



10 DOWNING STREET

THE PRIME MINISTER

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Richard Broadbent
26 September 1985
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Dear Mr. Peerman

You asked in your letter of 23 September for a meeting to discuss the present dispute. Mrs Harrison telephoned my office today to say that the AMA Education Committee had now endorsed your request. It is not clear to me what advantage would be gained by our meeting at this stage: responsibility for reaching a settlement rests with the Burnham Committee, on which other parties are formally represented. I believe that the Burnham Management Panel should itself take stock of the situation. If as a result of that - or even in preparation for it - the Panel leaders or any employer group should wish to discuss matters with Sir Keith Joseph, I am sure that he would make himself immediately available. I do however wish to take this opportunity to comment on some of the issues you raise, to make plain (yet again) the Government's position.

I agree with you that the present dispute is doing very great damage to children's education. I also agree about the urgency of a settlement. I do not agree with your view that the employers have inadequate room for manoeuvre. Sir Keith Joseph's 5 August statement offered the prospect of an additional £1250 millions for teachers' pay over four years from next April. This is equivalent to 4 per cent on the

present paybill rising to 9 per cent by the fourth year. If a settlement on this basis is agreed, the extra resources will continue for future years, providing a permanent enhancement to teachers' pay in addition to the increases which will be negotiated annually for teachers from April next year onwards in the normal way.

As a result of the proposals made on 12 September all teachers would receive increases in April and November. Those at present on their scale maxima would get additional increases in either September or next March. The average end-of-year increase would be over 8 per cent. In addition one in five teachers would benefit substantially from the 70,000 promotions planned from September 1986. And all this would be on top of the normal increase to be negotiated from April 1986. All classroom teachers at present on Scale 1 or Scale 2 - even if they were not promoted - could look forward to £10,500 plus whatever is negotiated each year on pay. This is a generous offer by any standards.

These proposals would I believe bring substantial benefits to the education service, as well as significant improvements generally in teachers' pay and promotion prospects, both in the short-term and in the medium-term. They represent a massive further investment in education.

The conditions for this investment are well known to you. The country must receive from the teachers a clear commitment to the professional fulfilment of their duties; there must also be a pay system which offers relatively greater rewards to promoted teachers and to those holding senior leadership posts.

The Government has made it entirely clear throughout that its agreement to the additional expenditure on education is conditional, limited to the amount stated, and that the first step of implementation through next year's local authority expenditure and rate support grant processes requires an acceptable bargain to be reached by mid-October. 11 October

was the date offered to the employers in the early summer. That is not an arbitrary deadline. At about that time the Government must begin its final preparations for the Rate Support Grant settlement for next year, which acquires legal force if approved by Parliament. If the settlement that is agreed with the teachers does not deliver the much needed reforms against which the additional expenditure would be released from April 1986, it will have to be made solely in the light of the present financial position and prospects of local authorities.

I am sending a copy of this letter to Mrs Harrison and, because of the wide public interest in the matter, I am arranging for the text to be released to the press.

Yours sincerely

Rayant Dabber

J.D. Pearman, Esq.