



10 DOWNING STREET

11 September 1985

From the Private Secretary

TEACHERS' PAY

The Prime Minister and your Secretary of State today discussed very briefly by telephone the proposals set out in the attachment to your Secretary of State's letter to the Chancellor of 9 September.

It was agreed that the Government members of the management panel could endorse the proposals provided it was made absolutely clear that

- (i) the Government was willing to provide no more than £1¹/₄ billion over four years;
- (ii) the provision of this amount was conditional on the teachers' agreement to the proposed description of their responsibilities and to performance assessment;
- (iii) the provision of money would be subject at each stage to review of how far the Government's objectives were being met;
- (iv) the Government had no intention of relaxing in any way its control of public expenditure and its policies for and restrictions on rates and rate support grant.

I am copying this letter to Richard Broadbent (Chief Secretary's Office, H.M. Treasury).

(David Norgrove)

Ian Hughes, Esq.,
Department of Education and Science.