

Prime Minister

Agree X ?

AT 22/2

MR TURNBULL

TEACHERS' PAY

Keith Joseph raises two issues:

- i. long-term structural changes in methods of assessment and performance-related pay;
- ii. the level of this year's settlement.

Until the details of the structural proposals have been settled, there is no need for the Prime Minister to comment. When the details do emerge, we shall need to investigate them minutely, to ensure that they will not cause a long-term increase in public expenditure.

On this year's settlement, we agree with the Treasury that Keith Joseph's plan of action seems admirable. If the DES representatives vote against offers above 3 per cent, but impose a veto only after 4 per cent, it is likely that they will avoid an immediate move to arbitration, and that the final deal will lie between the two figures.

We therefore suggest:

- that the Prime Minister should welcome Keith Joseph's current proposals;
- but that she should restate her determination not to allow any structural changes which will bring about long-term increases in public expenditure.

X

OLIVER LETWIN
22 February 1984

cc: HMT CO
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MIN/ARTS
From the Private Secretary

CONFIDENTIAL



10 DOWNING STREET

23 February 1984

School Teachers' Pay (England and Wales) 1984

The Prime Minister has seen your Secretary of State's letter to the Chancellor of 16 February and his reply of 22 February. She agrees that your Secretary of State's representatives should press for a settlement as close as possible to 3% and should veto anything above 4%.

On structural reform, she agrees that negotiations should continue on the understanding that there is no commitment to provide additional finance.

I am copying this letter to the Private Secretaries to members of E(PSP), John Graham (Scottish Office), Colin Jones (Welsh Office), Derek Hill (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss Elizabeth Hodkinson,
Department of Education and Science

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