



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 Sir Keith Joseph Bt MP
 Secretary of State for Industry
 Department of Industry
 Ashdown House
 123 Victoria Street
 London SW1

17 October 1979

Dear Keith,

PAY OF TOP NURSES IN THE NHS

A problem has arisen regarding the pay of the holders of the most senior nursing posts at each level in the National Health Service, on which I need to seek your views and those of colleagues. There are some 340 of these top nurses in Great Britain and they are included, along with all other nurses and midwives, in the reference to the Standing Commission.

A feature of the NHS reorganisation in 1974 was the establishment of consensus management teams at each level, including doctors, nurses, administrators and finance officers (plus a works officer in the Regional team). The nurse members, whose pay was below that of the other disciplines, claimed that all team members should have the same pay. The claim was not accepted, but an undertaking was then given that there would be an independent review in 1975 to establish what were the respective functions and relative responsibilities of these top-post-holders in the various disciplines (other than the medical team members, who are covered by the Doctors and Dentists Review Body). In the event, the review did not begin until 1976, when Mr J Speakman (who had previously worked in the D of E Manpower Productivity Service) was appointed to undertake it. His report was to be made to the three NHS Whitley Councils concerned, who would use it as a basis for negotiation.

For various reasons, Mr Speakman's final report was not produced until June 1979. In the intervening years, the top nurses concerned had received "non-negotiated" salaries, determined by Ministers, a source of much resentment, which has been aggravated by the fact that their administrative and financial team colleagues have benefited from settlements consequent on the TSRB award and the general Civil Service pay settlement. On team relativities, the essential feature of Mr Speakman's recommendations was that the pay of the top nurses should be closer to, and at Districts on a par with, the pay of their team colleagues. He said he had not found any logical reason to justify the existing disparity.

The Staff Side of the Nurses and Midwives Whitley Council (NMC) then submitted a claim, based on the Speakman recommendations. This sought pay increases with full retrospective to April 1974 and carried forward to reflect the increases which administrative and financial staff were to receive in August 1979 and January and April 1980. The Management Side did not accept this claim, but they

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felt they were under an obligation, despite the reference to the Standing Commission, to make an offer in the light of the Speakman recommendations. Their reason was that the promise of a review had pre-dated the Standing Commission reference by several years and that, in the absence of an offer by them, the top nurses alone would be seriously disadvantaged by the delays which had occurred and for which they did not bear any responsibility.

The Management Side offered an increase as at 1 April 1979 which was broadly in line with the Speakman recommendations, but with a reservation on the size of increase for District Nursing Officers. They refused to offer any retrospective payments for earlier years and said the question whether there should be any further increases beyond the April 1979 level should be left for decision by the Standing Commission. The Staff Side have sought improvements to this offer, but none have been made, and the Whitley Council have now concluded an agreement on the basis of the Management Side's offer. The cost of this offer, assuming scale maxima in all cases, is estimated at a little over £1 million in a full year but, in fact, some part of this will be absorbed by the Standing Commission's award for two-thirds of the year. I enclose a schedule showing the effects of the agreement at various points in the range of grades affected. The NMC Management Side intend to give details of the agreement to the Standing Commission and to explain why they felt they were under an obligation to agree to a limited implementation of the Speakman recommendations despite the reference of nurses' pay to the Commission.

The Whitley Council's agreement has now been referred to me and to colleagues in Scotland and Wales, as our approval is required before NHS employers may be authorised to implement such agreements. It would clearly have been preferable if we could have avoided this problem and had all aspects of nurses' pay dealt with by the Standing Commission. But I understand that the representatives of NHS authorities, who make up the bulk of the Management Side, feel very strongly that they should, even in a limited way, discharge what they regard as their obligation to the top nurses and not seek to avoid this on account of the reference to the Commission. Given the background - particularly the considerable delay in bringing this matter to a conclusion - my view is that implementation of the agreement should now be authorised. I would, however, propose exceptionally to write to the Chairmen of both Sides of the Whitley Council emphasising that authorisation had been given with some reluctance, in view of the Standing Commission reference, and making it clear that the special considerations attaching to the top post holders, in view of the long-delayed Speakman report, did not apply to any other group of nursing staff, and no other pay increases would be approved before the Commission reports. This point needs to be made as I understand the Staff Side have it in mind to present a related claim for some 1,500 second-in-line senior nurses who also receive "non-negotiated" salaries but who were not covered by the Speakman review. Further to this, I would propose to inform the Management Side, who apparently intend to ask for additional finance to fund this settlement, that no more cash will be provided and they must accept the consequence of the decision they have taken by meeting the cost from within their existing allocations. They have, in fact, already been warned that they must expect such a response if they ask for extra cash.

Finally, in making their offer, the Management Side said that, while they were not prepared to make any retrospective payments to earlier years, they were conscious of the implications of that decision for superannuation. For this purpose, therefore, they wished to record their view that, if considerations resulting from incomes policy had not applied, a settlement based on the Speakman recommendations could, on merits, have had effect from 1 April 1976, but not any earlier. This is, in effect, a recommendation that the Secretary of State's

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discretion should be exercised to allow notional salaries at an appropriate level for superannuation purposes from April 1976. While this is a separate point from the pay agreement, it would be convenient if I were able to deal with the two issues at the same time. I recognise, however, that there may be implications in this for groups elsewhere in the public sector, and I should not want to allow consideration of that question to give rise to any delay in dealing with the pay issue.

I should be glad to have your agreement, and that of colleagues, to the approach I propose to adopt with regard to the pay agreement, and would welcome comments on the notional salary question. I am copying this letter to the Prime Minister, to members of E(EA), to Christopher Soames and Mark Carlisle, and to Sir John Hunt.

Your ac

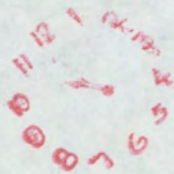
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PAY OF TOP NURSES: SPEAKMAN REPORT

ILLUSTRATIVE EFFECTS OF THE WHITLEY COUNCIL AGREEMENT

	<u>Existing Maximum</u>	<u>Settlement</u>	<u>Increase</u>
	£	£	£
<u>Regional Nursing Officer</u> (in a Region with 3.5 million population or more)	12,094	16,815	4,721
<u>Area Nursing Officer (ANO)</u> (Multi-District, non-teaching Area with 450,000 to 799,000 population)	10,540	14,275	3,735
<u>ANO</u> (Single District, non-teaching Area with 175,000 to 300,000 population)	10,325	13,961	3,636
<u>District Nursing Officer (DNO)</u> (Teaching District - any population size)	11,075	14,670	3,595
<u>DNO</u> (District with 100,000 to 150,000 population)	9,339	12,065	2,726
<u>DNO</u> (District with under 100,000 population)	8,520	9,928	1,408

19 OCT 1979



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Health

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
 Secretary of State
 Department of Health and Social Security
 Alexander Fleming House
 Elephant & Castle
 London SE1 8BY

22 November 1979

Dear Secretary of State,

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PAY OF TOP NURSES IN THE NHS

Thank you for your letter of 15 November.

As you will recall, my objection to the proposal was based on the apparent conflict between the need for the NHS to absorb a further £1 million as a result of the Management Side's action and our policies on not cutting patient services. I entirely agree that it would be wrong to interfere with detailed pay negotiations, and I hoped that I had made this absolutely clear. I therefore regard arguments based on the pay negotiating background as irrelevant to my objection.

I must confess that I do not find entirely convincing your arguments that patient care will not be affected. I fully accept that nursing services must be well managed. But, as I understand it, in the proposed restructuring of the NHS you are contemplating cutting out some of these top nursing posts and giving a different role to most of the others. This reflects doubts about the effectiveness of present management arrangements, and I am very sceptical about your arguments that those top nursing posts have a significant impact on the efficient use of nursing resources. The case for paying them substantially higher salaries is certainly not proven. Further, I am now not sure of the likely cost of your proposals; you say that the figure of £1 million plus is a maximum, but give no estimate of the likely actual figure.

However, given that there is no question of any cash limit increases to cover the proposed increases, I would be prepared for you to go ahead as you propose providing you are absolutely satisfied that the increases will not be paid at the expense of patient case services, and would be prepared if necessary to defend that view publicly. If the savings can be made by

cutting out further surplus bureaucracy and ineffective "management" this would accord more satisfactorily with our priorities. I hope that you are right that such savings can be made in the current financial year to accommodate these extra costs which the Management Side has landed on the NHS, but time is fast running out. There certainly can be no question of the 1500 second-tier nurses receiving increases on the same basis as the top nurses - they must wait for Clegg. I was therefore pleased to note the firm line being taken by NHS management on the repercussions.

I am copying this letter to the recipients of the previous correspondence.

Yours sincerely,

John Biffen

JB JOHN BIFFEN

[Approved by the Chief Secretary
and signed in his absence]



Natural 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

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4/11

15 November 1979

Dear John,

PAY OF TOP NURSES IN THE NHS

Thank you for your letter of 12 November, replying to mine of 17 October.

You suggested that the appropriate first step should be to take the whole question back to the Management Side of the Whitley Council at their meeting on 13 November. Quite apart from any other considerations, that meeting had already finished before your letter reached me. There were, however, developments in the course of the Management Side and full Whitley Council meetings on 13 November which bear on this question.

In the first place, the full Council recorded its serious concern at the considerable delay that had occurred in dealing with the agreement which they had reached regarding top nurses on 9 October. They asked that Ministers should be requested to deal very urgently with this question, which had been outstanding much longer than was normal for Whitley Council decisions.

Secondly, the Staff Side tabled a detailed claim for the 1,500 second-in-line nurses referred to in my letter of 17 October. You will recall that I had hoped to scotch any further claim of this kind in dealing with the top nurses' agreement. The Management Side, however, firmly rejected this further claim, on the basis that these second-in-line staff were not covered by the Speakman review; that the special considerations which had attached to the holders of the top posts did not apply equally to them; and that their pay should be dealt with entirely by the Standing Commission. The Staff Side apparently reacted very strongly, and later in the evening asked me to receive a deputation to protest at the Management Side's decision, but I did not of course agree to this.

I am afraid that I cannot agree to adopt the approach suggested in your letter, which seems to be based on a number of misunderstandings and to fail to take any account of the background circumstances which have given rise to the whole problem. I do not propose to rehearse again all the points made in my letter of 17 October. But, as the Halsbury Committee noted in their report of September 1974, the top nurses had been given an undertaking that a review of their salaries would take place "not later than 1 April 1975"; I understand this undertaking was given by Keith Joseph early in 1974. Not only was the undertaking

not fulfilled (there had been a change of Government in the meantime), but by the time the Speakman report was finally produced, in June 1979, the top nurses were conscious that other top people in all parts of public service and public life generally had, meanwhile, been awarded further substantial increases, to redress the disadvantages suffered under successive incomes policies. The nurses felt, with some justice, that they had been seriously underpaid since 1974 (a claim now confirmed by an independent review), and that their relative position had been made even worse by the more recent developments elsewhere. It was essentially for these reasons that the Management Side took their decision on 9 October. I am told that they had an intensive and wide-ranging debate on all aspects of this question before reaching that decision. As I have already said, it is unfortunate that this should have come to a head at a time when nurses' pay stands referred to the Commission, but the circumstances in which the Management Side reached their decision about this one small group were most unusual.

On the particular points you make, I think, first, there is no doubt, in view of the very firm stand which they took on 13 November, that the Management Side are well seized of the possible repercussions of their earlier decision and are prepared to face them. I am also assured that they have been left in no doubt regarding the prospects of additional funds being made available for the top posts award - I have no reason to suppose that they have not fully grasped this. They have asked for more money, but I believe they cannot be in any doubt as to the reply they will receive.

The notion that acceptance of the Whitley Council agreement would mean lopping more than £1 million a year off patient services simply to provide pay increases to senior administrative staff is wholly misconceived. As I pointed out in my letter of 17 October, the top nurses, like all others, are due for an award from August 1979. The figure of a little over £1 million is, as I explained, the estimated full-year cost of the Whitley Council agreement if all those concerned were on the maximum of their scales. Moreover, patient services and patient care are not abstract concepts unrelated to human activity. These are the true realities. In the NHS, patient services in their most common form take the shape of nurses providing patient care. It is vital that these wide-ranging nursing services should be well managed, to ensure both that our nursing resources are efficiently used for the benefit of patients and that good professional standards are maintained. Responsibility for this falls on the top nurses.

Against this background, I really do not feel that we should in this case depart from our policy of standing back and avoiding involvement in detailed pay negotiations. There are likely to be many issues of greater substance affecting the various NHS staff groups in the months and years ahead. Ministerial veto of NHS Whitley Council decisions is extremely rare - I believe it has been exercised only once in over thirty years. It would seem to me extremely odd, to put it no higher, if this Government were to choose a small group of nurses - and a group which can claim to have been seriously underpaid for several years - as the target for what would undoubtedly be seen by the public at large as a tough interference in the pay negotiating process. If you want us to set off on that course, I could hardly think of a more inappropriate target!

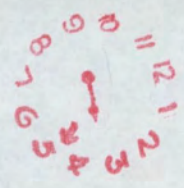
As it is now more than five weeks since the Whitley Council took their decision, I really do need to bring this matter to a conclusion very soon. In view of what I have said above, I should be grateful to have your confirmation - if possible within a day or two - that you would now be agreeable to my confirming the Whitley Council agreement on the basis suggested in my letter of 17 October,

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although the need to warn against any similar claims for other groups has been overtaken by events. I take the points made by Jim Prior and George Younger on the superannuation question, and I feel it would be right, when writing to the Whitley Council Chairmen, to make clear that no concession will be made on that point.

I am copying this to the recipients of my earlier letter.

Your ever
Patel



16 NOV 1979



Minister of State

The Rt Hon Sir Keith Joseph MP
Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

Nat Health

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

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13th November 1979

Dear Keith,

PAY OF TOP NURSES IN THE NHS

I have seen a copy of Patrick Jenkin's letter to you of 17 October about implementing the recommendations of the Speakman Report to Top Nurses in the NHS.

I have also seen Jim Prior's reply of 8 November and I fully support his view. It is regrettable that the Management Side of the Whitley Council offered these increases in advance of the Standing Commission report. I believe, however, that we must reluctantly accept the situation, particularly as the increases have now been given press publicity.

As far as superannuation is concerned, and the counting of notional salaries for pension purposes from April 1976, I again support fully Jim Prior's views; there would be serious repercussions for other groups if any concessions were made.

I am sending copies of this to the recipients of Patrick Jenkin's letter.

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Paul

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14 NOV 1979

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Nathaniel Heath



Treasury Chambers, Parliament Street, SW1P 3AG

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

N 12/9/79

12 November 1979

Dear Patrick,

PAY OF TOP NURSES IN THE NHS

Thank you for sending me a copy of your letter of 17 October. I have also seen copies of the various replies, including Jim Prior's.

So far as pay is concerned, I entirely agree with Jim Prior. The agreement is inept and foolish in the extreme, and shows a reluctance to the management side to come to grips with reality. Further, they have shown no awareness of the repercussions. Nevertheless, given that Clegg is unlikely to be offended, I would not wish to intervene on pay grounds: the right response would be to leave the management side to stew in their own juice.

But there is a more serious problem. Your officials have made clear, quite rightly, that there can be no question of meeting the cost of the settlement by increasing the cash limit (though whether the management side have fully grasped this is another matter). Consequently, if the proposed increase were allowed, more than £1 million/year is likely to be lopped off patient services in order to pay increased salaries to a group of senior administrative personnel. This would go right against our objectives of making more resources available for patient care by pruning NHS bureaucracy and would add fuel to the fire in relation to the effects of adhering to cash limits in the current year. Accordingly we would be open to the most severe criticism if the settlement were allowed to go ahead.

I think the first step is to challenge the NHS management side using the kind of argument in the previous paragraph. This might usefully be done at the Whitley Council meeting which I understand will take place on Tuesday. It may be that they will back down: if not, it will be interesting to see how they justify cutting patient services

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in this way. But if they do not back down, I think you will need, in order to protect the Government's policies, to exercise your veto.

I am sending copies of this letter to the recipients of yours.

Yours

John Biffen

JOHN BIFFEN

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12 NOV 1979

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Telephone Direct Line 01-213 6400
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The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Industry
Department of Industry
123 Victoria Street
London SW1

R14/4

8 November 1979

Keith

PAY OF TOP NURSES IN THE NHS

I have seen a copy of Patrick Jenkin's letter to you of 17 October about implementation of the recommendations of the Speakman report.

It is unfortunate that this report has been received at a time when, at the Government's invitation, the Standing Commission is carrying out a comparability study covering all nurses, including those in top posts. I understand that the Commission is aware that the report has been made to the parties concerned and has expressed regret at the prospect of implementation of Speakman's recommendations during the currency of its own study on which a report should be available by the end of this year. I am also concerned because it is not difficult to envisage a situation in which the Commission's recommendations fell short of those of Speakman and it was necessary for the top nurses concerned to be put on mark-time salaries. The proposed reorganisation of the Health Service could well compound such difficulties.

I recognise, however, that in view of our intention to minimise intervention in pay negotiations it would be extremely difficult to veto the Whitley Council's agreement, and I do not think the Commission's feelings on this matter are so strong as to oblige us to consider such action. In the circumstances, therefore, I am prepared to agree to Patrick's proposal. But we need to take care that we do not appear to be endorsing Speakman's recommendations; we (and the Whitley Council) are of course committed to accepting the recommendations of the Standing Commission. It is therefore important that Patrick should, as he suggests, make clear to the Whitley Council that authorisation is given with some reluctance, and that pay increases will not be approved for any other group of nursing staff (eg second-in-line) before the Commission reports.

As far as the proposals on superannuation are concerned, I could not agree to the counting of notional salaries for pension purposes from April 1976. It is established precedent that such backdating for pension purposes is acceptable if the pay levels were appropriate to

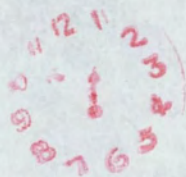


that date, but in this case implementation of Speakman would have been precluded by the incomes policy prevailing at the time and the pay levels cannot therefore be regarded as appropriate. A concession on pensions of this order for the group would have extensive repercussions for other groups in the public sector who have been affected by the impact of pay policy.

I am sending copies of this to the recipients of Patrick Jenkin's letter.

Love
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14 NOV 1979



Nat Health



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Sir Keith Joseph MP
Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON
SW1E 6RB

Handwritten initials

6 November 1979

Dear Keith,

PAY OFFER TO TOP NURSES

Patrick Jenkin wrote to you on 17 October about the agreement in the Nurses and Midwives Whitley Council for a pay increase to top nurses in the National Health Service. I support the line he proposes. It would, of course, have been better if we had been able to wait until the Standing Commission had reported on all grades of nurses, but given the long history of the way these nurses have been treated in relation to pay - and I know from representations made to me how strongly they feel about it - I think it would be wrong of us to step in at this stage with a Ministerial veto on an agreement reached in the appropriate negotiating forum. If Patrick Jenkin writes as he proposes spelling out the understanding on which approval is given and indicating that there will be no extra finance, that should, in my view, adequately cover the matter.

The superannuation question is, however, a different matter, and I think we should tell the Whitley Council at the same time that there is no question of adjusting superannuation retrospectively. The situation covered by the NHS superannuation regulations is one where an award is made and then withheld or deferred (in whole or in part) in the national interest ie there are quantified salary rates appropriate to a specific date. Here we are dealing with a statement by Management Side that superannuation should be based retrospectively on salary rates which might have been awarded 3 years ago. Quite apart from the dangers of retrospection the proposal is inconsistent with all previous decisions to base superannuation on full revised pay rates from the dates these rates were awarded but not paid in full. If, however, the matter of superannuation requires further consideration, we should deal with that separately, since it is important that there is as little delay as possible between the agreement on pay being reached in the Whitley Council and Ministerial decisions being announced as to its approval.

I am copying this letter to the recipients of Patrick Jenkin's.

*Yours ever,
Cunneen*

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From the
Minister of State
Lord Trenchard

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 7691
SWITCHBOARD 01-212 7676

1 November 1979

Private Secretary to
The Rt Hon Patrick Jenkins MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London SE1 6BY

Dear Private Secretary,

PAY OF TOP NURSES IN THE NHS

I refer to your Secretary of State's letter of 17 October to the Secretary of State for Industry regarding the pay of senior nursing staff. The Department of Industry has no comments to make on the approach proposed by your Department.

Copies of this letter go to the recipients of yours.

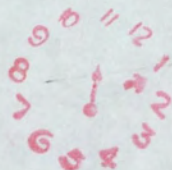
Yours sincerely

Heather Archer

MISS H ARCHER
Private Secretary

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M

2 - NOV 1979



National Health



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/16165/79

Your ref:

30 OCT 1979

De Patrick

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PAY OF TOP NURSES IN THE NHS

Thank you for sending me a copy of your letter of 17 October to Keith Joseph.

I can see no objection to what you have in mind, especially in view of the principles on back-dating of pensions set out in the letter of 24 October from John Biffen to Mark Carlisle.

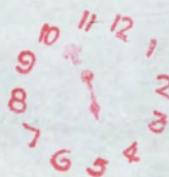
I am copying this letter to the recipients of yours.

yes

MICHAEL HESELTINE

The Rt Hon Patrick Jenkin MP

30 OCT 1979



National
Health



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Oddi wrth Ysgrifennydd Gwladol Cymru

The Rt Hon Nicholas Edwards MP

From The Secretary of State for Wales

CONFIDENTIAL

29 October 1979

Dear Keith

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Wm*

PAY OF TOP NURSES IN THE NHS

I have seen a copy of Patrick Jenkin's letter of 17 October concerning the pay of senior nurse managers in the NHS. The letter gives the background to the Staff Side's claim and describes fully the problems with which the Management Side of the Nurses and Midwives Whitley Council were faced. They had to consider, firstly, whether to make any offer at all at this time in response to the strong Staff Side claim and, secondly, to decide what the offer should be. There is no need for me to rehearse the arguments in this letter.

I should, though, like to say that I share fully Patrick Jenkin's view that we should approve this pay settlement whilst at the same time making it perfectly clear to the Chairmen of both sides of the Council that our approval is given exceptionally because of the special circumstances. There can be no possibility of an award for any other nurse group until after the Standing Commission have reported.

The Management Side should be told, in my view, that there can be no prospect of any additional cash being made available to fund the award and that they must themselves face the consequences of their decision by meeting the cost from within existing financial allocations.

/ I am copying this letter to the Prime Minister, to members of E(EA), to Christopher Soames and Mark Carlisle and to Sir John Hunt.

*Jr - [unclear]
Neil*

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Industry
Department of Industry
Ashdown House
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