's Report will be as late as para 7 suggests;

Ne

The proposed  
reference  
is  
totally  
unacceptable  
They are  
withdrawing  
from  
ambition

c. some improvement on the staging of subsequent instalments, at least to January 1980/January 1981, and perhaps to January 1980/September 1980;

d. acceptance of these additional costs in 1979-80 as relevant expenditure for Rate Support Grant support.

It goes without saying that the further concessions at a. to c. above would not be offered to the teachers unless it became clear in negotiation that we could not secure the reference to the Standing Commission and the early withdrawal of their industrial action without them. But we must give the negotiators on the day a reasonable room for manoeuvre if they are to bring off a successful deal, and I hope you will authorise them to go to these limits if necessary, without reference back for further instructions.

#### Further Education

11. Very similar considerations apply to Further Education teachers. They have lodged a similar claim and the same choice between arbitration and Standing Commission exists. I propose that decisions on schoolteachers would apply to further education teachers (subject to clearance of any necessary variations in the light of the detailed circumstances).

Department of Education and Science  
May 1979

What is the proposed  
costing for teacher training  
colleges this year - & to  
Dept of Ed? VC may  
have to start it to  
economise. Also there is  
no point in training too  
many more teachers when  
there would be jobs for them  
out.

Terms of Reference agreed by Burnham Committee

The Government, at the request of both sides of the Burnham Primary and Secondary Committee, invites the Standing Commission on Pay Comparability to examine the pay of teachers in maintained primary and secondary schools in England and Wales.

The Standing Commission is asked to have regard to all relevant principles and considerations relating to 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 the Joint Working Party Report received by the Burnham Primary and Secondary Committee on 7 March and to the movement of inflation and salary levels since April 1978.

The Standing Commission is asked to report their conclusions to the Burnham Primary and Secondary Committee.

No - on these terms  
of reference - it would be  
better to go to arbiters.  
There is no point in going to  
the Comp. Comm. except with the most  
reliable pay + conditions of  
service.  
not.

State of California, County of Santa Clara

The undersigned, a duly qualified and licensed  
Notary Public in and for the State of California,  
do hereby certify that the within and foregoing  
instrument is a true and correct copy of the  
original as the same appears from the records  
of this office.

Witness my hand and the seal of my office  
at San Jose, California, this 8th day of May  
1979.

Notary Public in and for the State of California  
Santa Clara County



MAY 8 1979

*[Faint, illegible handwritten text, possibly bleed-through from the reverse side of the page.]*