

PRIME MINISTER

TEACHERS PAY

The Management Side met today. Mr. John Pearman has briefed the press only in general terms, and no figures have been mentioned in public.

In private, the proposal is for an increase of 6.7 per cent in the first year (on top of the 5 per cent or so which has already been paid for 1986/87), rising to 14 per cent after ten years. The increases would be paid on top of the usual annual increases.

DES say the cost of this is not straightforward to calculate, but it is certainly more than the £1¹/₄ billion.

Their first reaction to the package is that the pay structure is not sufficiently differentiated and gives too much money to teachers who have not been promoted.

Mr. Baker is considering overnight whether to recommend that the Government should give some kind of formal comment to the employers for the meeting with the unions at the weekend. He is also to appear before the Select Committee on Education tomorrow, and he may want to clear a line with you early tomorrow. (I imagine that this could be in general terms: that the Government has seen the package, has not had time to consider it in detail, but at first sight it appears to contain some serious weaknesses).

Morgan (Duty Clerk.)

PP David Norgrove

21 July 1986