



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER ^①

Content with this outcome?

AT 2/8

TEACHERS' PAY

Following the meeting you held yesterday morning, I have had further discussions with the Secretaries of State for Education and Science and for Scotland. We have reached agreement.

2. In England and Wales we will provide for an increase in the teachers' pay bill (over and above what would otherwise be the case) of £200 million in the year 1986-87 rising over four years to a figure of £450 million for the year 1989-90 and thereafter, these figures to be inclusive of the amounts required to meet the cost of mid-day supervision. The intermediate years' costs will be for negotiation, but the final figure will be reached by approximately equal steps. In Scotland the 1989-90 figure will be £50 million (presented as 10 per cent on the pay bill) and the initial figure will be of the order of £15 million, with approximately equal intermediate steps. These packages are not precisely the same, but the Secretaries of State can live with the difference.

3. These additional amounts will be offered to the teachers and their employers on the basis that they are strictly conditional, first on an early resumption of normal working and, second, on agreement to the programmes of improvements and changes in teachers' conditions of service which the Secretaries of State have in mind, and of course to the implementation of these programmes. It is to be made very clear that if either of these conditions is not delivered, the additional money will not be forthcoming. Equally, while the detailed negotiations must be left to the Secretaries of State, it is also to be made clear that there is no more money available. This the Secretaries of State accept.



4. The Secretaries of State are of the opinion that expenditure of this order and on this timing should result not only in a cessation of the present industrial action but also in worthwhile long-term improvements in teaching standards in this country. The additional sums I have agreed to are very considerable, and will be felt in our efforts to constrain public expenditure, but the end result should be worthwhile.

5. The Secretaries of State plan separately to announce these moves next Monday, 5 August. My officials are liaising with their officials over the handling of these announcements. It will be important to minimise the raising of expectations elsewhere, and any question that may be raised about our stance on public expenditure control.

6. I am copying this minute to Keith Joseph and George Younger, and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'NL' with a flourish.

NIGEL LAWSON

2 August 1985