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Education

10 DOWNING STREET

From the Principal Private Secretary

20 May 1980

Dear Peter,

CLEGG COMMISSION REPORT ON TEACHERS' PAY

Your Secretary of State called upon the Prime Minister this morning to discuss the error in the Clegg Commission's Report on Teachers' Pay.

The Prime Minister asked whether the DES should have picked up the mistake when they saw the Clegg Commission's Report and whether action, possibly of a disciplinary kind, should be taken against any individuals who should have identified the mistake and taken steps to rectify it in a timely way.

Your Secretary of State said that he believed his Department was blameless with regard to what went into the report. Enquiries so far had established that of the five people concerned in the DES none could recall providing information for the purpose for which it was used in paragraph 63 of the report. Nobody could remember the telephone call which the Office of Manpower Economics said they had made asking the DES for information about the starting salaries of graduate teachers. Nor had anybody in the DES been asked to provide a paper on commencing salaries. All that the DES had done was to respond to a request from LACSAB for a calculation of the average salary paid to graduates entering teaching.

Mr. Carlisle continued, however, that his officials acknowledged, with hindsight, that they should have spotted the mistake once they had seen the report. While he was not seeking to justify the oversight, it should be borne in mind that both LACSAB and the local authorities themselves had also failed to pick up the mistake. What probably had happened was that his officials, who had been expecting something like the figure of 17% which the report had come out with, had been concentrating much more on the need to get on with the negotiations which the local authorities were anxious, contrary to the advice of the DES, to begin urgently. They had also had to take into account the new approach which Clegg had devised when the Commission's original method of undertaking the comparability study had broken down.

The Prime Minister said that a mistake involving £140 million was a very serious one and was likely to lead to accusations of slack financial control by the Government. The PAC were almost certain to

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take a close interest in the matter. It was impossible to do nothing, but before any decision on what should be done could be taken, it was important to establish precisely how the error had come about. Your Secretary of State and the Prime Minister then agreed that the best way of proceeding would be for him and the Secretary of State for Employment jointly to set up an enquiry to establish the facts. The Prime Minister said that Mr. Carlisle and Mr. Prior should seek the advice of Sir Ian Bancroft on who might conduct the enquiry and precisely how it should be undertaken.

The Prime Minister and your Secretary of State then discussed his undated minute which the Prime Minister received late last night. Mr. Carlisle said that there was no way of claiming back the money that had been paid in error for the period from January to April: because of staging this meant that one-eighth of the total amount had been lost. The rest could be recovered provided the arbitrator on the pay settlement for 1980/81 took account of the 4% error in his award. The view of the Attorney General was that the arbitrator could be expected to do this as a matter of common sense. The alternative was for the Management Panels or the Department to go to the courts to have the agreements that had been reached in the two negotiating committees declared void, but the opinion of the Attorney General made it clear that the outcome of such legal action was uncertain. In these circumstances it seemed preferable to try to restore the situation through arbitration on the April 1980 rates. The Prime Minister agreed with this.

I am sending copies of this letter to Richard Dykes (Department of Employment), Bill Beckett (Law Officers' Department) and David Laughrin (Civil Service Department).

Yours sincerely,

John Whitman.

P. Shaw, Esq.,
Department of Education and Science.

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