



DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Parliament Street
London SW1P 3AG

14 June 1982

Dear Geoffrey,

PENSIONS INCREASE AND THE INDEPENDENT SCHOOLS

Thank you for your letter of 30 April. Cabinet has now decided to give further consideration to Scott (CC(82)31st Conclusions, Minute 4).

As you say, however, it would be unfortunate if we appeared to be caught unawares in relation to the independent schools, and I believe that an early announcement recognising this problem is essential. I propose therefore to make a statement as soon as possible in the form of a written answer to a PQ and attach a draft.

As you will see, my Department will write to the various bodies representing the private education employers on the day the announcement is made. The letter will link the issue to that of charging also for the cost of the Department's administration of the teachers' pension scheme on their behalf - a proposal arising from a "Rayner scrutiny" project about which they were forewarned in 1980 - and will give notice that they will be invited to discuss both issues in due course. The aim will be to move towards charging from September 1983, the beginning of the academic year. I am satisfied that it would not be reasonable to seek to do so for the year starting this September.

I am anxious to make the announcement this week if at all possible and would be grateful for any comment you or others may have by close of play on Wednesday 16 June. In view of the political sensitivity of the issue and its possible implications for other departments I am copying this letter, my letter of 8 April to you and your reply of 30 April to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

*Yours ever
Keith*

DRAFT

QUESTION

To ask the Secretary of State for Education and Science whether he is satisfied about the arrangements for meeting the cost of pensions payable to teacher pensioners from the private sector of education, and if he will make a statement.

ANSWER *

Contributions to the teachers' pension scheme are made by private sector employers and employees on the same basis as those for the maintained sector. The cost of pensions increase, however, is met by the Exchequer, and has been since 1944, for all retired teachers within the Teachers' Superannuation Scheme. I consider that this subsidy to private employers should be brought to an end, and am today writing to their representative bodies stating my intention of inviting them to discuss the issue with my department.

* Please see revised version at back