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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
 Secretary of State for Scotland
 Scottish Office
 Dover House
 Whitehall
 London
 SW1A 2AU

NBM

24 October 1986

Dear Secretary of State,

TEACHERS' PAY

Thank you for your letter of 20 October. You ask for my agreement that you could disregard £27 million of the cost of the interim award in Scotland this year when you calculate grant penalties.

We discussed this in July, when you agreed to withdraw your earlier request for a disregard, in exchange for my agreement that you could use slacker tariffs in the grant penalty calculations, to bring the total penalty down to £125 million based on local authority budgets.

When you lodged that earlier request both Kenneth Baker and Nicholas Ridley pointed out that any announcement would have repercussions for England and Wales. I think that is still true. I do not think it would be sensible to consider this except as part of our total package on teachers' pay, which we will be discussing again on Monday in MISC 122.

I therefore asked my office to inform yours that you could give no indication to COSLA that we would be likely to accede to their request for a disregard.

I am copying this letter to the Prime Minister and to colleagues in MISC 122.

Yours sincerely,

John MacGregor

PP JOHN MacGREGOR

*(Approved by the Chief Secretary
 and signed in his absence)*

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EDUCATION : Teachers pay pt8.

