Ref. A02689

PRIME MINISTER

Nurses' Pay

(E(80) 74)

BACKGROUND

When E last discussed the issue of nurses' pay, on 1st July, they agreed that, while the Government was committed to seeking ways of putting the determination of nurses' pay on a better long term footing, it was premature to decide how this might be tackled until decisions on the general approach to public sector pay, including the future of the Review Bodies, had been taken.

2. In his paper (E(80) 74) the Secretary of State for Social Services identifies the two problems of how to protect the nurses against relative pay erosion and of setting the right pay base for them. He rejects indexation and notes that the Clegg Commission did not come up with anything useful. In his paragraph 5 he sets out three options:-

(a) A Review Body.

(b) Identification of direct analogues for one or two specific nursing grades as a basis for the nurses' pay structure.

(c) Identification of the rate of pay movements in a range of other appropriate jobs to give a weighted average rate of increase for the nurses to be distributed between the different grades.

The Secretary of State does not indicate his own preference. He points out that any of these options might call for adjustment to the general NHS cash limit in each year. His paper was written before he saw the Chancellor of the Exchequer's paper, E(80) 71, on comparability and cash limits.

HANDLING

3. After the Secretary of State for Social Services has introduced his paper the Chancellor of the Exchequer and the Secretary of State for Employment will wish to comment.

4. It is difficult to see how the approach recommended by the Secretary of State for Social Services can be reconciled with that proposed by the Chancellor of the Exchequer in his more general paper. To do so would require the Committee to accept that:-

(i) the nurses should be regarded as another special case; and consequently

(ii) the cash limit for them should be responsive not overriding.

5. It is unlikely that your colleagues will be prepared to go this far yet, not least because an announced decision in this sense would heighten the sense of grievance - and hence the militancy - of civil servants that they alone are being picked on, as the 'fall-guys' in public sector pay. This might point to a decision to invite the Chancellor of the Exchequer to arrange for the further work by officials on the options for the future of comparability - paragraph 33(b) of E(80) 71 - to cover also the problem of the nurses, taking account of the Government's wish to put their pay on a better long term footing. Such a decision would, of course, exclude public statements on nurses' pay at this stage.

CONCLUSIONS

6. In the light of the discussion you will wish to record conclusions:-

(i) either accepting one of the options in paragraph 5 of the Secretary of State for Social Services' paper, E(80) 74,

or

(ii) inviting the Chancellor of the Exchequer, in consultation with the Secretary of State for Social Services, to arrange for the problem to be considered further by officials in the course of their more general examination of the options for the future of comparability on which they are to report in the autumn.

RTA

(Robert Armstrong)

22nd July, 1980

Nat. Health.

A 02489

PRIME MINISTER

Nurses' Pay

BACKGROUND

1. The Secretary of State for Social Services sent you on 27 June a minute about the problems of the study of how nurses' pay should be determined.

2. Twice in E's recent discussions of public sector pay policy, the Secretary of State has stressed the importance of examining the possibility of constructing a basis for comparison which could be used to satisfy the nurses that they were not falling behind. E has agreed that this work should go ahead either under the auspices of the Clegg Commission or of some other body if Clegg could not complete it. It was agreed that E would consider proposals in due course and in the light of that review; but you made clear to the Secretary of State that he could not say anything at this stage which would pre-empt the outcome.

3. He now reports that, contrary to his expectations, it seems that in their general round-up report, which is due in about a fortnight, Clegg will put forward some general ideas for the longer-term approach to pay but nothing specific or detailed on the nurses. He proposes that either Clegg should be invited to look in more detail at the nurses or, if they do not have time, some ad hoc review should be set up - though he sees this as very much a second best.

4. He also wishes to indicate in an arranged PQ that the Government understands the anxiety of the nurses about the problem of falling behind and is committed to arranging for it to be studied in advance of the next pay settlement; though there would be no commitment to accept the outcome. The timing of the PQ would be in relation to the next meeting of the Whitley Council on 8 July.

HANDLING

5. After the Secretary of State for Social Services has spoken, you will wish to ask the Secretary of State for Employment to comment on the possibility of further work by Clegg and the Chancellor of the Exchequer to give his views on the implications.

In discussion you will wish to cover the following questions:-

(a) Who should carry out the study?

The Secretary of State for Social Services is looking for advice on detailed comparability arrangements for nurses or on possible systems for dealing with their pay which would prevent them from falling behind in the future as they have so often done in the past. It now appears that Clegg will not offer him this and, if he wants a detailed fully fledged scheme, this would probably need detailed study and negotiations which could last 6-12 months. If this assessment is right, it would not in any case be possible for Clegg to take on the task: E has already agreed that the Commission should be disbanded once it has completed its present tasks. Subject to what the Secretary of State for Employment might say, this points to turning the job over to someone else.

(b) Should there be an arranged Parliamentary Question?

Although the Secretary of State for Social Services says that this would avoid any commitments, Ministers may feel that he should say nothing further until Clegg has reported. Any statement could then be based on firm knowledge of what Clegg actually says. If so, the nurses will have to rest on the assurance already given to them that this question would be examined.

CONCLUSIONS

6. In the light of the discussion you will wish to record conclusions on:-

(i) who should carry out the further work which the Secretary of State for Social Services wants - Clegg or, if Clegg will not survive long enough, some other body. In the latter event you may want to commission the Secretary of State, in conjunction with the Secretary of State for Employment to come to colleagues soon with proposals or options

(ii) whether the Secretary of State for Social Services may make an arranged Answer as he proposes before the Clegg Commission reports or must wait until the report has been published. In either event the terms of the statement will need advance clearance by the colleagues concerned - principally yourself, the Chancellor of the Exchequer or the Secretary of State for Employment.

30 June 1980

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10 DOWNING STREET

From the Private Secretary

30 June 1980

The Prime Minister has read your Secretary of State's minute of 27 June about nurses' pay and the need to prevent a decline in their relative position in future. She would like this minute to be considered in E Committee tomorrow (Tuesday).

I am sending copies of this letter to the Private Secretaries to members of E Committee, the Secretaries of State for Scotland and Wales and to David Wright (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security..

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Prime Minister

I think this will have to be discussed in E on Tuesday. Agree? T.

Yes

27/1

E Committee has already agreed that work should go ahead on finding ways of preventing the relative decline in nurses' pay which in recent years has followed upon each report establishing it on an up-to-date basis.

There are two points which need urgent attention. First, it is important if we are to prevent a further worsening in our relations with the nursing profession that we should be seen to make an early start on tackling the problem. We need the advice of an independent person or body, and had hoped that the Clegg Commission, following what they said in paragraphs 93-4 of their report on nurses and midwives, would be dealing with the matter this summer in their annual report. I now gather that it is in fact unlikely that they will do more than touch on the subject in general terms, and that we therefore should not look for any real help on the specific problem of nurses. What we need is advice either on detailed comparability arrangements for nurses (ie a suggested actual comparability structure) or on possible systems for dealing with their pay which would prevent falling behind. This is something which might have been referred at once to Clegg, but in view of Thursday's decision of 'E' Committee, this may not be practicable. It is for consideration whether, because the Commission has already taken on board, in general terms, the 'falling behind' point, they could even now be asked to make recommendations in greater detail than they currently propose as indicated above. I would hope that this might be done to a timetable which would not prejudice our decision about the Commission's long-term future. Alternatively, we could establish some kind of ad hoc review; but past experience suggests that ad hoc arrangements are very much a second best. I should be glad to know whether an immediate request to Clegg would be acceptable. No doubt we could discuss this in E Committee next week if necessary.

Secondly, I believe it would be helpful for me to indicate, by way of an arranged Parliamentary Question, that we understand the anxiety of nurses about the problem of falling behind and are committed to arranging for it to be studied in time for a report to be available in advance of their next pay settlement. I should of course avoid any assurance either that we could automatically accept in principle whatever recommendations might emerge or that, even if we accepted them in principle, we could necessarily find the money to put them into effect at once. But even with these reservations, I consider that such a statement would be helpful. Its exact timing needs careful thought, bearing in mind that the next meeting of the Whitley Council on 8 July may determine whether a satisfactory settlement can be reached for this round. If you and other colleagues agree, I should like to be free to make such a statement at a favourable opportunity.

I am sending copies of this letter to the other members of E Committee, the Secretaries of State for Scotland and for Wales, and to Sir Robert Armstrong.

P.J.

27.6.80