

**CONFIDENTIAL**

Mr Barclay To note X

MR. MOUNT

BF

c. Mr. Turnbull  
Mr. Letwin

AT 4/10

When the Secretary of State for Education and Science came to see the Prime Minister yesterday he said that he had a good chance of introducing a system of assessment of teachers' performance, which would provide a means of getting rid of less competent teachers. The assessment would be by head teachers, fellow teachers and pupils (the Prime Minister expressed strong scepticism about including assessment by pupils!). Sir Keith Joseph said that in return for such a deal he would need to offer improved pay for the good teachers - about two to three per cent in three years time. This would cost £150 million of which he could find half from savings on the DES budget, and he therefore asked the Prime Minister to support him in seeking £75 million for the education budget three years forward.

The Prime Minister said that she was very sceptical about this proposal. It amounted to giving people more for doing competently what they were paid to do anyway. She doubted whether assessment by other teachers would be an effective way of identifying and getting rid of poor teachers. She argued that anyway it should be possible, if weaker teachers left the system, to finance extra pay for the competent ones by savings - she felt that teachers had too many free periods at present.

Sir Keith Joseph had expressed disappointment that the Prime Minister was not more willing to support this initiative and said that he would write to the Prime Minister. It had to be decided quickly whether Philip Meeridale (?) should take advantage of a slot on the agenda of a meeting between the local education authorities and teachers unions in three weeks time to raise this matter.

Sir Keith Joseph also said that, in the longer term (beyond the present public expenditure survey), he should be able to squeeze more money out of non-advanced further education and higher education, but this would involve a squeeze on students

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X/ BA which, though desirable, would be controversial. He asked what plans the Prime Minister had to open up the debate on public expenditure. The Prime Minister said she hoped to do so in her Party Conference speech. (The Prime Minister had already asked me separately to see if I could get from the Department of Education and Science figures of comparative unit costs in schools and universities, similar to those produced by the DHSS about costs of treatment in different hospitals and used with great effect by Woodrow Wyatt in the Sunday Mirror: I have asked the DES to produce what they can on this by close of play on Thursday.)

F. E. R. BUTLER

4 October 1983

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