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The Rt Hon JOHN MacGREGOR OBE MP

The Rt Hon Norman Lamont
Chief Secretary
HM Treasury
Parliament Street
London
SW1

19 OCT 1990

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Dear Norman,

FUTURE SERVICE SHARE METHODOLOGY

I was interested to see the ^{with Bl.} reference to teachers' pay in Chris Patten's letter to you of 8 October.

We do of course need to bear in mind that under the new machinery the Government retains the last word on a teachers' pay settlement, and the Treasury were keen that it should do so. As agreed I have indicated that we would not normally veto a negotiated settlement that was within the inter-quartile range of private sector pay settlements. I think it is right that we should decide nearer the time how best to make an appropriate allowance for teachers' pay, consistent with the machinery we are establishing, within standard spending for 1992-93.

Copies of this letter go to other members of E(LG) and to Sir Robin Butler.

Yours ever,
JH

DES



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