



PRIME MINISTER

INQUIRY INTO THE ERROR IN THE CLEGG COMMISSION'S REPORT ON TEACHERS' PAY

Why?
nd?

This minute comes jointly on behalf of Mark Carlisle and myself. Sir Alan Marre has now reported to us the results of his inquiry into the causes of the error in this Report which led the Commission originally to recommend increases in pay 3.7 percentage points (or pay rates of £130m per annum) higher than would otherwise have been the case. A copy of his report is attached. The inquiry was limited to what appeared in the Commission's report as published; it was not concerned with the subsequent negotiations leading to settlements before the error was discovered.

Mark Carlisle and I are well satisfied with the way Sir Alan Marre conducted a thorough inquiry. He interviewed all those who might have been concerned, considered some supplementary written statements and examined relevant documents. We accept all his conclusions.

Why?

The error originated in information obtained by a junior officer in the Office of Manpower Economics (OME) in January about the starting pay of graduates entering teaching, ie the number of increments to which they are entitled on appointment. This was obtained by telephone and it has not been possible to establish what precise information was requested or from what source it came. The information was required urgently, the OME officers concerned were not aware of the complexities of teachers' pay and it would have been contrary to the OME's normal practice to send the draft paper in which the information appeared and which was prepared for the Commission to the DES for comment. The purpose of this paper was to review fall-back positions if the Commission were unable to establish a satisfactory factor analysis approach as it hoped.



4 JUL 1980

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In the event, such an approach could not be established and after a meeting of the Commission in March at which OME officials were not present they learnt that a new approach was likely to be followed. The starting point for this approach was the salaries of graduate teachers on appointment. The error in the basic information then became crucial. There followed a period (from 10 March to 1 April, when the Commission's Report was submitted to you) in which this new approach was developed and the Report completed and during which the basic and erroneous information was not checked.

Sir Alan Marre is rightly critical of this failure. He points to "an inexcusable confusion" within the OME over whose responsibility it was to verify all the facts. The statisticians saw their task as checking the calculations, not the basic information; the administrator directly concerned (a Principal) believed that the statisticians would check all the figures and source information. Sir Alan Marre concludes that it would be clearly desirable to set down in writing for all OME staff the extent of their responsibilities as nearly as possible. This is his sole recommendation. He concludes explicitly that he does not criticise any one individual. This being so, I am sure that the possibility of formal disciplinary action for any official cannot arise.

I appoint the staff of the OME and I have asked for immediate reassurance from the newly appointed Director that clear guidelines are being issued to his staff to ensure that such confusions never again occur and that there will be no repetition of such a serious, and for the OME wholly exceptional, error.

Sir Alan Marre makes no criticism of the DES, who had the Report, as did my Department, in the period from 1 April to 14 April, when it was published. The DES had no prior knowledge of the approach the Commission had come to adopt. In order to minimise the risk of any leak of the report's contents before the two major teachers' conferences in the following

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week, copies were limited, on Mark Carlisle's instructions, to a very small number of senior officials. The size of the recommendations was within the range expected and Sir Alan Marre concludes that it would have been surprising if a senior official, with some familiarity with the complexities of the details of teachers' pay, had detected that some part of the basic information was incorrect, given the prime need to prepare urgently for the negotiations.

The Commission itself is exonerated; its accepted responsibility was essentially formal.

You told the House of the inquiry and it is necessary to make a statement on its outcome. Mark Carlisle and I are agreed that I should do this by way of Written Answer. We are also agreed that this needs to be delayed until after the formal hearings on the two current arbitrations on teachers' pay are held on 8 and 9 July. This is because there are reflections in Sir Alan Marre's report on which the unions could possibly build. In paragraph 31 there is a reference to a Press report that local authority officials were aware of the error before agreements were reached and paragraph 44 states that the Commission's recommendations were within a range expected by DES officials. We do not however think that a statement can be delayed until the arbitrators' awards are known. Although we cannot be sure, these might well not be available until the second half of July. We therefore propose that I should give a Written Answer on Monday 14 July.

This would simply and shortly summarise Sir Alan Marre's findings and assure the House that instructions had been issued to OME staff to ensure that there would be no possibility of any further and inexcusable confusion. We also think it right to place copies of the report in the Library and, without publishing it, make copies available on request to inquirers.

I am copying this minute to Christopher Soames and George Younger and to Ian Bancroft and Robert Armstrong.

J P
July 1980

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10 DOWNING STREET

From the Principal Private Secretary

9 July 1980

Dear Sir,

INQUIRY INTO THE ERROR IN THE
CLEGG COMMISSION'S REPORT ON TEACHERS' PAY

The Prime Minister has seen your Secretary of State's minute and the report of Sir Alan Marre's inquiry into the error in the Clegg Commission's Report on teachers' pay.

She is still very concerned that an error which cost as much as £130m could occur in this way and she fears that similar mistakes could happen again. Nevertheless, she accepts Sir Alan Marre's conclusions and agrees that the Office of Manpower Economics should set out in writing the extent of the responsibilities of the various sections making up the Office. No doubt this recommendation will be implemented rapidly for, as the Prime Minister has commented, there is almost bound to be a PAC inquiry into the error and the steps that have been taken subsequently to prevent such a mistake happening again.

The Prime Minister agrees with Mr. Prior's and Mr. Carlisle's proposals for publicising the results of Sir Alan Marre's inquiry.

I am sending copies of this letter to Jim Buckley (CSD), Godfrey Robson (Scottish Office), Peter Shaw (DES), Jeremy Colman (CSD) and David Wright (Cabinet Office).

Yours sincerely,

John Major

Richard Dykes, Esq.,
Department of Employment.

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PRIME MINISTER

THE CLEGG ERROR ON TEACHERS' PAY: THE MARRE REPORT

The minute below from the Secretary of State for Employment submits the report of Sir Alan Marre's inquiry into the error costing £130 m. a year which was made in the Clegg Report on teachers' pay.

Mr. Prior's minute provides a good summary of the report. There is therefore no need for you to read the report itself, but if you do want to look at it, I suggest that you concentrate on paragraphs 34-46 which set out Sir Alan Marre's comments on the events and his findings. He places the responsibility for the error wholly on the Office of Manpower Economics. His only recommendation is that the OME should set down in writing the extent of the responsibilities of the various sections of the office's staff. He does not, however, criticise any one individual, and Mr. Prior accordingly proposes not to take any formal disciplinary action against anyone. Are you, like Mr. Prior and Mr. Carlisle, content with Sir Alan Marre's conclusions?

Do you also agree with the proposals for publicising the results of the inquiry made by Mr. Prior at the end of his minute?

Yes.

KWS.

8 July 1980

I think the County will conclude as I do that the loss of £130m has been treated very lightly indeed and similar things will happen again. (I think the P.A.C. will deal with it more seriously)

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INQUIRY INTO CAUSES OF ERROR IN PARAGRAPH 63 OF REPORT
NO 7 OF STANDING COMMISSION
ON PAY COMPARABILITY

REPORT

Introduction

1. My terms of reference from the Secretaries of State for Employment and for Education and Science were "to inquire into the causes of the error in paragraph 63 of Report No 7 of the Standing Commission on Pay Comparability, as published; and to report". To help me in this task I had assigned to me Mr A A Carter of the Civil Service Department. He has helped me greatly both in carrying out the inquiry and preparing this report.
2. In the course of my inquiry I interviewed (some more than once) the Chairman of the Commission and officials of the Office of Manpower Economics (OME), the Department of Education and Science (DES) and the Local Authority Conditions of Service Advisory Board (LACSAB) who played (or might have played) some part in providing information for the report, or who saw it at various stages prior to publication. A list of those I interviewed, a few of whom gave me supplementary written statements, is an Annex 1 to this report. I also examined relevant documents of the OME and DES. I wish to express my appreciation of the full cooperation I received from everyone.
3. I asked the Secretaries of the Teachers Panels of the Burnham Primary and Secondary and Further Education Committees if there were any matters specifically related to the cause of the error which they wished to bring to my attention. Their replies, one of which questioned whether an error had occurred, confirmed the impression I had already formed from my initial study that they could not provide any information directly relevant to my inquiry.

4. My report falls into two main parts.

5. The first (paragraphs 7 to 33), after giving some background information, describes the events leading up to publication of the error, as I have pieced them together from the evidence. As the evidence was considerable I have been selective and referred only to what seemed to me the most relevant parts. Much of the evidence depended on witnesses' recollections, some of which were clearer than others'. I was not often able, therefore, to confirm the accuracy of one witness's memory by reference to another's. In no case, however, were recollections clearly in conflict.

6. In the second part of the report (Paragraphs 34 to 46) I make some comments and set out my findings.

BACKGROUND

7. The Standing Commission on Pay Comparability was appointed by the Prime Minister in March 1979 under the chairmanship of Professor Hugh Clegg, at that time Professor of Industrial Relations at Warwick University. Its task is to examine the terms and conditions of employment of particular groups of workers referred to it by the Government in agreement with the employers and unions concerned, and in each case to report on the possibility of establishing acceptable bases of comparison with terms and conditions for other comparable work and of maintaining appropriate internal relativities. The Standing Commission does not co-opt assessors or expert members versed in the subject matter of particular references but takes written and oral evidence from employers and unions and normally consults both parties on the data on which it intends to base its conclusions. Secretariat services for the Standing Commission are provided by the OME, an independent, non-statutory body set up in 1971: to serve primarily the Review Bodies on Top Salaries, on Doctors' and Dentists' Remuneration and on Armed Forces Pay but also other pay inquiries.

8. On 26 July 1979 the Standing Commission was asked to undertake a pay comparability study covering five groups of teachers. This was the

first of the Commission's references to be concerned with teachers and the first inquiry into teachers' pay since the Houghton inquiry of 1974 for which the OME also provided secretariat services.

Initial Approach to the Reference: The Job Evaluation Study.

9. The Commission received written and oral evidence over several months from unions and management concerned with teachers' pay. The Commission's initial view was that, since a job-for-job comparison was not practicable because of the absence of sufficient numbers of directly comparable jobs outside the groups being reviewed, some form of factor analysis would have to be used. The method adopted involved ranking jobs according to their relative worth on the basis of detailed information about job content and then assembling details about remuneration in jobs judged to be closely comparable in worth to teaching jobs. A firm of consultants was engaged to carry out this study (which I refer to later as the job evaluation study) under the supervision of a Steering Group chaired by the Commission's Chairman and including representatives of the teachers, their employers, and the consultants. The Steering Group set up six judging panels to assess and compare the content of teaching and other jobs. These panels were chaired by the consultants and included teachers' and employers' representatives and independent members. The parties to the negotiation of teachers' pay were thus heavily involved in the original approach taken by the Commission.

The Alternative Approach: Provision of Information by OME.

10. By early January 1980 the Commission had begun to have doubts about their initial approach in the light of the results of the first stage of the job evaluation study. There was still felt to be a reasonable chance that the second stage of the study would produce usable results. But the Chairman of the Commission considered it prudent to examine the feasibility of possible alternative approaches. On 16 January he discussed with the OME Principal and Statistician concerned with the teachers' reference the alternatives to be considered and asked them to

submit a paper exploring these. The Statistician was at that time heavily committed to other work and the task of drafting the paper fell to the Principal. He recalls being asked to submit the paper within two weeks and asked to compile it discreetly since the Commission did not wish to discuss with the parties to teachers' pay negotiations at that stage the possibility of an alternative approach which might never be used.

11. Several alternative approaches were considered in the paper, including a comparison of starting salaries for graduates entering teaching with those for entrants to other occupations. Its preparation required considerable research and enquiry, and the time limit of two weeks to which the Principal was working meant that it had to be done at speed. Two other members of the OME secretariat (a Higher Executive Officer (HEO) and an Administration Trainee (AT)) were asked by the Principal to help gather information needed. The HEO (one of the officials I interviewed), who like other OME staff concerned had no previous acquaintance with teachers' pay matters, realised that the information was needed urgently and had to be obtained with discretion, but she explained to me that she had assumed that it was needed in connection with the job evaluation study, not to assist with the consideration of some alternative approach.

12. The information she had been asked to gather comprised several different items and, particularly in view of the urgency with which she understood the information was needed, she sought these by telephone. In some cases a telephone call resulted in a written response; in other cases the information was supplied on the telephone. Sometimes she was referred by a person who could not answer a question to another who could. One of the items of information for which the Principal had asked concerned the starting salaries of graduate teachers. Graduate teachers do not start at the bottom point of the relevant pay scale; they are entitled to be credited with a number of increments. The Houghton Report of 1974, which was one of the sources of ideas for the paper on alternative approaches, had referred to a credit of four increments for good honours graduates and equivalents and two for other graduates and equivalents. The HEO was not aware of this reference in the Houghton

Report and recalls being asked to find out simply what incremental advantages good honours graduates and ordinary graduates currently got.

13. In seeking this and other items of information the HEO spoke to various officials at DES and LACSAB, which provides a secretariat for the management sides in teachers' pay negotiations. So far as the incremental credit point was concerned, she recorded the outcome in the following terms in a minute dealing also with several other items:

Graduate starting pay

+ 1 year post graduate teaching certificate

Incremental point 3 = ordinary graduate

" " 5 = good honours graduate

(£3,852)

" " 0 = certificate of education

(only 5,000)'

The Principal asked the HEO for clarification of what this note meant. He recalls being told that a post-graduate certificate was now compulsory for graduates in subjects other than education and that this conferred an entitlement to an extra increment. He further recalls confirming that it was the HEO's understanding that teachers who did not have this certificate received one fewer increment than those who did.

14. The note does not disclose the source of the information it contained and I have not been able to establish with any degree of certainty from whom it was derived. I considered whether it might have been obtained from some documentary source. While, however, the written evidence which had been submitted to the Standing Commission contains information on the incremental credits to which graduate entrants to teaching in Scotland are entitled, it contained no information which would have allowed the information recorded, which concerns teachers in England and Wales, to be deduced. The HEO did at a later stage, in order to determine how a "good honours" graduate was defined, obtain a copy of the Scales of Salaries for Teachers in Primary and Secondary Schools, England and Wales 1979, from which the incremental credit arrangements can, with considerable effort, be deduced. She did not, however, have

access to this at the time she recorded the information on incremental credits. She is, moreover, certain that she obtained the information by telephone. I have no doubt that this is what happened.

15. Having made a series of telephone calls to obtain various items of information, the HEO does not now recall, some 4 months later, to whom she spoke about that particular item and she has since destroyed the record she made at the time of the people she approached. It could have been someone in the DES Teachers Branch (where there are records of other enquiries from OME about this time but not of this particular enquiry). The staff of this Branch whom I interviewed have, however, no recollection of this enquiry and were emphatic that they would not have known the answer or would have been sufficiently aware of the complexity of the incremental credit arrangements not to venture an answer on the telephone. The information could also have been obtained from LACSAB. Here too, the staff concerned do not remember the enquiry (though they remember other enquiries from OME mainly about procedural matters) and have no record of it. Some of them at least would have been more likely to be familiar with the teachers' incremental arrangements, however, and I am inclined to think, though without any certainty, that the enquiry was more probably put to one of them.

16. In the event the outcome as recorded in paragraph 13 was inaccurate in that it was incomplete. It failed to recognise that B.Ed graduates, like those who had the post-graduate certificate, were also entitled to an extra increment by virtue of the qualification to teach which their degree conferred. It also omitted any reference to the entitlement to additional increments which is conferred by completion of more than 3 years of full-time study after the age of 18.

17. It seems to me probable that the inaccuracy was due to some misunderstanding. The teachers' incremental system is highly intricate, much more so than either the Principal or the HEO believed at the time the enquiry was made. Annex 2 reproduces the relevant extracts from the rules governing this system in order to illustrate this complexity. Anyone not familiar with the variety of ways in which increments can accumulate might not know exactly the right questions to put; and even

if the right questions were put, the answers might have been incomplete if the questions were not understood or the answers were being given by someone not fully conversant with the complexities of the system or unaware of the use which was to be made of the information.

18. The inaccurate information set out in paragraph 13 above was incorporated by the Principal in the paper on alternative approaches, which he submitted within the two weeks stipulated via his Assistant Secretary to the Chairman of the Commission. After some minor amendment proposed by the Chairman and checking of the calculations in the paper by OME statisticians, the paper was circulated to the Standing Commission on 11 February 1980.

19. The Principal who drafted the paper on alternative approaches was aware that the information on incremental credits had been obtained piecemeal and hurriedly and needed further checking. He recalls consulting his Assistant Secretary, who was secretary to the Standing Commission, and suggesting that the paper should be shown in draft to those in the DES and Department of Employment who had supplied information. His recollection is that he was told that this should not be done and that in this or subsequent conversations about the Commission's methods of working he formed the impression that there would be other opportunities to check the information if it was to be used by the Commission.

20. The Assistant Secretary does not now specifically recall these conversations, but both he and the Director of the OME have confirmed to me that, while one of the most important tasks of the secretariat is to satisfy itself that all material put to the bodies that the OME serves is thoroughly checked and that any inaccuracy in evidence from outside is identified, it is indeed contrary to normal OME practice to check with outside bodies the text of discussion papers prepared by the secretariat and submitted to the Commission or to other bodies which OME serves. Such papers are considered confidential to members.

21. No further attempt was made at this stage to check the accuracy of the content of the paper, which still represented no more than an analysis of possible alternative approaches which the Commission would wish to consider if (contrary to their hope at the time) usable results did not

emerge from the job evaluation study.

22. On 6 March the Standing Commission met to consider the consultants' report on the second stage of the job evaluation study. They adjourned to discuss the report in private, without the OME secretariat present, and decided that after all they could not base their report on that study because of the variability and inconsistency in the increases imputed from the study and doubts about the soundness of its methodology. Some three weeks after receiving the OME alternatives paper they now agreed that an alternative approach would be formulated for discussion at the next meeting on 13 March. The Chairman of the Commission explained to me that the reason why it sometimes met in private was that it found it easier to take certain difficult decisions without officials present.

23. On 10 March the Chairman of the Commission handed to the OME Secretariat a paper, which he had written in accordance with the decision taken at the meeting on 6 March, proposing an alternative approach to teachers' pay. This was the first sight that the Secretariat had of the proposed approach. The Chairman's paper was typed and circulated that day for consideration by the Commission on 13 March. The approach it advocated was based on comparisons between the salaries of graduate entrants to teaching and to other occupations three years after entry. For this purpose it drew on information concerning graduate starting salaries contained in the OME alternatives paper of 11 February. It repeated, in slightly different form, the inaccuracy relating to the incremental entitlements of graduate entrants to teaching in England and Wales. The calculations in the paper were checked by OME statisticians but not the source data.

24. On the day the Chairman's paper was circulated, 10 March, the Commission discussed the result of the consultants' study with the parties to the teachers' pay negotiations at separate meetings. At a later informal meeting, on 21 March, the Chairman told representatives of the parties that the Commission had taken the view that it could not place much weight on the results of the consultants' study and that it would have to put more emphasis on other evidence. However, at no stage prior to publication were the parties told that the Commission would not be using the results of the consultants' study at all or that an alternative approach was being adopted.

That was because, on the basis of previous experience the Commission feared that such information would be leaked to the press. The Commission also departed from its normal practice of showing the parties the data on which it was to base its recommendations. It did so because, in its view, to reveal to the parties the figures on which the alternative approach was based would, since the base was a much narrower one than normally used in its comparability exercises, also reveal the approach and point to the Commission's likely recommendations.

25. On 13 March the Commission met again to discuss the Chairman's paper. At the Chairman's request, no member of the OME secretariat was present and no note was taken of the discussion. The approach recommended in the Chairman's paper was, however, adopted with modifications. The Chairman, with help from the OME staff, then prepared a draft of Chapter 5 of the Commission's report based on the discussion of his paper. This was circulated on 17 March and considered by the Commission on 20 March. The draft repeated the inaccurate statement about teachers' incremental credits which had been derived from the earlier papers. The inaccuracy was then carried through to a final draft of the report which was circulated on 24 March, approved by the Commission on 27 March and received by the Prime Minister in its final form on 1 April, the inaccurate information appearing in paragraph 63.

26. I have confirmed that, during the period in which the draft of Chapter 5 was being considered by the Commission, the calculation of what the percentage pay increases proposed would mean in salary terms for the first nine points on the entry scale, and its estimate of the costs of its proposals, were checked by the OME statisticians. The Principal who had written the paper of 11 February on which the Chapter 5 approach drew told me he assumed that the statisticians would check all aspects of the figures used in Chapter 5, including definitions and sources. The statisticians, however, told me, they saw it as their responsibility to check the arithmetical calculations in Chapter 5 but not the accuracy of the information on which these calculations were based. In the event, neither checked the accuracy of the information.

27. In the week prior to submission of Report No 7 to the Prime Minister the Department of Education and Science was sent, for checking, the texts of Chapter 1, containing factual statements about the reference groups, and Appendix 3, concerning the grade structure of teaching. Consistently with the Commission's earlier decision not to inform the parties about the content of the alternative approach, the Department was not, however, sent Chapter 5, containing the inaccuracy, for checking.

Events Following Completion of the Report

28. On the day that the report was received by the Prime Minister it was also received by DES. On the instructions of the Secretary of State for Education and Science and of the Permanent Secretary of the Department, access to the report prior to publication was confined to the Under Secretary in charge of Teachers Branch and to his Assistant Secretary concerned with teachers' pay. This decision was taken in order to minimise the risk of any leak of the contents of the report. The report had been received just before the Easter week conferences of the two major school teachers' unions. The Department thought it would be open to criticism if, during the period when the report was being processed for publication, either union became aware of it before the other. The Under Secretary told me he had not himself the detailed knowledge of the complex incremental credit system which would have been required to detect the error in paragraph 63. The Assistant Secretary for his part told me that (though he was not familiar with the particular arrangements for B.Ed graduates) he had sufficient background knowledge to know in general of the entitlement to additional increments conferred by completion of more than three years' full-time study after the age of 18. It was therefore conceivable that he might have observed that paragraph 63 was to that extent inaccurate. He had, however, no reason to look particularly at that paragraph and he was in any case preoccupied during this period, together with his Under Secretary, in considering with local authority representatives and others the tactics for handling negotiations with the teachers' representatives after publication of the report, and in dealing with other business arising while the Under Secretary was attending the union conferences. Moreover although both of them had been unaware until 1 April of the approach which the Standing Commission's report was taking, the Under Secretary told me that the size of the pay increases recommended, which was of crucial interest to the Department, was consistent with their own expectations and in line

with what nurses and civil servants had received; it did not therefore alert them to the possibility of any error in Chapter 5, which they looked upon as a last-minute attempt to arrive at an acceptable solution.

29. Report No 7 was published on 14 April. Although the post-publication period falls strictly outside my remit I think it is convenient for me to round off the narrative by referring briefly to what followed.

30. On 14 April the report became generally available, among others to the more junior staff at DES and also for the first time to LACSAB, who circulated it on the same day to the local authority members of the management side of the Burnham Committees which negotiate teachers' pay. On 18, 23, 25 and 28 April the Burnham Committees met and reached agreements based on the Standing Commission's recommendations. There is no evidence that at that stage anyone at DES or LACSAB had detected the error in paragraph 63. Staff of both have assured me that it was not until Mr Paul Williams of the Sunday Telegraph began to make enquiries at the end of April, which resulted in his disclosure of the error in an article on 4 May, that they became aware of the error.

31. Mr Jarvis, General Secretary of the National Union of Teachers and Secretary of the Teachers' Panel of the Burnham Primary and Secondary Committee, has been quoted by Mr Williams as saying that local authority officials were aware of the error before the agreements were reached. Mr Jarvis made no mention of this in his letter to me on behalf of the Primary and Secondary Committee Teachers' Panel, to which I have referred in paragraph 3 above, and neither DES nor LACSAB was able to provide any corroboration of it.

32. By way of explanation of their failure to detect the error in the period immediately following publication of Report No 7, DES and LACSAB have explained that their staff were heavily engaged in turning the Commission's recommendations into pay scales, costing them and reconciling their estimates with each other and with the OME's estimates in readiness for Burnham Committee meetings. An additional factor, so far as DES were concerned, was that the Principal most familiar with the Burnham pay system began three weeks' leave on the day of publication.

33. To conclude the story, an allegation was reported in the press on 20 May that another error had been made by the Standing Commission, the effect of which was exactly to counterbalance the error in paragraph 63. It was suggested that, in comparing graduate teachers with other graduates, the Commission had failed to take proper account of the fact that graduates entering teaching had normally completed four years' training while a graduate recruit to industry had completed only three. The Commission has flatly repudiated this suggestion, indicating that this and other relevant factors were recognised in the Commission's recommendations.

COMMENTS AND FINDINGS

34. In his letter to the Prime Minister of 15 May Professor Clegg said that the Commission accepted full responsibility for the error in paragraph 63 of the Report. I can understand that the Commission, as authors of the Report, felt it proper to accept that responsibility. But the error derived from information provided to them by OME on the accuracy of which they were entitled to feel they could rely, and the responsibility attaching to the Commission themselves for the error is in my view no more than formal. I am satisfied that they could not reasonably have been expected to possess the detailed knowledge required to detect the error.

35. My inquiry has been into both how the error originally came to be made and why it was not detected before the report was completed and published. I have not concerned myself, except incidentally, with the post-publication period, which falls outside my remit, though I have felt it right to mention what DES and LACSAB have told me about this period.

36. There were three main stages covered by my inquiry:

(a) the period prior to the circulation of the Commission Chairman's paper outlining proposals which formed the basis for their recommendations. This runs from mid-January to 10 March 1980;

(b) the period between then and the completion of the report

and its receipt by the Prime Minister on 1 April;

(c) the subsequent period until publication on 14 April.

37. I start with the first of these periods. My inquiry shows that the original source of the error was a minute written by an HEO of OME, and subsequently supplemented by her orally in response to questioning by her Principal. I have not been able to establish with certainty how the inaccuracy arose but there were several factors which contributed to it, of which perhaps the most important were that the information was obtained by telephone by an officer not expert in the subject matter and not subsequently checked for accuracy. It need not be a matter for criticism when information required is obtained by telephone. The OME, DES and LACSAB all told me that much straight-forward information is given or obtained on the telephone and it would be a waste of effort and manpower to record it always. Moreover, in the present case the information was needed for a paper being prepared for the Commission with some urgency even though the purpose of the paper was only to canvass possible fall-back positions. On the other hand the telephone can be a hazardous means of trying to get reliable information about highly complex arrangements, where much can depend on the way a question is put by the person seeking the information or is understood by the person being asked. In such cases it is highly desirable to seek confirmation in writing. It is clear, however, that the HEO who made the inquiry and who, before this reference, had had no experience of teachers' pay matters, was not aware how complex the rules on teachers' incremental credits were. Since I have not been able to establish what questions were put or to whom they were put, I am not able to judge whether the supplier of the information might reasonably have been expected to warn the HEO of this complexity.

38 The Principal who drafted the paper for the Commission (and who had only recently joined the OME and was similarly unversed in teachers' pay matters) incorporated in it much information that he realised had been obtained piecemeal and hurriedly, including that recorded by the HEO on incremental credits. In submitting it to his Assistant Secretary for approval prior to its reference to Professor Clegg and the Commission he recalls - and I accept his recollection - that he proposed that the comments on the draft of DES should be sought. Had this been done, its

accuracy in detail would have been checked by officials more familiar with the teachers' pay arrangements, and the inaccuracy of what was included about pay increments might have been picked up. His proposal was not adopted, because, serving independent bodies, OME consider it inappropriate to inform Government Departments prematurely of the lines on which any of these bodies may be thinking, while accepting that it is part of their function to ensure that accurate information is provided as the basis for their deliberations. In this case there was the additional consideration that the parties to the negotiation of teachers' pay, of whom DES could be considered to be one, had not been told of a possible change of approach. In any event at the stage at which the draft was prepared, it still seemed most likely that the Commission's original approach, based on job evaluation, would be followed through, in which case the alternative approaches set out in the draft paper would not have been needed and the accuracy of the information it contained would have been irrelevant. All this is understandable, if unfortunate in its results. But what also ought to have been recognised, even at this stage, was that if the Commission should change its view and switch to one of the alternative approaches, verification of all relevant information would be necessary.

39. On 6 March the Commission did decide to discard the job evaluation approach and on 10 March, when they saw copies of a paper prepared by its Chairman himself for the Commission, OME officials became aware of the new approach now likely to be followed. The period between then and 1 April constitutes the second of the stages mentioned in paragraph 36.

40. The new approach advocated in the Chairman's paper was a development of one of the possible alternative approaches which had been considered in the Principal's paper. It took as its starting point the salaries of graduate entrants to school teaching but, working on the inaccurate information supplied to the Commission, understated their incremental entitlements. Had the inaccuracy been picked up at any time between 10 March and 31 March, when the report was completed and signed by the Commission, it could have been corrected in time. As it was, it was repeated (with minor drafting changes) in subsequent drafts of the report and finally in paragraph 63 of the report itself.

41. I have no doubt that OME ought to have picked up the error during this period. The main reason for the failure to do so was uncertainty where the responsibility lay for checking the detailed factual accuracy of the information upon which the Commission was relying in the preparation of its report. The statisticians in OME saw it as their duty to verify the calculations contained in a draft report, but not the source information (such as the rules governing incremental scales) from which those calculations were derived. Basic information supplied by the administrative arm of the OME ought in their view to be checked by the responsible Principal. On the other hand the Principal's belief, based (as he said) on his experience elsewhere, was that the statistician would be checking the accuracy of all the figures and source information. The OME Director told me that her view about how responsibility was divided accorded with that of the statisticians and that that was how the office normally operated; that seems to me too a reasonable approach. But it is not laid down in any OME office document. It seems to me that it would be desirable to set down in writing the extent of the responsibilities of the various sections of OME staff. That would at least provide guidance which would be of particular value to new recruits. I realise that an exact demarcation would be difficult to define, and to meet the requirements of efficient day-to-day working some flexibility is essential. Such flexibility must, however, be based on good communication so as to ensure, for example, that every single item of factual information which OME provides to the bodies it serves is checked (as is their normal practice) and that the staff together make sure that this is done. This is all the more important since OME staff cannot be expected to be familiar in detail with all the wide range of pay arrangements with which they have to deal. As it was no-one saw it as his duty to make sure that the particular information was in this case checked. The result was that it was not, as it certainly should have been.

42. It has been represented to me that a contributory reason for the failure to detect the error during this period was the Commission's decision not to consult the parties about its new approach, and show them the figures it was using in following this new approach. This, it is said, is in sharp contrast to the full discussions there were during the job evaluation exercise. The Commission was satisfied that it had good reason for its decision, and even if this closed off one avenue by which

the error might have been detected I do not think that this detracts from the clear responsibility which in my view rests with the OME for the failure to detect it.

43. During the third of the stages mentioned in paragraph 36, that is between 1 April and 14 April when the report was published, copies were available at DES as well as OME. Since they had not previously detected it, I would not expect OME to have detected the error during this period. And in DES, for reasons which in my view are understandable enough, copies were, on the instructions of the Secretary of State and the Permanent Secretary, supplied to only a very small number of senior officials.

44. DES had had no prior knowledge of the approach finally adopted by the Commission. They had not been shown the OME Principal's paper circulated to the Commission on 11 February, nor the Chairman's paper of 10 March, nor any of the relevant sections of the draft report. Of the senior officials to whom copies of the report were limited between 1 April and 14 April one was not sufficiently familiar with the detailed operation of the teachers' pay system to be able to detect the error. The other had enough background knowledge to have made it conceivable that he might have detected that paragraph 63 was at least in part incorrect, but it would have been a little surprising if a senior officer such as he was had picked up that inaccuracy from a report filled with facts and figures at a time when he was preoccupied with discussions about the handling of the pending Burnham negotiations and additional matters arising at the time of the union conferences. The size of the award, which was within the range in which they had expected it to fall, gave neither any cause to suspect that an error might have occurred.

45. To sum up, I have mentioned a number of circumstances which help to account for the appearance of the error in paragraph 63; that the two OME officers most directly concerned had no previous experience of teachers' pay or knowledge of the complexity of the incremental rules applying to it; that because of a sense of urgency the relevant information was obtained by telephone; that at the time it seemed more likely than not that the information would not be used; and that on the Commission's decision no outside body was brought into consultation in the working out of its final approach. In the final analysis, however,

I am left in no doubt that none of these circumstances absolves OME from prime responsibility for the error. Even if it was not felt necessary to check the information initially, there was a period of three weeks after the time it became clear that entitlement to incremental credits was a factor in the new approach during the course of which it should certainly have been checked and was not. The omission resulted from an inexcusable confusion in this case within the office over whose responsibility it was to carry out the verification. I do not criticise any one individual for this, but my inquiry has revealed the need for clarification and communication to staff of the extent of their responsibilities.

46. I think it right to say, in conclusion, that to the best of my knowledge this is the first time during the nine years of existence of the OME that a mistake of this nature and magnitude has occurred in a report of any of the bodies they serve. Accuracy is a vital necessity in their work for the different bodies they serve, and all the staff I have met have expressed to me their concern and distress that, on this occasion, so serious an error should have been made. I have no doubt that they are resolved that there should not be a repetition.

Alan Marre

SIR ALAN MARRE
26 JUNE 1980

LIST OF THOSE INTERVIEWED IN THE COURSE OF THE INQUIRY

Standing Commission on Pay Comparability

Professor H Clegg

Office of Manpower Economics

Miss J Orr
Mr D Brown
Mr H Jones
Mr D Alexander
Mr D Fine
Mrs N Kershaw

Department of Education & Science

Mr R Walker
Mr E Evans
Mr L Smith
Miss B Lincoln
Ms C Grimes
Ms H Smith

Local Authority Conditions of Service Advisory Board

Mr A Gronow
Miss V Fagg
Mr M Walker

EXTRACT FROM SCALES OF SALARIES FOR TEACHERS IN PRIMARY AND SECONDARY SCHOOLS, ENGLAND AND WALES 1979

PART II: QUALIFIED TEACHERS

.....

3. Teachers on Scales 1 to 4 (including 2(s) and 3(s))

- (a) These teachers shall be paid on whichever is the appropriate scale of the scales set out in paragraphs 1 and 2 of Appendix I
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- (c) The point of entry to these scales shall be determined in accordance with Appendix III and the annexes thereto.

APPENDIX III: METHOD OF DETERMINING THE POSITION OF A TEACHER ON THE APPROPRIATE SALARY SCALE

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DETERMINATION OF STARTING PAY

7. Incremental credit in all salary calculations under paragraphs 9 to 20 below, inclusive, shall be rounded up to the next higher incremental point on the appropriate scale unless they result in an exact incremental point.

.....

Qualified Teachers, including Senior Teachers, below Deputy Head Teachers

10 (1). A teacher other than one to whom sub-paragraph 10 (2) or 10 (3) below apply, who is placed on scale 1 on or after 1 April 1979 shall, subject to the maximum of the scale not being exceeded, receive salary calculated as follows:

- (a) the minimum of the scale to which shall be added as appropriate:
- (i) one increment where the teacher holds any of the qualifications, or has satisfactorily completed any of the courses, satisfying the conditions set out in Annex D of this appendix; plus

- (ii) two increments where the teacher is entitled to be classed as a graduate under the conditions set out in Parts I and II of annex E to this appendix, or four increments where the teacher is entitled to be classed as a good honours graduate under the conditions set out in parts I and III of annex E; plus
- (iii) incremental credit in respect of study, training, or research or of previous service or experience in accordance with paragraph 12 below; or

.....

12 (1). Reckonable increments for study, training, research teaching service or experience allowed under Annex A, B or C to this appendix shall be treated as follows:-

.....

- (b) subject to sub-paragraph (2) below, reckonable increments in respect of periods after 1 April 1971 shall be valued at the same rates as increments on Scale 1 according to the incremental pattern of that scale, with proportionate amounts for twelfths of increments;
- (c) the sum of the amounts under sub-paragraphs (a) and (b) above shall be added to the salary on Scale 1 for the purpose of paragraph 10 (1) (a) (iii) above.

ANNEX A TO APPENDIX III: INCREMENTAL CREDIT FOR STUDY TRAINING AND RESEARCH

1 (1). Incremental credit shall be given where provided for in Appendix III for study, training and research. Teachers who after the age of 18 years, have undertaken and satisfactorily completed not less than four years' full time study, training or research, excluding any period of repetition, shall be paid one increment for each year of the study, training or research in excess of three years, subject to a maximum of three increments

.....

ANNEX D TO APPENDIX III: QUALIFICATIONS AND/OR COURSES ENTITLING A QUALIFIED TEACHER TO THE PAYMENT SPECIFIED IN APPENDIX III

The following qualifications and/or courses shall, where provided in Appendix III, entitle a qualified teacher to the payment specified in Appendix III.

.....

7. The satisfactory completion of one of the following courses in the United Kingdom of Great Britain and Northern Ireland:

- (i) A course of initial training in teaching as defined by Regulation 6 of the Training of Teachers Regulations 1967 (or the corresponding provisions of the appropriate regulations in force from time to time) of at least one year's full-time duration, or the equivalent part-time.
- (ii) A full time postgraduate course of training in teaching at a University Department of Education
- (iii) A university postgraduate Certificate or Diploma in Education obtained as a result of a part-time course of study
- (iv) A full-time course at a College of Education leading to the status of Qualified Teacher provided that, in each case, the teacher is entitled to be classed as a graduate or good honours graduate for salary purposes and the course does not form part of the qualification entitling him to be classed as a graduate under the provisions of Part II of annex E or a good honours graduate under the provisions of Part III of annex E to this appendix

8. A degree course undertaken concurrently with an approved course of teacher training at a University, University College, College of Education, College or Institute of Higher Education or Polytechnic Education Department/Faculty in the United Kingdom of Great Britain and Northern Ireland, provided that the teacher obtains the degree and satisfactorily completes the training course.

.....

ANNEX E TO APPENDIX III: QUALIFICATIONS ENTITLING A QUALIFIED TEACHER TO BE CLASSED AS A GRADUATE OR A GOOD HONOURS GRADUATE FOR SALARY PURPOSES

Part 1: General

1. Teachers who have passed the requisite final examination and complied with the other conditions for the award of a University degree are entitled to be classed as graduates or good honours graduates, whichever is appropriate, even though the degree has not been conferred upon them by the University.

2. In cases where the qualifications listed in Parts II and III of this annex are subject to the condition that the teacher has attained an acceptable standard of general education, this standard, in terms of the General Certificate of Education, shall normally be that which is accepted for candidates seeking admission to courses of initial teacher training under the Further Education Regulations 1975. Other qualifications may, however, in special cases be accepted if approved by the Department of Education and Science for the purpose.

3. A period of professional experience which is a requisite part of a qualification entitling a teacher to be classed as a graduate for salary purposes (see paragraphs 15, 16, 19, 20, 52, 53, 55, 59, 70 and 75 of Part II of this annex), is not on that account ineligible to be reckoned for increments or salary provided that not more than two increments may be granted in respect of such period. In respect of teachers who held the qualification and were in service on 31 March 1945, teaching service may be reckoned towards the period of requisite professional experience. Increments allowed under this paragraph are subject to the overriding limits of paragraph 1 of annex B of Appendix III.

Part II: The following Qualifications shall entitle a Qualified Teacher to be classed as a Graduate for salary purposes

Degrees

1. Degrees (other than honorary degrees or degrees described in Part

III of this annex as 'entitling a teacher to be classed as a good honours graduate) of:

(i) English, Welsh, Scottish and Irish Universities

.....

(NOTE: There then follow 9 pages of qualifications conferring graduate status)

Part III: The following qualifications shall entitle a Qualified Teacher to be classed as a Good Honours Graduate for salary purposes

1(1). A First Class Honours degree or a Second Class Honours degree of a University in the United Kingdom of Great Britain and Northern Ireland or in the Republic of Ireland or a higher degree of such a University obtained by examination or as a result of research work or postgraduate achievement.

(NOTE: There then follow 2 pages dealing with other forms of qualification as a Good Honours Graduate).