

CONFIDENTIAL



File DAS

cc BG

SUBJECT
cc MASTER.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 April 1987

Dear Bob,

TEACHERS' PAY

The Prime Minister this morning held a meeting to discuss pay determination arrangements for school teachers on the basis of your Secretary of State's minute of 28 April. There were present your Secretary of State, the Lord President, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Scotland and Wales, the Paymaster General, Mr Brian Unwin, and Professor Brian Griffiths (No 10 Policy Unit).

Your Secretary of State said that some teachers were still seeking to disrupt the education of children. The disruption was not intense, and the pay of those taking action was being docked. However, there was considerable pressure for the Government to show some movement towards discussions on permanent arrangements for settling teachers' pay. In the debate next week about the Order on pay and conditions of employment, it would be possible to point to the role of the unions both in making representations to the Interim Advisory Committee and during consultations following recommendations made by the Committee. But it would be helpful to go further and to undertake to publish a substantial consultation paper by the end of the summer term which would set out all the possible arrangements. The 1988 settlement would certainly be handled by the Interim Advisory Committee and it was possible that the 1989 settlement might be handled similarly.

In discussion, it was noted that the Government had gone to considerable lengths to set up the interim arrangements, avoiding a firm final date for them. The opportunity for reflection which they had created must not be thrown away. It would be important to gain as much time as possible, in part to allow the proposed education reforms to begin to take effect. It could also be difficult to agree a consultation paper by the end of the summer term if the Election were held in June.

It was agreed that your Secretary of State in announcing the consultation paper should give no date by which it would be published and should give no indication about when new arrangements might be put in place. The Government would

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need, before the paper was published, to have made some progress in deciding the broad direction in which it wished to move.

Other points made in the discussion included the following.

- (i) The key phrase in relation to the Interim Advisory Committee had been included in your Secretary of State's statement of 30 October, namely, that it would "advise the Secretary of State on conditions of service and the distribution of pay within the resources available at the appropriate time". The possible remit to the Committee described in your Secretary of State's minute of 23 April (paragraph 10) seemed to represent a softening of that. Your Secretary of State said that was not the intention.
- (ii) There could be no question of creating a review body for the teachers: they had, unlike the nurses, sought to achieve their ends through strike action.
- (iii) A key objective in the permanent arrangements for settling teachers' pay would be to retain the freedom for the Government to decide the contribution to be made by taxpayers.
- (iv) There was a strong case for the Government to be deemed joint employers of the teachers, and it would be important to try to strengthen the means by which teachers' contracts could be enforced.

Concluding this part of the discussion, the Prime Minister said it was agreed that your Secretary of State might promise a consultation paper, but without setting a date for its publication or indicating a date by which permanent arrangements might be in place. In the coming weeks, and during an Election campaign if there were to be one before the summer, the Government should seek to bring out the size of the pay increases which had been granted to teachers and the other advantages of the settlement in order to prevent the teachers' unions keeping the focus on the claimed loss of negotiating rights. The Government should also point to the weaknesses of the Burnham arrangements, under which the Government had minimal voting rights, even though the taxpayer would foot 46 per cent of the bill, and they could also point to the way in which only 4 out of the last 12 settlements had been reached through the Barnham machinery. If asked why there could not be a meeting involving all the parties to settle future arrangements, it would be possible to point to the difficulty of establishing who should be present: industry and, in future, head teachers of schools which had chosen to opt out of the Local Authority sector, ought among others to be represented. Your Secretary of State would be writing to head teachers next week and every possible effort should be made to put across the Government's case.

In a brief discussion of membership of the Interim Advisory Committee (your Secretary of State's minute of 23 April and minutes from the Chancellor of the Exchequer and the Duchy of 27 April and 29 April) it was agreed that no announcement should be made at present, and indeed there was a case for waiting until the entire membership could be announced. Sir Peter Main would be an acceptable Chairman. However, it seemed likely that he would not be prepared to take it on. Sir George Jefferson would be an acceptable alternative, if available, and indeed he might be preferable to Sir Peter Main. Lord Roskill would be another possibility.

I am copying this letter to Mike Eland (Lord President's Office), Tony Kuczys (HM Treasury), Andrew Lansley (Chancellor of the Duchy of Lancaster), Chris Capella (Paymaster General's Office), John Shortridge (Welsh Office), Robert Gordon (Scottish Office) and Trevor Woolley (Cabinet Office).

*Yes,
David*

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Department of Education and Science