

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(85) 15

COPY NO

31

4 June 1985

CABINET

PAY REVIEW BODY REPORTS 1985

Note by the Secretary of the Cabinet

Decisions are required on the following pay review body reports.

- a. Armed Forces Pay Review Body (AFPRB);
- b. Review Body for Nursing Staff, Midwives, Health Visitors and professions allied to medicine (NRB):
 - i. on nursing staff, midwives and health visitors;
 - ii. on professions allied to medicine (PAMs);
- c. Doctors' and Dentists' Review Body (DDRBR).

Their recommendations in all cases relate to 1 April 1985. The Top Salaries Review Body (TSRB) is not expected to report until some time this month, because of the extra time needed to review the case for salary differentials to reflect differences in the responsibilities carried by different posts.

POLICY AND RECENT PRACTICE IN RELATION TO REVIEW BODY REPORTS

2. There is a long-standing commitment (reaffirmed when the NRB was set up in July 1983) that the Government will implement the recommendations of Review Bodies "unless there are clear and compelling reasons for not doing so". The AFPRB's recommendations have never been rejected by the Government. The DDRB's recommendations were abated in 1981 and 1982 but in 1983 the abatement was restored with effect from 1 January 1984. Last year the NRB's recommendations (7.5 per cent for nurses and 7.8 per cent for PAMs) were accepted in full from 1 April; the remaining review body groups all received 3 per cent on 1 April, with the balance of the recommendations (3.9 per cent for doctors and dentists, 4.6 per cent for the armed forces and 3.5 per cent for the TSRB groups) paid on 1 November.

AFPRB RECOMMENDATIONS FOR 1985

3. The AFPRB estimate that the net cost of their recommendations will add 7.3 per cent (£216.2 million) to the estimated pay bill for the regular and reserve forces for 1985-86. The number affected is 330,000.

4. The increases for selected ranks are:

	<u>Now being paid</u>	<u>Proposed</u>	<u>Percentage Increase</u>
	£	£	%
Brigadier and equivalent	27,101	29,401	8.5
Captain (Army) and equivalent	11,330-13,160	12,217-14,188	7.7
Sergeant and equivalent	8,472-10,184	9,088-10,939	7.3-7.5
Private and equivalent	4,807-7,490	5,000-8,026	4.0-7.2

The report also makes detailed proposals on charges for food and accommodation.

NRB RECOMMENDATIONS FOR NURSING STAFF, MIDWIVES AND HEALTH VISITORS

5. The NRB estimate that the cost of their recommendations will add 8.6 per cent (£282 million) to the estimated 1985-86 pay bill for nursing staff etc. The number affected is some 483,000 in "whole-time equivalent" terms.

6. The increases for selected grades are:

	<u>Now being paid</u>	<u>Proposed</u>	<u>Percentage Increase</u>
	£	£	%
Regional Nursing Officer (RI)	20,491-26,235	21,520-27,550	5.0
District Nursing Officer (England)(DHA1)(T))	19,002-24,882	19,955-26,135	5.0
Senior Nurse 4	10,423-12,147	11,650-13,370	11.8-10.1
Nursing Sister II	6,827-8,751	7,480-10,000	9.6-14.3
Staff Nurse (SRN)	5,398-6,582	6,000-7,175	11.2-9.0
Enrolled Nurse	4,861-5,864	5,270-6,500	8.4-10.8
Nursing Auxiliary/ Assistant (aged 18 or over)	3,777-4,828	3,950-5,120	4.6-6.0

NRB RECOMMENDATIONS FOR PROFESSIONS ALLIED TO MEDICINE 1985

7. The NRB estimate that the cost of their recommendations will add 12.1 per cent (£31.8 million) to the estimated 1985-86 pay bill for professions allied to medicine (physiotherapists, radiographers, chiropodists, dieticians etc). The number affected is 34,980 in "whole-time equivalent" terms.

8. The increases for selected grades are:

	<u>Now being paid</u>	<u>Proposed</u>	<u>Percentage Increase</u>
	£	£	%
District Senior Chief	12,100-13,566	13,485-14,880	11.4-9.7
Senior 1	7,727-8,747	8,910-10,200	15.3-16.6
Basic grade	5,796-6,560	6,505-7,450	12.2-13.6

DDR B RECOMMENDATIONS FOR 1985

9. The DDRB estimate that their recommendations will add 6.3 per cent (£122 million) to the annual pay bill for doctors and dentists. The number affected is 111,600.

10. The increases for selected grades are:

	<u>Now being paid</u>	<u>Proposed</u>	<u>Percentage Increase</u>
	£	£	%
Consultant*	20,200-26,080	21,460-27,700	6.2
General medical practitioner (intended average net remuneration)	22,070	23,440	6.2
General dental practitioner (target average net income)	19,100	20,280	6.2
Registrar	10,130-12,270	10,760-13,030	6.2

*Increases in distinction awards bring the total for hospital doctors and dentists to 6.4 per cent.

PROPOSALS FOR HANDLING THE REPORTS

11. Ministers directly concerned meeting under the Prime Minister's chairmanship have considered these recommendations. Their proposals to the Cabinet are as follows:

a. The report of the AFPRB should be implemented in full from 1 April 1985. Although the average increase is significantly higher than the "going rate" for pay increases in the public services (eg the settlement for civil servants), it is slightly below the current annual rate of increase in earnings. The pattern of the increases (which vary from 4.0 to 8.5 per cent) reflects the intentions to offer most to the skilled and trained people the armed forces need to recruit and retain. The staging of last year's recommendations caused a good deal of resentment in the armed forces, and servicemen in Germany have also suffered reductions in take-home pay as a result of decreases in local overseas allowances owing to lower local inflation. Since the defence budget contains an allowance of only 3 per cent for pay increases, full implementation of the report will result in some reductions elsewhere in the defence budget.

b. Within the limits of the cash provision, doctors and dentists should, so far as possible, be treated in the same way as the armed forces. The provision for the cash-limited hospitals and community health services (HCHS) programmes contains an allowance of 5½ per cent to cover both inflation and 1 per cent improvement in services to meet demographic needs (with medical advance and steps to remedy serious deficiencies financed from efficiency savings). It is not possible to finance the award of 6.4 per cent from 1 April within this provision without cutting services, and it is proposed, therefore, that the DDRB increases be paid in full with effect from 1 June 1985. The provision for inflation in the non-cash-limited Family Practitioner Service, covering general medical practitioners etc, is 4½ per cent: there are likely to be some savings to offset against the excess cost of the award to them from 1 June 1985, and the overall position on the programme is to be reviewed later this year.

c. The NRB reports propose a substantial salary restructuring for nurses and PAMs; this is the first time the Review Body has been able to make considered judgments about salary structure across all these professions - because the NRB was only established in mid-1983, there was not time last year for the necessary detailed work to be undertaken. The aim of the Review Body has been to give the largest increases to the main career grades, with smaller increases for unqualified and younger nurses and for the highest paid nurses involved particularly in administration. Judged solely in management terms, this pattern of increases is sensible. The average increases proposed (8.6 per cent for nurses and 12.1 per cent for PAMs) are substantially in excess of the National Health Service (NHS) cash provision, and staging is required to bring them within that provision for the current year. It is proposed that these groups should receive 5 per cent (or the full amount of the award, where

this is less) on 1 April, with the remainder being paid on 1 February 1986. The Chairman of the NRB has acknowledged that staging might be necessary, but would have preferred a pattern which would have exceeded the existing provision very substantially.

In all cases pensions would be based on the salaries actually in payment in accordance with the principle set out in the Prime Minister's Written Answer on 13 April 1984 (OR, col 383).

COSTS

12. All the proposed increases would be met from within existing cash limits for 1985-86. Ministers considering these proposals felt it important to hold to this principle in order to maintain consistency with the Government's stance on teachers' pay. In the case of the armed forces, the excess over the 3 per cent provision represents 0.7 per cent of the defence budget and could be absorbed through reduced spending elsewhere within the defence cash limit, with consequential effects on defence capability. In the case of the NHS, the non-cash-limited Family Practitioner Services programme is due to be reviewed later in the year; in the event of offsetting savings not then being found some part of the proposed increase would fall to be met in due course from the Reserve. In the case of the Health Authorities accepting an increase of just over 5½ per cent in the pay bill for the review body groups would mean giving up most of the previously planned 1 per cent improvement in the HCHS.

13. The balance of the full-year costs payable in 1986-87 and subsequent years would result in a substantial increase in each of these programme costs, for which the Government's current public expenditure plans do not provide; the implications of these additional costs, and the scope for efficiency and other savings to offset them, will need to be considered in the 1985 Public Expenditure Survey.

TIMING AND FORM OF ANNOUNCEMENT

14. It is generally understood that the reports are delivered to the Prime Minister in the course of April each year. Prolonged delay in their consideration would lead to undesirable speculation about their contents, and the Government's attitude to them. Moreover, from the standpoint of the services concerned, there is a clear advantage in announcing and implementing decisions on pay increases as soon as possible. The Ministers who met under the Prime Minister's chairmanship therefore recommend that, if the Cabinet are able to reach decisions on 6 June, all the four reports so far submitted (on the armed forces, doctors and dentists, nurses and midwives, and professions allied to medicine) should be published that afternoon, and that the Prime Minister should simultaneously announce the Government's decisions on them by Written Answer, as in recent years. A draft Written Answer, in line with the recommendations in paragraph 11 above, is attached in the Annex to this paper.

SECRET

ISSUES FOR THE CABINET

- 15. The Cabinet is invited to consider:
 - a. the proposals for handling the 1985 Pay Review Body reports set out in paragraph 11 above;
 - b. depending on the decisions reached on those proposals, the draft Written Answer in the Annex for issue on the afternoon of Thursday 6 June.

SECRET

Signed ROBERT ARMSTRONG

Cabinet Office

4 June 1985

SECRET

SECRET

Q. To ask the Prime Minister, if she will make a statement on the reports of the Pay Review Bodies.

A. The 1985 reports of the Armed Forces Pay Review Body, the Doctors' and Dentists' Review Body, and the Review Body for Nursing Staff, Midwives, Health Visitors and Professions allied to Medicine have been published today. Copies are now available in the Vote Office. The Government are grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation. The report of the Top Salaries Review Body has not yet been submitted to the Government.

The report of the Armed Forces Pay Review Body recommends increases which would add 7.3 per cent to the armed forces' 1985-86 pay bill. These recommendations will be implemented in full from 1 April 1985. The additional costs in excess of the 3 per cent allowance in the defence budget for increases in pay and prices will be offset by reductions elsewhere in the defence programme.

The report of the Doctors' and Dentists' Review Body recommends increases which would in 1985-86 add 6.4 per cent (including increases in distinction awards to consultants) to the pay bill for hospitals and community health services and 6.2 per cent to the pay bill for the non-cash-limited Family Practitioner Services. The recommendations will be implemented with effect from 1 June 1985.

The reports of the Review Body for Nursing Staff, Midwives, Health Visitors and Professions allied to Medicine incorporate the results of the review of the appropriate level and structure of the pay of these professions on which this Body has been working since its establishment in 1983. These reports accordingly recommend a range of salary increases for different grades which would add 9.0 per cent to the 1985-86 pay bill for these groups. Within this total average, the increases recommended for the main career grades of qualified staff engaged in direct patient care range from 9 per cent to 14.3 per cent in the case of nurses, and from 12.2 per cent to 16.6 per cent in the case of the professions allied to medicine. The recommendations will be implemented in two stages. All members of these groups should receive an increase of 5 per cent (or the whole amount of the award where this is less) on 1 April 1985, with the balance of the recommended increases, which essentially embody the Review Body's proposals for salary restructuring, on 1 February 1986.

The costs to the cash-limited Health Authority services of all the review body awards in 1985-86 will be £57 million in excess of the 4½ per cent provision for inflation, which will reduce the money available for

SECRET

service growth. In the case of the Family Practitioner Services, there are likely to be some offsetting savings [and the overall position will be reviewed in the autumn].

Pensions will be based on the salaries actually in payment in accordance with the principle set out in my Written Answer on 13 April 1984 at column 383.

The pay rates and scales resulting from these decisions will be promulgated as soon as possible. The Government will be considering separately certain recommendations on points of detail.

SECRET

SECRET

SECRET