



Ref. A08184

PRIME MINISTER

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Cabinet: National Health Service Pay

BACKGROUND

The Secretary of State for Social Services intends to raise orally at tomorrow's Cabinet the question of National Health Service pay and the prospects for industrial action. He is not seeking decisions, but merely wishes to inform the Cabinet of the potentially serious situation which is developing.

2. You will recall that NHS staff directly concerned with patient care - principally the nurses but also some other groups - have been offered an increase worth on average 6.4 per cent, although weighted towards those in the clinical (ie non-administrative grades) who are at the top of their incremental pay scale. Ancillary workers and administrative and clerical staff have been offered increases of 4 per cent. The Doctors and Dentists Review Body (DDRB), whose latest report was recently submitted to you, have suggested increases for doctors ranging from 5.3 per cent to 8.2 per cent, but which the DDRB estimates to be worth overall 6 per cent on the NHS pay bill.

3. The current position in the negotiations on nurses, ancillaries and administrators, as reported yesterday by DHSS officials to the Official Committee on Public Service Pay, is as follows. None of these three groups has accepted the offers made to them. The Confederation of Health Service Employees (COHSE) which represents some nurses, ancillaries and ambulancemen, have proposed an extensive campaign of industrial action beginning on Monday. This will include two-hour selective strikes, bans on admitting non-emergency NHS patients and all private patients and a refusal by those nurses who are members of COHSE to do non-nursing work. There may well be a vote on an all-out strike. NALGO, which represents mainly administrative and clerical workers in the NHS, have called a delegate conference for Friday but have yet to announce specific plans for industrial action. The DHSS assessment is that it is unlikely that NALGO members will take significant industrial action until after the next meeting of administrative and

clerical Whitley Council on 6 May. The National Union of Public Employees which has membership in all the above NHS groups, is also meeting on 23 April to consider possible industrial action. They and NALGO may well support the plans for industrial action already announced by COHSE. None of the trade unions are inclined at this stage to put the pay offers to a ballot. The Royal College of Nursing, on the other hand, is to decide on Friday whether or not to put the nurses' offer to a ballot. If they do the result would probably be announced during the first week in May. But DHSS officials think it far from certain that they will decide to do so.

4. The current assessment of DHSS officials is that there is little enthusiasm in the NHS for widespread or sustained industrial action and that the most likely outcome in the foreseeable future is a period of patchy and sporadic strikes. They think that these can be satisfactorily handled by local NHS management. They see no need at this stage for the Civil Contingencies Unit to meet to consider the situation. However, should the situation deteriorate, I understand that the Falkland Islands crisis would not undermine the Services' ability to carry out the plans which have already been prepared for military assistance to the NHS. But that seems a long way off at this stage.

5. I understand that the Secretary of State for Social Services is meeting the TUC Health Services Committee next week, at their request. They will probably press for an improved pay offer or arbitration. The Secretary of State will clearly rule out both at this stage. But the possibility that he may seek at some stage authority to increase the Government's pay offer clearly cannot be ruled out.

#### HANDLING

6. Once the Secretary of State for Social Services has described the situation in the NHS a number of other Ministers may be inclined to raise the various difficult pay issues which are current. Some of these may eventually need to come to Cabinet for decision, but I think it would be preferable to avoid substantive discussion at this stage. You have called a meeting on Tuesday morning to consider the Civil Service Arbitration award and the reports of the three Pay Review Bodies. The Ministerial Sub-Committee on Public Service Pay (E(PSP)) would be the suitable



forum for detailed discussion of the situation in the NHS and of other current pay issues in the public services sector, for example school teachers.

CONCLUSION

7. The Cabinet need only take note of the situation as described by the Secretary of State.

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ROBERT ARMSTRONG

21 April 1982

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