

PRIME MINISTER

TEACHERS PAY

Tomorrow risks a real clash between the Treasury and DES. The Chancellor feels personally that DES let the Government down over the £1¹/₄ billion. He does not trust them now when they say that to pay for Main would achieve the Government's objectives. He also fears that Mr. Baker's approach amounts to writing a blank cheque.

I suggest that your meeting tomorrow should explore whether his proposal to pay only the Government's share of the £1¹/₄ billion is realistic, and to see whether he could agree to a higher strictly defined figure which would buy peace in the schools and proper terms and conditions.

My own feeling - shared by Brian Griffiths and Peter Warry - is that the teachers will one way or another receive pay increases broadly equal to those proposed by Main and if things go wrong they could receive more than that. In those circumstances the question is not so much the likely size of the pay increases (though that is important) but how much of the pay increases will be met by central Government, and what value the Government will get for the money.

There is a great risk here of falling between the various stools. Discussions between the two sides might continue after the Government's "final" offer of its share of the £1¹/₄ billion. If they reached agreement, the Government, not the local authorities, would be blamed for the very large rate increases. If the discussions instead ended after the Government made its offer, the Government would be blamed for the resulting disruption. If the Government offers less than Main, but asks for Main terms and conditions, the teachers might unite behind their union leaders to seek whatever level of pay - possibly higher than Main - is by then in their minds.

Staging is certainly worth considering. But the Government would need to feel confident that the teachers would be prepared to live with that and still accept Main against the advice of their unions. Again the risk is that the Government would have offered more money, but would face very great difficulty in pushing through the better terms and conditions.

If the Government offers to translate Main to England and Wales and to pay for it, this needs to be defined in terms of a precise amount of money, in terms both of public expenditure and of central Government grant. Peter Warry points out that there are many loose ends in Main which could prove expensive: the Government should not undertake to finance them. Nor, and this will be the Chancellor's concern, should the Government seem willing to countenance higher pay increases than the figures mentioned by Main.

Tactics are also very important. In earlier discussions MISC 122 felt it would be dangerous to hijack the Coventry process by government proposals. Yet Mr. Baker seems now to want to do just that, even though the Coventry discussions have not yet broken down.

A further weakness of Mr. Baker's proposals is that he seems to want to pay the extra money to teachers before the new terms and conditions are in place. If teachers pocket extra money now, but the tighter conditions come in next Spring we risk renewed disruption then. A delay designed to make the two things coincide should be understood by the public at least.

A possible alternative way of proceeding would be as follows. Mr. Rifkind would announce on Tuesday that the Government was prepared to accept and finance its share of Main. A figure would be put on the public expenditure cost of Main, and the usual percentage would be paid by central Government. There would be no blank cheque.

For England and Wales Mr. Baker would announce that the Government would be prepared to finance Main, again with a defined cost, provided both sides accepted this. The unions would almost certainly reject this and take it as an indication that the Government would be prepared or forced eventually to finance something more satisfactory to them than Main. Once this became clear the Government would have to be prepared to legislate.

The Government would not have hijacked Coventry. But this would not be an easy option. Many members of the NUT are militant and would reject, with disruption, any imposed settlement. There would however be a large number of teachers who would find it difficult to reject a settlement of the size of Main.

It may be worth having a further discussion with Cabinet Office and Brian Griffiths if possible before MISC 122 tomorrow afternoon. You would need to leave the Daily Telegraph lunch by 1415 or so. Do you wish to do that?

*It is just possible
to get away by that time
no*

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David Norgrove

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