



PRIME MINISTER

PAY OF PROFESSIONAL AND TECHNICAL STAFF IN THE NATIONAL HEALTH SERVICE, AND CASH LIMITS

CONFIDENTIAL

Agree, if we take this back to cabinet all sorts of other decisions may be required. MB

PRIME MINISTER

1.

The issue is to accept a breach of cash limits or to re-open an earlier cabinet decision about flexibility in NHS cash limits for wage settlements. Agree increase?

MAP 29/1/79

At the meeting of E(EA) Sub-Committee yesterday we considered the first 'pay' case to come to us since our discussion in E Committee on Tuesday morning about cash limits, and the need to seek offsetting savings.

The Group concerned is a relatively small number of professional and technical staff who supervise construction work, and carry out operation and maintenance in the National Health Service. The Sub-Committee accepted the arguments from the Secretary of State for Social Services that they should on this occasion receive a settlement in line with that eventually adopted for related grades in the Civil Service. Although that figure is still in dispute, it seems likely that it will add to the cost of this particular part of the NHS by an amount which exceeds the existing cash limit provision by at least £3 million in the current year. The Secretary of State for Social Services drew our attention to the Cabinet decision on 17 May, (CC(79)2nd Conclusions Minute 5,) which implied that, in view of undertakings given when in Opposition, we would not treat the National Health Service cash limits more severely this year than our predecessors had intended, i.e that NHS cash limits for 1979-80 would be increased to cover the cost of wage settlements, subject to an overall offset for the whole NHS of £24 million. He argued that that principle had been applied as other parts of the NHS had reached pay settlements, and there seemed no reason to single this last group in the present pay round out for exceptional treatment. (No

attached

/decisions ...



decisions have, of course, been reached about the cash limits for 1980-81, to which E will be returning in September).

The Sub-Committee took no final view on whether to seek further offsetting savings in the current year. Although E Committee discussed the general problem of such offsets briefly on 17 July, as part of its discussion of pay and cash limits, no final conclusion was reached. My own preference, for reasons set out in my minute to you of 11 July, would be to seek some additional offset, though not necessarily the full £3 million. But I recognise that this would involve the reversal of the earlier Cabinet decision quoted by the Social Services Secretary. Clearly it will be very difficult to go back to Cabinet again to have this decision reconsidered. But in view of your own interest I undertook to report the Sub-Committee's discussion to you. Unless you wish to arrange for further Cabinet consideration, I fear we shall have to authorise this increase without seeking any further offsetting savings in 1979-80.

I am copying this minute to the Secretary of State for Social Services, to members of E Committee and to Sir John Hunt.

K J

19 July 1979

19 JUL 1979

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10 DOWNING STREET

From the Private Secretary

23 July 1979

The Prime Minister has seen your Secretary of State's minute of 19 July, reporting the discussion in E(EA) on the pay of professional and technical staff in the National Health Service.

In the particular circumstances described in that minute, the Prime Minister accepts that it will be necessary to authorise the necessary increase in cash limits.

I am sending copies of this letter to Don Brereton (Department of Health and Social Security), to the Private Secretaries to the members of E Committee, and to Martin Vile (Cabinet Office).

MAP

A.A. Duguid, Esq.,
Department of Industry

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TREP



Nat Health

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The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

R
12/6

12 June 1979

Patrick Jenkin

I have seen a copy of your letter of 31 May to John Biffen giving details of the settlements proposed for the three remaining groups of NHS staff in the 1979/80 pay round.

I recognise that there are long standing and precise pay links between the NHS administrative and clerical staff and those in the non-industrial civil service which will have to apply in the current round, but the details should be considered and cleared by the Official Committee in the normal way.

I am not at all happy about your proposals for the other two groups. Both claims need to be looked at very carefully by the Official Committee on Pay. This is essential in both these cases: the proposed increases are substantial and there is a possibility of very damaging repercussions. In particular the private sector construction industry settlement is being negotiated at present and those negotiations are for a 40 hour rate of £67 - well below that proposed for NHS building craftsmen.

I am sending copies of this letter to the recipients of yours as well as to members of E(EA).

John Biffen



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NATIONAL HEALTH

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Treasury Chambers
Great George Street
London SW1

31 May 1979

R
4/6

Dear John,

REMAINING PAY SETTLEMENTS FOR NHS STAFF IN 1979/80 PAY ROUND

Pay settlements have been reached for most NHS staff although the full terms will not be known until the Comparability Commission reports. Apart from the doctors and dentists, covered by the Ninth Report of the Review Body, which is under consideration by colleagues, the remaining groups are mainly those whose pay is linked with the civil service. These include the administrative and clerical staff, scientific and technical staff and hospital pharmacists. Other groups whose pay is not formally linked with the civil service include works officers and building operatives. The cost of settlements will of course be met under Cabinet's decision on cash limits (CC(79) 2nd conclusion) but it may nevertheless be helpful for me to let you and other colleagues have details of these settlements as progress is made.

On this footing I am mentioning in this letter the settlements proposed for three groups of staff. First, the administrative and clerical staff which consists of 117,000 (whole time equivalent) staff in Great Britain and covers all grades from typist to Regional Administrator including personnel officers, management services officers, supplies officers and managers in catering and domestic services. There are longstanding and precise pay links between the salaries of staff in this group and those in the non-industrial civil service. This system of comparability has been consistently recognised by governments since at least 1958 and the Whitley Council proposes to apply these links in this round. I think this is right.

The effect will be salary increases paid in three stages, on 1 April 1979, on 1 August 1979 and on 1 January 1980. The settlement is costed at 25 per cent in a full year, 16 per cent in the current year. Cost will be £108 million (Great Britain) in a full year, £68 million in the current year. The latter sum is about £42 million more than was provided for this group of staff in cash limits.

E. R.

Secondly, the 9,500 building, craftsmen and labourers are due for a settlement from 1 January and, as a result of incomes policies have fallen behind NHS electricians and other craftsmen. They are now pressing for restoration of relativities. The negotiators propose to phase pay increases, the first on 1 January and the second in September. The second increase would bring the building craftsmen's rate up to £70.10 per week at a cost of £4.9 million (Great Britain) - an increase of 13 per cent on the pay bill. Cash limits provide for an increase of 5.6 per cent so that a settlement as proposed would cost about seven per cent more - in the order of £3.5 million.

Finally, there are some 6,500 professional and technical staff employed at Regional, Area and District level in Great Britain on capital developments and on operations and maintenance work. The group includes architects, engineers, quantity surveyors, building officers, technical assistants and site staff. Basic salaries range from £1,629 per annum for a trainee tracer to £14,239 per annum for a regional works officer.

There are no established pay links with other grades under which awards to those grades would be automatically applied to works staff, but there are relationships with administrative and clerical grades in the NHS and with professional and technical grades in the Civil Service of which account should be taken in settling pay.

In addition, the Management Side of the Whitley Council believes that problems of recruiting and retaining staff which obtain are the result of higher rates of pay being offered elsewhere, particularly in local government. In the absence of precise pay links it would be reasonable for the Management Side to propose that the broad relativities with the NHS administrative and clerical staff and with the NHS professional and technical staff be maintained pending a substantial review. In line with the settlement proposed for the NHS administrative and clerical staff the offer would involve proposed increases totalling 25 per cent in a full year, 16 per cent in the current year at a cost of £9.25 million in a full year and £5.9 million in the current year. This represents £4.1 million above the provision made in cash limits.

I am copying this letter to the Prime Minister, Christopher Soames, Jim Prior, George Younger, Nicholas Edwards, and Sir John Hunt.

Yours
Patrice



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