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bcc: Mr. Verelst

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10 DOWNING STREET

From the Private Secretary

23 June, 1982

Pensions Increase and the Independent Schools

Thank you for your letter of 18 June and the attached papers.

I showed these to the Prime Minister. As I mentioned to you on the telephone, she commented that she sees little point in removing the cost of pensions increase subsidy from the independent schools at this time, when many parents are struggling to keep their children at such schools.

I am sending a copy of this letter to the Private Secretaries to the members of the Cabinet and to David Wright.

M. C. SCHOLAR

N. J. Cornwell, Esq.,
Department of Education and Science

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10 DOWNING STREET

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Prime Minister

I have held this up in
case you wish to intervene.

Content that Sir K Joseph
remove this subsidy from
the independent schools?

MCS 18/6

No - I see no
point in doing that.
at this time when many
parents are struggling to
keep their children at such
schools as

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DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

M C Scholar Esq
Private Secretary
10 Downing Street
London SW1

18 June 1982

Dear Michael.

PENSIONS INCREASE AND THE INDEPENDENT SCHOOLS

You told me that the Prime Minister's copy of my Secretary of State's letter of 14 June to the Chancellor of the Exchequer had gone astray, and that the Prime Minister had therefore not yet been able to consider the proposed Answer. We are therefore delaying placing the Answer until Monday.

In the meantime the Chancellor and the Secretary of State for Scotland have both made suggestions for modifying the Answer. In the light of these the following redraft is now proposed:

"Private sector employers and employees make the normal contributions to the Teachers' Superannuation Scheme. 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; and administration costs are also borne by the Exchequer. I consider that this subsidy to private employers should be phased out ~~[from September 1983]~~, and am today writing to representative bodies stating my intention of inviting them to discuss the issue with my Department. My rt hon Friend the Secretary of State for Scotland will be initiating corresponding discussions in Scotland."

I should be glad to have your confirmation by mid-day on Monday 21 June that the Prime Minister is content for this Answer to be given. Copies of this letter go to the Private Secretaries of members of the Cabinet and Sir Robert Armstrong.

Yours ever,

Nick.

N J CORNWELL
Private Secretary