

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000 30 April 1982

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

Dr. Keith

PENSIONS INCREASE AND THE INDEPENDENT SCHOOLS

Thank you for your letter of 8 April. I entirely agree with you about the need to take the initiative in tackling this issue. It would be unfortunate if we appeared to be caught by it unawares.

While there is no intrinsic reason for associating this with the wider follow-up to Scott, I am, as you know, hoping that we shall reach and announce conclusions on Scott sooner rather than later. If colleagues agree to my proposed timetable, there would be advantage in terms of public presentation if we dealt with the pensions increase subsidy to private schools in the same context rather than highlighting it as a separate problem. I can, however, see nothing to prevent us getting ahead with the necessary change in advance of action on Scott. In principle we should simply need to seek a higher employer contribution from the private schools, reflecting the full accruing liability for index-linking; the special charge on employees could be introduced subsequently and simply set against the increase in employer contributions.

Assuming early decisions on Scott, therefore, I suggest that we make known at the same time our intention in principle to tackle this problem. In the meantime, our officials should jointly consider the practical details, and in particular the extent of any legislative change that would be necessary. We might decide on the precise timing of the change when officials have reported back to us.

While my officials are not aware of any analogous problems in relation to the NHS Superannuation Scheme, we would clearly need to take parallel action there if there were to be any question of private medical practitioners being admitted to it.

/I am therefore

CONFIDENTIAL



I am therefore copying this letter and yours to Norman Fowler, and would be grateful if he would consider urgently whether the problem could arise in the NHSS and whether his officials should join in the programme of work which I propose.

[Handwritten signature]

GEOFFREY HOWE