

PRIME MINISTER

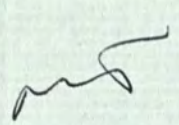
TEACHERS' PAY

I have been told by DES that the teachers pay negotiations broke down at 2115 hours. The breaking point came when the teachers said that even if the offer for 1985-86 was raised to the amount necessary to cover what they see as the rate of inflation this year (in their minds, 6.9 per cent), they would still not be prepared to discuss the structural changes.

When the teachers said that, the Chairman of the Management Panel concluded with the agreement of the rest of the Management Panel that there was no point in continuing.

The Chairman of the Management Panel, Mrs. Harrison, has asked formally to see Sir Keith Joseph at 1130 tomorrow, and Sir Keith is returning from Stafford for this.

DES promise a full report after that meeting.



David Norgrove

12 September 1985



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12 September 1985

*Probably. But I agreed with  
Jan Hughes at DES immediately after  
Dear Peter, the PT's conversation the  
points that needed to be  
emphasized to the management panel. JAN 12/9*

TEACHERS' PAY

This to report on yesterday's proceedings, following our telephone conversation last night, David Norgrove's calls to me and Private Office here and my unsuccessful attempts to debrief to Peter Warry and John Gilhooly. For completeness I should say that David's letter concerning the Prime Minister's telephone conversation with my Secretary of State reached me only after the meeting, though John Gilhooly's letter did arrive by hand in mid-meeting.

I enclose a copy of the statement read in yesterday's panel meeting. That will appear in the minutes as delivered and will provide us with a reference point for the future, if need be. Proceedings of the panel are declared to be confidential to members, though the rule is not always observed. The substance of the statement and the fact that it was made yesterday may have to become public if the negotiations drag on.

Further to this formal statement, I asked in full panel for the deletion of paragraphs 13 and 2b from any written statement that might be given to the teachers today. That request was remitted for later consideration by the chairman and her immediate advisers. At that stage I pressed very strongly, on the grounds that the words might be misinterpreted to imply that there was room for movement, where what was intended was development of detail; and that they implied spending in year 1 above the £200m figure specified by the Government. I hope for success on the first point at least: on the second, the employers point out that the position as described is in accord with their position in other negotiations, arbitrations etc. I made clear the Government's wish to see the package made to fit the additional expenditure figures agreed conditionally by the Government; said that they could not expect any relaxation in the rules governing local authority expenditure and emphasised that, in particular, there could be no question of any excess carrying weight in any future discussions about local authority expenditure levels. On presentation of the offer, I pressed for description in the terms preferred by the Chief Secretary. The employers are well aware of the presentational angles, having to look across to their other local authority negotiations. But they point out that the description of figures must inevitably be shaded a little when presenting an offer as compared with describing a settlement in its least damaging terms. However, I do assure you that our point is well taken.



The employers agreed yesterday to present the teachers with a conditional offer as in paragraph 6 of the text already circulated. The condition is that they accept the rest of the package as described in that text. There is no adjustment to the content of that package or suggestion that the costs might be increased in negotiation. The panel chairman is quite clear that if the package is substantially modified the Government's current acceptance falls.

I am inviting Private Office here to send a copy of this letter and enclosure to David Norgrove. Also, I will ensure that he and you/John Gilhooly are briefed on today's events - tonight if the session finishes at any reasonable hour, otherwise first thing tomorrow morning.

*Yours sincerely*

*Jan*

J I LANGTRY

*[Copied also to  
Richard Broadbent]*



## TEACHERS' PAY

"The Secretary of State regards this package as a very constructive attempt to bring together the employers' long-standing restructuring ambitions and the Government's 21 May and 5 August conditions for an increase in educational expenditure to allow for such restructuring over a period of time. The Government regards reform of teachers' pay and conditions as an important objective and hopes that worthwhile change can be agreed on the basis of the present package. There are points of detail in the proposals which I am instructed to pursue in any subsequent polishing stages by officials, but those reservations are not fundamental and I am authorised to say that if this package is adopted by the employers today and accepted by the teachers tomorrow then the Government will agree to additional expenditure from April 1986, up to but not exceeding the sums set out in the Secretary of State's 5 August statement. Those imply a 4-year total not exceeding £1250 million. The panel will understand that the Government would expect all elements of the bargain to be delivered in practice. If there were default, then the expenditure addition would be at risk. The panel should also understand that the Government's willingness to see matters go forward on the basis of this package depends on its not being substantially amended.

I say all this so that there may be on the record a complete and precise expression of the Government's position. The central message is that a bargain done on the terms set out in this document would release the additional resources as indicated. May I ask please, Madam Chairman, that this statement be recorded verbatim in the minutes?"



