



CONFIDENTIAL

PRIME MINISTER

### TEACHERS' PAY

I have read with interest Kenneth Baker's papers for MISC 122 on the Review Body/Advisory Committee option and on specific grants.

I support Kenneth's proposal for an advisory committee. I can appreciate his need to have this option open to him in the autumn, for I shall face much the same problem in Scotland when the Main Committee reports. There is now a strong current of opinion in Scotland in favour of some form of review body for teachers. The employers and three of the teachers' unions favour it, and so do the churches. Only the EIS is conspicuously opposed, and even it advocates a periodic independent review. The Main Committee may well conclude, whatever we say, that a standing review in some form offers the best prospect for the long-term stability which the school system now so badly needs.

I believe Kenneth may be right in his judgement that the teachers would reject the offer of a no-strike agreement. Even in some of our independent schools, where the teachers are not militant, I am told that those employers who have mooted the idea have met a hostile response. In cases such as the nurses it is understood that as a matter of professional discipline they will not strike, but even so there is no formal agreement. On the other hand, if the teachers were seen to have the protection of independent review arrangements I agree that they would be under very considerable pressure from public opinion not to engage in disruptive action in future.

I would propose therefore, that if colleagues accept the proposition for England and Wales we should also stand prepared, at some stage after the Main Committee has

reported, to announce that we shall introduce the same arrangements in Scotland. The mechanics would need further consideration: it would be necessary to take proper account of the different structures of the Scottish system and at the same time to ensure that Scotland and England did not get seriously out of line in general pay levels. We should need to discuss whether these needs would be best met by a single body for Great Britain or by two committees with some formal linkage.

The path towards this end will be more straightforward if the Main Committee's Report points in the same direction. It would be very damaging to our position if we were to appear to be referring the Main recommendations on pay and conditions directly to yet another advisory body. Main must produce a report which can serve as a basis for an immediate settlement: some at least of its recommendations will be expected to involve a degree of back-dating to April 1986. For that reason, although I accept that Kenneth Baker would need to announce his intentions quickly on the completion of the ACAS process, I would want to reserve my position in public until after Main had reported.

Meantime however I should want my officials, in giving evidence to the Main Committee, to guide the Committee's thinking on the review body question in the direction of the kind of structure we are now considering, without however leading the Committee to suppose that the Government was in any degree committed to it. At the end of the day the idea is likely to get a much better public reception (and the Government is likely to get more credit for accepting it) if it appears to come spontaneously from the Committee than if the Government is seen to have planted it in advance.

I have also seen Kenneth Baker's separate paper on Specific Grants. Although, as he points out, there are powers such as he seeks embodied in the Education (Scotland) Act, it has not yet been necessary in Scottish circumstances to deploy them in the kind of way which he proposes.

I am copying this minute to members of MISC 122.

MR.

1 July 1986

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