



Treasury Chambers, Parliament Street, SW1P 3AG
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3 October 1985

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
York Road
LONDON SE1

Dear Secretary of State,

TEACHERS' PAY DISPUTE

I have seen a copy of your minute to the Prime Minister of yesterday.

I am broadly content with the way you propose to proceed subject to the following points.

First, on the £1.25 billion; much clearly depends on the presentation. I can see the objections to a brutal withdrawal of the offer on 11 October. On the other hand we cannot allow the teachers to think it is there simply for the asking, at any time. It is surely not. I think the tone of paragraph 24 of the synopsis of your speech to the Party Conference has it about right.

Second, the offer of money for mid-day supervision must be clearly dependent on the local authorities delivering. I understand there may be difficulty about this, and it could be that any money provided would be diverted to other purposes. This must not be allowed to happen. It is essential - as we have agreed - that this weapon is removed once and for all from the unions' armoury.

Third, any money provided for mid-day supervision must of course come out of the £1.25 billion on offer. It cannot be additional. If, say, £40 million a year is spent that way, then the maximum amount of remaining money over the four year period will be £1,090 million.

On the RSG settlement, my understanding that while it becomes increasingly difficult to do anything within the 1986-87 RSG settlement, the absolute deadline is well beyond 11 October. But we will need to be consistent over this: if no agreement has been reached by 11 October, we cannot very easily say that money could be made available for mid-day supervision for 1986-87 while at the

*They could
not prevent
it.*

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same time flatly denying that anything can be done on the rest of the package until 1987-88 - even if in practice it might well work out that way. What you say about the availability of the rest of the £1.25 billion will clearly need to take account of this.

Finally, there is the question of 1985-86. I am sure that your representatives at tomorrow's meeting of the Management Panel must stand firm on our present position. They should oppose any moves to improve the previous offer for 1985-86 and make it clear that the Government will not produce any money, either this year or thereafter, to finance any such offer. So far as their position on mid-day supervision goes, I agree that they need not absolutely deny the possibility of an accommodation with the employers, but they will need to watch the point about timing mentioned above.

I am copying this to the Prime Minister, members of E(PSP), the Lord President, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

Yours sincerely
Nigel Lawson

NIGEL LAWSON

*(approved by the Chancellor
and signed in his absence)*