



Nat Health

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Parliament Street
London S W 1

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Dear Geoffrey,

NURSES' PAY

Your letter of 16 June suggested that the substantive issue of the longer-term arrangements for determining nurses pay should be put on the agenda for the meeting of E(PSP) arranged for 25 June. I am grateful for your help subsequently in revising the terms of my reply to the Chairman of the Staff Side, David Williams: I attach a copy of the reply sent.

As my office explained, David Williams was desperately anxious to receive the letter requested by the Staff Side. Our cautious assessment is that he recognises the firmness of the Government's position and will be seeking to persuade his members and colleagues to accept the offer for this year, no doubt coupled with some fairly trenchant words about the nurses falling behind again and the problems in store if a fairer system is not devised very soon. But this task will not be easy, and he needs all the help I can give him. Acceptance by the nurses of the six per cent offer would be a considerable prize which is why I took the view that it was essential to write as soon as I could.

I am happy to table a paper for E(PSP) if you still feel that this would be useful. My own view is that this could wait until we know whether the Staff Side are going to accept this year's pay offer and have received their promised response on the longer-term issues.

I am copying this letter as before.

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18 June 1981

Yours
Patel



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

D Williams Esq
Staff Side Chairman
Nurses and Midwives Whitley Council
Confederation of Health Service Employees
Glen House
High Street
Banstead
Surrey

17 June 1981

Dear David,

At the end of our meeting on 10 June, I promised to write to you setting out the points which I had made in the course of our discussion.

In the first place I confirmed that there is no possibility of any addition to the 1981/82 NHS cash limit pay factor of 6 per cent. The decision on the pay factor was a vital element in the Government's overall economic policy. I reminded you that within that policy the National Health Service is being protected. Provision has been made for continuing real growth, and consequently the numbers of staff employed, including nurses, are also continuing to increase. NHS management have concluded, in relation to the pay negotiations for various staff groups, that the only means of providing funds for pay increases beyond the pay factor would be by reducing services to patients (which would incidentally be bound to lead to some loss of jobs). They have rightly decided that they would not be prepared to contemplate reducing services for this purpose.

With regard to this year's pay settlement, I put it to you that one cannot consider the pay position of nurses and other groups of staff in the NHS in isolation from what is happening in the economy as a whole. It is strongly argued on behalf of the private sector - where the wealth to fund public services has to be created - that they are having to bear an unduly heavy share of the effects of the recession. Many workers in the private sector are not receiving any pay increase in 1981. Even within the public sector and the public services, some services are having to face the prospect of a real cut-back accompanied by job losses; and it is only because of such job losses that it is possible for some groups to receive increases somewhat in excess of the pay factor without the cash limit being breached. By contrast, NHS staff, apart from a very small number in the more senior grades who may be affected by the special circumstances of restructuring, enjoy an extremely high level of job security. These are factors which simply cannot be left out of account. The Government is doing everything it can to protect the NHS. This cannot be done if higher pay settlements than are available within the cash limit are taken by staff.

E. R.

I stressed however, that the Government recognise the nurses as a group who have suffered special problems on pay in the past. We are anxious to explore possible methods of handling nurses' pay which will help solve these problems; and in doing so we shall be very conscious of the stance that most nurses adopt in rejecting any recourse to industrial action in support of their claims. As I told you at the meeting last week, I cannot offer assurances about the timing of implementation of pay changes; but I do wish to explore at the earliest opportunity, possible changes in methods. Any new method will need to take full account of such important factors as the availability of finance and whether sufficient recruits of the right calibre are being recruited and retained: indeed this is one of the prime tests of any system of pay determination. Suggestions such as those set out in Dr Vaughan's letter of 28 August 1980 would also be very much on the agenda in any such discussions. I was pleased to hear that the Staff Side have been undertaking a good deal of detailed work in this area and that you expect to let us have considered views quite soon. I have every hope that the ensuing discussions will help us to make real progress in working out a better long term approach to settling nurses' pay.

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Nat Health



Treasury Chambers, Parliament Street, SW1P 3AG
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16 June 1981

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

Dear Patrick

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NURSES' PAY

16/6/81

Thank you for your letter of 12 June, in which you seek agreement to the terms of your proposed letter to the Staff Side of the Nurses and Midwives Whitley Council.

I am sure that the line which you propose to take on this year's settlement is the right one. But the question of the possible longer-term arrangements gives me more difficulty. Before formally reviving Gerard Vaughan's letter of 28 April 1980 as a basis for discussion with the nurses, I think we need to consider rather carefully how the proposals in that letter fit in with subsequent developments, including the suspension of the civil service PRU arrangements. It would obviously be very difficult to appear to be willing to create a new system of comparability for nurses at a time when we were abandoning the existing one for the Civil Service.

A meeting of E(PSP) has anyway been arranged for 25 June, and I think that it would be helpful if you would circulate a paper for discussion at that meeting. Meanwhile you could no doubt let the Staff Side have an interim reply, indicating that the Government wished to take a little more time to consider carefully the issues arising from your meeting with them.

I am copying this letter to the Prime Minister, members of E Committee, and to Sir Robert Armstrong.

[Handwritten signature]

GEOFFREY HOWE

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16 JUN 1987



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Parliament Street
London SW1

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This seems a

*12th June 1981 reasonable concern
for the nurses.*

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Dear Geoffrey,

You will have seen press reports of the representations made to me yesterday by the Staff Side of the Nurses and Midwives Whitley Council about the 1981/82 pay round. I attach the statement released to the Press by the Staff Side after the meeting; they record my promise to write summarising my statement of the Government's position.

I attach a draft letter for this purpose dealing at some length with the question of future pay arrangements. I believe that our chance of achieving a settlement within the 6 per cent cash limit, without difficult and embarrassing action by nurses, depends in large part on the extent to which I can be reassuring about our intentions for the future and I hope you will agree that I should write in these terms. I do not commit the Government to any particular timing or implementation of any conclusions from the proposed discussion on revised arrangements for determining nurses pay. Subject to your comments I propose to despatch the letter next Tuesday.

I am copying this letter and enclosures to the Prime Minister, members of E Committee and Sir Robert Armstrong.

You are

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D Williams
Staff Side Chairman
Nurses and Midwives Whitley Council
Confederation of Health Service Employees
Glen House
High Street
Banstead
Surrey

At the end of our meeting on 10 June, I promised to write to you setting out the points which I had made in the course of our discussion.

In the first place I confirmed that there is no possibility of any addition to the 1981/82 NHS cash limit pay factor of 6 per cent. The decision on the pay factor was a vital element in the Government's overall economic policy. I reminded you that within that policy the National Health Service is being protected. Provision has been made for continuing real growth, and consequently the numbers of staff employed, including nurses, are also continuing to increase. NHS management have concluded, in relation to the pay negotiations for various staff groups, that the only means of providing funds for pay increases beyond the pay factor would be by reducing services to patients (which would incidentally be bound to lead to some loss of jobs). They have rightly decided that they would not be prepared to contemplate reducing services for this purpose.

With regard to this year's pay settlement, I put it to you that one cannot consider the pay position of nurses and other groups of staff in the NHS in isolation from what is happening in the economy as a whole. It is strongly argued on behalf of the private sector - where the wealth to fund public services has to be created - that they are having to bear an unduly heavy share of the effects of the recession. Many workers in the private sector are not receiving any pay increase in 1981. Even within the public sector and the public services, some services are having to face the prospect of a real cut-back accompanied by job losses; and it is only because of such job losses that it is possible for some groups - eg civil servants and some local authority staff - to receive increases somewhat in excess of the pay factor without the cash limit being breached. By contrast, NHS staff, apart from a very small number in those more senior grades who may be affected by the special circumstances of restructuring, enjoy an extremely high level of job security. These are factors which simply cannot be left out of account. The Government is doing everything it can to protect the NHS. This cannot be done if higher pay settlements than are available within the cash limit are taken by public sector staff.

stressed, however, that the Government recognise the nurses as a group who have suffered special problems on pay in the past. I also recognise the importance of being able to attract and retain sufficient recruits of the right calibre - this indeed is one of the tests of the effectiveness of any system of pay determination - and I am very conscious of the stance which most nurses adopt in rejecting any recourse to industrial action in support of their claims. It was for these reasons that we put to you the suggestions set out in Dr Vaughan's letter of 28 August 1980. We are anxious to explore possible methods of handling nurses' pay which will help overcome the difficulties of the past. The proposals which Dr Vaughan put to you and the Management Side represented a very real recognition of the claims of nurses to some special consideration; and, as I explained to you, nurses are the only group, apart from those specifically singled out in our election manifesto (eg the armed forces and the police) to be treated in this way. Dr Vaughan made it clear in his letter, and I confirmed at our meeting, that we are not offering assurances about timing or implementation of pay changes. But we are anxious to explore at the earliest opportunity possible changes in methods - for, as you will have gathered from recent Ministerial statements in other contexts, we are well aware of the desirability of finding some more satisfactory method of dealing with public services pay generally than that which has had to be applied this year; and we regard this as of exceptional importance in relation to nurses. I was very glad, therefore, to learn that the Staff Side have been undertaking a good deal of detailed work on the suggestions that we have put to you and that you expect to let us have your considered response quite soon. Although I cannot change the cash limit in 1981/82 for nurses or any other NHS staff group, I have every hope that the discussions which will flow from your response to Dr Vaughan's letter will help us to make real progress in shaping up a better approach to settling nurses' pay in future.



11 JUN 1961



TO BE ATT'D TO LETTER OF 12th JUNE
TO CHAMBERLON OF
THE EXCHQR.



With the Compliments of
the Private Secretary to
the Secretary of State

Tina
Annex
missing from
letter below

15/6

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House
Elephant and Castle
London, SE1 6BY

STATEMENT FROM NURSES STAFF SIDE.

At the joint meeting of the Nurses and Midwives Whitley Council held yesterday, 9 June, the Management Side responded to the further representations on nurses pay made by the Staff Side at the previous meeting by reiterating their offer to negotiate the April 1981 pay settlement within the 6% cash limits. Because this offer fell so far short of the Staff Side's claim the Staff Side sought an immediate meeting with the Secretary of State to urge on him the need to make more money available.

That meeting took place today and the Chairman of the Staff Side reminded the Secretary of State of the history of nurses pay during recent years, drawing attention to the fact that the Standing Commission's Award had failed to correct the position and that subsequently the Minister for Health, Dr Vaughan, had written to the Nurses and Midwives Council indicating Ministers' concern about nurses pay and suggesting ways in which the problem could be tackled in the future. The Staff Side had examined these suggestions in great detail and would shortly be in a position to respond. However the problem of the 1981 settlement would not be resolved by these means and nurses and midwives were becoming increasingly angry at the continued imposition of a 6% limit on their pay after other groups in the public sector were being seen to achieve considerably more.

In reply, the Secretary of State made clear that there was no way in which he could authorise an improvement in the Management Side's offer although he recognised the Staff Side's concern and hoped that the discussions in Dr Vaughan's letter would produce a solution to the problem of nurses pay. He undertook to reply in writing to the Staff Side in the next few days but reaffirmed that there could be no more than 6% in this pay round.

The Staff Side then decided to consult their memberships on the basis of the offer - a 6% increase in all scales - further more detailed information will be sent out as soon as the Secretary of State's letter has been received.



Nad
Health

10 DOWNING STREET

Tyne

Steve

pls see from M
has no comments.

DHSS want to know
if we have any. TL
15/6

comments on draft letter
to D. Williams, which
is being despatched
tomorrow.

Steve
15/6