

copied to Econ Bl Pt 6
Public Sector Pay.

CONFIDENTIAL

Prime Minister

PA - Mrs 12/12 (1)

MR. SCHOLAR

The 62 if we has
already looked - not

Do you wish to be consulted before

decisions are taken by E(PSP)

cc: Mr. Hoskyns

about nurses' pay?

Mrs 25/1

Yes not

NURSES AND NHS PAY

You may have seen that E(PSP) is considering this Wednesday morning two papers by Mr. Fowler: on pay in the NHS, and on long term arrangements for handling nurses pay. I am sure that the Prime Minister will wish to be aware of the outcome of these discussions, and you may wish to consider whether it would be right for you to ask the Chancellor's Office to arrange for the Chancellor (as Chairman of E(PSP)) to consult the Prime Minister before final decisions are taken.

Briefly, the issue on the nurses is the drafting of a paper to be handed to the Whitley Council which Mr. Fowler will be chairing early next month. The Prime Minister will recall that this paper was promised at her meeting of the nurses on 18 December. This paper has been discussed among officials, and many - including myself - felt that although it now makes the appropriate noises about market factors and job security, it is still oriented towards far too mechanistic a system, which will tend to generate pay scales according to some agreed formula. It is proposed that consultants be retained to work out the details, and my own feeling is that in their present form the proposed terms of reference for the consultants (paragraph 13) may well lead us into considerable difficulty later this year.

In his paper on NHS pay, Mr. Fowler returns to the proposal he put to E in October, under which most of the Health Service, apart from the 400,000 ancillaries, would be allowed to get away with an increase of between 1% and 2½% on top of the 4% cash limit. From a wider pay point of view, I think we could probably sustain some small special increase for the nurses, in view of the effective way in which they have articulated their case and mobilised public opinion; and the most important point is to see that the ancillaries are not offered more than the civil servants. But Mr. Fowler's proposal to tell the DDRB

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to work on the assumption of 6% requires very careful handling indeed: on the one hand, if they are not told that, they may resign when their report is ignored; on the other hand, if they are, we run the risk of a leak which would cause endless difficulties elsewhere (and with the TSRB).

MUS pp JV.

25 January 1982

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NURSES PAY

Nat Health.

The notes below may be helpful to Members in responding to the current campaign on nurses pay.

CONSERVATIVE RECORD

The record of the Conservative Government since returning to office is an excellent one and means that nurses are better-off than under Labour:

- * nurses' pay has been raised substantially ahead of prices
- * nurses' working hours have been reduced
- * more nurses are being employed in the Health Service than ever before

PAY INCREASES SINCE 1979

The table below shows the substantial increases that have been made in nurses' basic pay since April 1979:

Whitley Pay Grade	1 April 1979 Basic Salary maximum	1 April 1981 Basic Salary maximum	Increase
Senior Nursing Officer (Grade 1)	£ 5883	£ 8462	44%
Nursing Officer (Grade 1)	5416	7791	44%
Nursing Sister/Charge Nurse (Grade II)	4819	7215	50%
Staff Nurse	3683	5426	47%
Nursing Auxiliary/Assistant	2811	4017	43%
Student Nurse (3rd Year)	2563	3593	40%

(Source: Hansard 2/6/81 W.A. Cols. 343/4 and DHSS)

These increases are representative for nurses as a whole and show that the Conservatives have looked after the nurses extremely well. Indeed it is worth noting that over the same period (i.e. April 1979 to April 1981) prices rose by 36%, as that nurses' gross pay is higher in real terms and some - like nursing sisters and staff nurses - are better-off by a considerable margin.

Moreover these increases in real gross pay have taken place at a time when many people in private industry have taken to take much lower pay increases and, on occasions, no pay increase at all.

NURSES HOURS

In 1980 the Conservative Government reduced the working week for nursing and midwifery staff from 40 to 37½ hours.

Not only is this of obvious benefit to nurses and midwives, but it also means that they have more scope to earn money for unsocial hours.

This means that the basic salary figures given above seriously understate average pay. For example, the average basic salary for a staff nurse is £4988 (N.B. This is slightly different from the Table above which refers to maximum rather than average basic salaries) and average earnings £5825; similarly, the average basic salary for a nursing auxiliary is £3729 and average earnings are £4477. In general, nine out of ten nurses receive more than their basic salary and this is normally worth about 15% more on basic pay.

NURSES EMPLOYMENT

Nurses also benefit from security of employment, which is particularly important at the present time.

Although unemployment has more than doubled in recent years, the number of qualified nursing and midwifery staff (whole-time equivalents) has risen from 192,000 in March 1979 to 213,000 in March 1981. (Hansard, 22/12/81 W.A. Col. 380)

As the Prime Minister commented, in a reference to the positive measures taken by the Government,

"Did you know that there are 21,000 more nurses and midwives and 1000 more doctors and dentists in the Health Service than in May 1979, and that these are figures for England and Wales alone? Yes, you probably did know, but will you now make it your business to see that others know too?" ("Conservative News" January 1982)

NURSES PENSIONS

Mr McCrindle M.P., Vice-Chairman of the backbench Health and Social Services Committee, recently pointed out that

"Nurses also benefit from security of employment, which is particularly important at present, and from inflation-proofed pensions, neither of which are normally to be found in the private sector." (Letter to "Nursing Mirror" 14/10/81).

In fact, 205,000 people who have retired from the National Health Service are already drawing inflation-proofed pensions, at an annual cost of over £300 m per annum. (Lords Hansard 20/10/81 Col. 694).

CURRENT AND FUTURE PAY ROUND

In his statement on public expenditure on 2 December 1981 the Chancellor stated that: "Our spending plans provide broadly for increases of 4 per cent in the total sums available for the pay of public servants from next settlement dates." (Col 238).

This remains the Government's position.

A formal offer by the management side of the Whitley Council machinery has not yet been made, so it is not yet possible to say whether - within this overall 4% target - more will be offered to nurses and less to others.

Part of the difficulties which have arisen this year are attributable to nurses' representatives themselves. As long ago as August 1980 Dr Vaughan wrote to both sides of the Whitley Council suggesting ways in which nurses' pay might be kept at a fair level in the future.

Regrettably, the staff side took a year to answer and did not respond to Dr Vaughan's offer until August 1981, thereby preventing any new deal coming into operation this year. In December 1981 the Prime Minister and the Secretary of State, Mr Fowler, met with nursing representatives. Miss Catherine Hall, General Secretary of the Royal College of Nursing, admitted that she was disappointed that nothing could be done in 1982 but added that:

"We have got to take seriously the Prime Minister's very definite commitment to get a formula and mechanism worked out which would safeguard the position of nurses' pay." ("Nursing Mirror" 23/30 December 1981)

NO-STRIKE AGREEMENTS AND PAY

Nurses' representatives sometimes, understandably but wrongly, accuse the Government of reneging on a commitment to put nurses in the same category as servicemen and policemen - i.e. to give them guarantees over pay in exchange for nurses giving up the right to strike.

What Mrs Thatcher said during her broadcast of 17 January 1979, referring to the nurses, was that:

"We must try to negotiate a no-strike agreement with those who operate these services in return for firm guarantees on pay now and in the future."

Unfortunately progress is difficult so long as nurses themselves are in disagreement.

Although the Royal College of Nursing has, greatly to its credit, decided never to support strike action the same is not true of other organisations. Many nurses do not belong to the RCN but to NUPE, COHSE and NALGO and these unions retain the right to strike.

Clearly, it would be invidious to have one pay scale to RCN nurses and another for other nurses, and indeed it is doubtful if even the RCN would agree to such a chaotic arrangement. However if all the nurses' unions agree to forgo the right to strike (if necessary, agreeing that it should ^{be made} illegal by Parliament in the same way as it is for policemen) there is no doubt that these there would be a strong moral obligation on Government to respond positively.

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CM/CB
20/1/82