



Treasury Chambers, Parliament Street, SW1P 3AG
 01-233 3000

18 June 1982

The Rt. Hon. Sir Keith Joseph Bt MP
 Secretary of State for Education and Science

Dear Secretary of State,

PENSIONS INCREASE AND THE INDEPENDENT SCHOOLS *requested*

Thank you for your letter of 14 June.

As you know, I agree with you on the need to deal with this anomaly, since it is potentially a political embarrassment - for the independent schools as well as the Government. But we need too to avoid the political criticism that would come from the other direction, if we made sudden changes in the costs of the schools. I quite agree, therefore, that it would be unreasonable to give the schools only 3 months notice that we proposed to charge them as much as 5 per cent more for employer superannuation contributions. The aim should therefore be to introduce the higher contributions for the 1983-84 academic year.

I think however that it would be useful for the announcement to refer specifically to this timetable. I would suggest that the final sentence of your draft should read:

".... I am today writing to their representative bodies stating my intention to ensure that from September 1983 these private sector employers' contributions meet the full cost of their employees' pension arrangements and I will be inviting them to discuss the issue with my department."

That apart, I have no comments on the draft announcement. I particularly welcome the absence of any reference to the Scott Report. Although the matter was mentioned in passing in the Third VP Report, it is something that needs to be dealt with on its own merits. Indeed there is probably advantage in dissociating it from the follow-up to Scott. If we are asked whether your announcement anticipates our response to Scott, we can say that this is a relatively minor issue in relation to public service pensions increase as a whole, but one that needs to be tackled. The Government's consideration

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of it has been quite separate from that of the Scott Report.

I am copying this letter to recipients of yours.

Yours sincerely,

Peter Jenkins

GEOFFREY HOWE

(Approved by the Chancellor of the Exchequer and
signed in his absence).

1716 JUN 1982

