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THE PRIME MINISTER

10 September 1982

Thank you for your letter of 9 September. I share your concern about any industrial action in the National Health Service, not least because it inevitably affects the interests and welfare of the patients. Such action is totally contrary to the traditions of care and service which are a hallmark of the Health Service in this country. In fact, it is clear that the majority of the staff in the Health Service are upholding that tradition and that some of the reports of the extent of the current action have been greatly exaggerated. The majority of hospitals are continuing to treat non-urgent as well as urgent and emergency cases. The situation is not such as to require or justify the recall of Parliament, particularly since the latest offers were the subject of a statement by the Secretary of State for Social Services and were debated on two occasions before the House rose for the Summer Recess.

Nor do I accept your contention that the pay offers made to the National Health Service workers are "inadequate". They compare favourably with the increases accepted by others in both the public and private sector. It is not true as a general proposition that Health Service workers are among the lowest paid in the country, and they have in addition considerable job security and other advantages.

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In the case of the nurses, the offer which has been made is 7½ per cent on average. This higher increase than has been given to other large groups of public service workers shows that the Government recognises the special case made on behalf of the nurses. I think that the record demonstrates how fairly the nurses have been treated by this Government. Between March, 1979 and this year's pay settlement date, nurses' pay had increased on average by 61 per cent before the latest offer, 12 per cent more than the increases in prices over the same period. Numbers of nursing and midwifery staff have increased by 41,000 between 1979 and 1981. The combined effect of this increase in numbers and the increase in pay, including a reduction of the standard working week from 40 hours to 37½ hours, has been to increase the nurses' pay bill from under £1½ billion to over £2½ billion, an increase of 82 per cent.

I set these facts out because we have to remember, in discussing what is fair to the nurses and other national health service workers, that there is also another interest to be considered - that of the taxpayer. In 1979-80, the cost of the National Health Service was £9.2 billion: this year it will be £14½ billion. That money does not come from the Government: every penny comes from the taxpayer. In 1979-80 the National Health Service was costing on average £165 for every man, woman and child in the country: in 1981-82 the equivalent figure is £260, an increase of nearly 60 per cent. That is an average cost of over £1,000 per year for a family of four, on top of what they are paying for education, roads and the other public services.

It is for this reason that the Government have concluded that we cannot add further to the £420 million which we have allocated for this year's pay increases in the National Health

/ Service.

*Handwritten initials*

Service. The offers which have been made are fair. The way forward is for the Unions to resume negotiations in the Whitley Councils on the basis of the money which the Government has provided.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Michael Foot, M.P.

LPO