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PRIME MINISTER

9 September 1987

E(EP) Education Policy

E(EP) will tomorrow consider two topics: the notes by the Chancellor on both are excellent.

1. Remit for the Interim Advisory Committee on Teachers Pay and Conditions

It was always on the cards that Kenneth Baker, having wanted to set up a Review Body for teachers but having not succeeded, would attempt to convert the IAC into such an institution.

The note by the Chancellor is very powerful and I find it totally persuasive.

Having said so clearly in the past that we intended to put a cost envelope around the whole exercise, it is nothing less than profligate to ignore it at this stage. The teachers have already been awarded an excellent pay rise and 3.9% or 4% - better stated in millions of pounds - is a perfectly reasonable figure within which the IAC can operate for the reasons given by the Chancellor in para 2, page 3.

Without such a budget constraint we would face the prospects of a much larger increase.

Recommendation

Support strongly the Chancellor.

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2. Future Machinery for Teachers Pay and Conditions

A decision must be made, but not necessarily immediately, on the machinery to replace the existing Interim Advisory Committee.

I have three comments:

- a. The Independent Advisory Committee which is the option preferred by the DES is effectively a Review Body. As such it suffers from all the weaknesses of review bodies. The crucial political reason for not proceeding however is that Review Bodies have only been set up for groups which have not taken industrial action. This is not so with teachers. To abandon the general principle at this stage would unsettle existing Review Bodies and create an incentive for militancy among other public sector employees.

The Teachers Negotiating Group (TNG) is a far superior alternative to the proposed review body.

- b. DES's main objection to the TNG is that it would not be true negotiating body as it could be overridden by government. But this objection is just as likely to be made about the Independent Advisory Group - because the government would have an override in this case as well.

The DES objections to the TNG are weak.

- c. I strongly agree with the Chancellor and Secretary of State for the Environment regarding the content of the Green Paper which we will publish on this issue.

If we feel there is a preferred alternative arrangement for settling teachers pay, we should state it, deploy

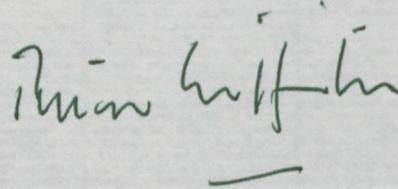
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the arguments for it and seek to win the day. What will be judged as unforgivable on our part is to offer a menu of choice to unions and management and then after they have chosen their preferred option to provide them with something else.

This is simply asking for trouble.

Recommendation

- a. Reject the IAC and support the TNG.
- b. Invite Kenneth Baker to set out clearly the Government's preferred alternatives in the Green Paper.



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