



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
London  
SW1P 3AQ

27 January 1984

*Dear Nigel -*

"STEPPING DOWN"

I am pressing ahead with a number of measures designed to improve the training, professionalism and management of teachers. This letter is concerned with a small change in teachers' pension arrangements which I believe would make a modest but useful contribution.

When heads and other senior teachers run out of steam they do a disproportionate amount of harm. In some cases early retirement or even dismissal is fully justified, but not all those who would be better out of posts of responsibility can be dealt with in that way. I believe that there is a proportion for whom the right answer would be a return to positions of lesser responsibility where they might still contribute positively. Such a move would adversely affect their pension entitlements, especially if they are far from retirement. That seems to me likely to inhibit employers from using "stepping down" as a positive instrument of management.

In the NHS, the civil service and local government, the pension schemes allow the calculation of separate pension elements based on service and salary before and after a "step down" to a post with a lower salary, with the first element frozen until retirement. I believe that a facility of this kind should be extended to education. I understand that the numbers affected by this in the NHS, the civil service and local government are small and I would not expect extensive use of the facility by education employers. But I am confident that they would welcome the change and I believe it is a contribution to better management which I should offer.

My officials explored the proposal in principle with yours last year and no objections were seen at that stage to our bringing the teachers' superannuation scheme into line with the NHS scheme. I propose that the adjustment should apply to all teachers in membership of the teachers' superannuation scheme. Where the employers certified that a teacher had suffered a reduction in salary on taking up another full-time post, in the interests of the efficient discharge of the employers' functions, then that teacher would be entitled to have his final pension based on the two phases of his career, reflecting reckonable service and final salary in each phase. Unless you or colleagues see difficulties about this proposal, I will proceed to early consultation with the local authority associations and the teacher unions before making the necessary amendments to the Teachers Superannuation Regulations.



I am sending copies of this letter to the Prime Minister, to members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Lawson.*

*Kerr.*

27 JAN 1984







NBPM

AT 8/2

cc DL

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State  
Department of Education & Science  
Elizabeth House  
York Road  
LONDON SE1 7PH

28 February 1984

*Dear Keith,*

"STEPPING DOWN"

You wrote to Nigel Lawson on 27 January about the need to avoid pension detriment for teachers who are asked to step down to a post with a lower salary.

We have no objections to your suggested amendment to the teachers' superannuation scheme and are content for you to go ahead as proposed.

I am copying this letter to the Prime Minister, Members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*Barney Hayhoe*

BARNEY HAYHOE



- 9 FFR 1984





LECNO

NBPM  
AT 13/2

DJH



2 MARSHAM STREET  
LONDON SW1P 3EB

My ref: J/PSO/10763/84

Your ref:

13 February 1984

Dear Nigel,

Keith/ Joseph sent me a copy of his letter of 27 January, proposing amendments to the Teachers' Pension Scheme to provide that a teacher who "steps down" in the interests of efficiency will be able to request separate pensions for his two periods of service.

As he points out, there are already equivalent provisions in the other public service pension schemes, and I have no objection to his proposal to bring the Teachers' scheme into line.

I am copying this letter to those who received Sir Keith's.

*Yours ever*  
*Patrick*

PATRICK JENKIN

The Rt Hon Nigel Lawson MP



educ pay pt 3



15 FEB 1984