

CONFIDENTIAL

FROM: THE CHIEF SECRETARY, D

DATE: 5th October 1983



f NO

PRIME MINISTER

RAISING STANDARDS IN SCHOOLS

The Secretary of State for Education and Science copied to the Chancellor and myself his minute to you of 21 September.

I should make first the procedural point - which I do not wish to labour - that the proposal amounts to a Survey bid of £150 million on local authority current expenditure in 1985-86 and/or 1986-87; and that there has been no previous consultation with Treasury Ministers or officials. Of the partially off-setting savings tentatively offered, we lack machinery to secure delivery of some and the remainder will be needed in any event to compensate for inescapable bids elsewhere.

Even had the bid been submitted and considered in the normal way, I would not have been able to recommend colleagues to accept it. It poses serious difficulties for both the short and the medium term. In the short term, it would be quite incompatible with our efforts to get to grips with the aggregate of local authority current expenditure and would give a most unhelpful signal to other pay groups. An offer to the teachers of, in effect 3 per cent above basic rates would sabotage our attempts to hold the line on affordability grounds elsewhere.

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None of this is to deny that in the longer term a revised structure of pay and conditions could make a significant contribution to the more effective deployment of the teaching force. But to be effective this must come from the employers themselves who would need both to be convinced of its value to them and to be induced to operate it with the necessary rigour. And it would be very dangerous in my view to agree with them at the outset to underwrite an increase in the teachers' pay bill substantially in excess of that arising from the normal annual settlement.

Following Megaw, we are of course considering for the Civil Service the possibility of such concepts as performance related pay which could provide valuable incentives. Even though the levers of management here are in our own hands we all recognise that serious practical difficulties would need to be overcome in order to ensure that such a reform would realise its potential and - if it was going to cost any additional money - was worthwhile. Design and monitoring of a rigorous and credible assessment system would be crucial, as would the willingness of managers to make hard-headed judgments about performance. And all concerned would have to recognise the possibility of there being losers as well as gainers.

These difficulties seem to me to loom much larger in the case of teachers, where management has been deplorably weak and irresolute in the face of well-organised and deeply-entrenched professional interests. To take a recent example, falling school rolls have provided the employers with the ideal opportunity to get rid of the dead wood recruited in the 1960s. A few figures drawn from successive Public Expenditure White Papers illustrate the extent of their failure to exploit it:-

- in Cmnd 8175 we said we expected local authorities in England to employ 386,000 teachers in academic year 1983-84;

March 1981
Public Expenditure
White Paper

1982 PEWP

- in Cmnd 8494 we revised that figure to 390,000 and in Cmnd 8789 we revised it again to 'up to 400,000';

1983 PEWP

- the local authority associations predicted this summer that the true figure would be 411,000.

In the light of this experience, I frankly doubt whether we could really trust the employers to make candid assessments of the performance of their staff and back their judgment in public by pay differentials and disciplinary decisions. We would risk getting the worst of all worlds: a substantial increase in the pay of the great majority of teachers with none of the benefits the Secretary of State foresees from the new arrangements.

If there are any elements in the Secretary of State's proposals which are not open to abuse in this way and which involve no additional pressures on public expenditure, I would be content for these to be pursued with the employers. But I would want my officials to be satisfied on the basis of a full statement of what was involved that these conditions were met.

I am copying this minute to the Secretary of State for Education and Science, the Chancellor and Sir Robert Armstrong; and, with copies of the earlier correspondence, to the Secretaries of State for the Environment and for Scotland and to the Minister of State, Privy Council Office.



PETER REES

Ed : Policy Pt-3

11/11/11



Chief Secretary and Mr. Robert

11/11/11

ef no



NBPM at the stage
 B/F it Sir K Joseph
 writes in again with his
 proposal.

2 MARSHAM STREET
 LONDON SW1P 3EB
 01-212 3434

My ref:

Your ref:

AT 19/10

18 October 1983

Dear Peter,

RAISING STANDARDS IN SCHOOLS

Thank you for copying to me your minute of 5 October to the Prime Minister and Keith Joseph's of 21 September.

I make no comment on the substance of Keith's proposals, but I note that they amount to a bid for a substantial increase in the education component of local authority relevant current expenditure for 1985/86 onwards.

I am writing to you separately about provision in the Public Expenditure White Paper for local authority current expenditure beyond 1984/85. Amongst other things I am concerned about our vulnerability to the accusation that we are imposing extra duties and powers on local government at the same time as seeking to deliver overall expenditure reductions. I am bound to say that Keith's proposals seem to be just the sort of thing which even our supporters in local government point to as evidence to back up that accusation.

I am copying this letter to the Prime Minister, the Chancellor, Keith Joseph and Sir Robert Armstrong.

Yours
 Patrick

PATRICK JENKIN

