

~~C. Bernard Lyham~~  
spa.

PRIME MINISTER

TEACHERS PAY

The Management Panel of Burnham are meeting tomorrow, to decide their position, with the deadline of 11 October looming. Sir Keith's paper sets out his proposals for use at the Party Conference and beyond in the expectation that no settlement will be reached by the deadline. You will want to read Sir Keith's minute and to dip into the Report, as well as reading the Policy Unit note and the Chancellor's letter.

On the handling of the £1250 million, I suggest you accept Sir Keith's proposal in the formula of paragraph 24 of Annex C, line to take at the Party Conference, of Sir Keith's minute. The Chancellor is content with this.

Sir Keith's proposal to offer a payment to employers so that volunteer teachers or others can take on midday supervision is a way of showing that the Government is not sitting on its hands and also weakens the position of the teachers.

The difficulty is to ensure that the money goes for this and not for other local authority purposes. DES say the local authorities want to spend money on midday supervision. The Policy Unit and DOE believe a fair number of them will spend it on other things if they get the chance. The Policy Unit suggest a short Bill to turn the payment into a specific grant. If you see any attractions in this, it needs further study.

So I suggest:

- (i) Agree generally with the Chancellor's comments;
- (ii) On specific points:
  - (a) Agree that the £1250 million should be described as in paragraph 24 of Annex C;

Yes m



- (b) Agree that tomorrow the Secretary of State's representatives should keep open the possibility of an accommodation with the employers on midday supervision; *Yes mt*
- (c) Invite DES, DOE and Treasury to consider urgently how far a payment for midday supervision could be set up in a way which made sure that it was only spent for its intended purpose, including investigation of a short bill giving powers to make a specific grant;
- (d) Note that if it is agreed after further consideration that a midday payment should be made, the formulation in Annex C, on the public line to take, needs to be changed: paragraphs 24 and 27 together seem to imply that the payment for midday supervision would be outside not inside the £1250 million.

If you do not think a Bill even worth investigating are you content for Sir Keith to proceed towards a payment for midday supervision through RSG? . →

*DN*

David Norgrove

3 October 1985



TEACHERS' PAY

Keith Joseph no longer holds out much hope of a settlement by 11 October. He proposes:

- i. withdrawing the government's offer on the 11th, but expressing willingness to consider any restructuring package that is agreed by both parties after that date;
- ii. offering help to headteachers by adding a sum for lunchtime supervision to the 1986/7 RSG settlement, enabling LEAs to employ either outsiders or volunteer teachers as supervisors.

Keith's position on the government's offer seems sensible. He will clearly lose favour with the press if he simply withdraws the package, but he will appear weak if he lets 11 October go by without a word; a statement that he will consider an agreed reform kills both these birds with one stone. But it needs to be made clear from the start that the package would have to be:

- a. acceptable (ie likely to make a real difference to the quality of education)
- b. truly agreed (ie with full backing from all unions);
- c. within the financial limits (ie £1250m less any cash given for elements of the package introduced in advance).

It is also important to offer headteachers some help, and money for lunchtime supervision will certainly be welcomed. But the RSG is surely the wrong instrument: one could not guarantee that the funds would be spent on supervision, and April 1986 is far too late. Couldn't you consider instead a short Bill, rushed through both Houses in a few days, giving Keith power to make a specific grant for lunchtime supervision? This would not only enable him to direct the money to the right place and at the right speed, but also ensure maximum publicity for the move.

A specific grant of about £15 million would enable the local authorities to fund all the necessary lunchtime supervision for the remainder of the 1985-86 financial year. And a short supplementary rate order could establish a "disregard" for this spending so that it did not conflict with the expenditure target system. The Bill could also give the Secretary of State power to offer a smaller grant in

DOE will not like this, but it is the only way of making sure the money is spent on midday supervision.



1986-87, funding only a percentage of the necessary expenditure, and leaving local authorities to finance the rest. To allay any Parliamentary fears, the Bill could contain a self-destruction Clause ensuring that the specific grant power lapsed after 2 years unless re-enacted.

DES would not need to say anything about such provision at tomorrow's meeting of the Burnham Management Panel, and should not do so since it might compromise the chances of a settlement before 11 October. The matter could simply be left open. However, Ministers would have to make a private decision to proceed along these lines within the next 2 weeks.

We recommend that you should:

- endorse Keith's proposal to put the government's reforms 'on the shelf';
- press for a new specific grant for lunchtime supervision;
- ensure that no commitments are made about either of these points at tomorrow's meeting of the Management Panel.

*Oliver Letwin*

OLIVER LETWIN

*Peter Warry*

PETER WARRY