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2 September 1982

From the Private Secretary

Mr. Scholar

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NHS STATISTICS

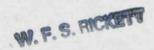
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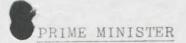
Thank you for your letter of 27 August, and for all the work that must have gone into preparing the statistics that were attached to it. The Prime Minister was very grateful for this note.

I attach the final version of the note that I put to the Prime Minister for her trip to Scotland. I should be grateful if you could let me know if it contains any glaring errors. It would also be useful if you could possibly provide the run of figures showing the growth in real terms of gross expenditure on the NHS in Great Britain between 1979/80 and 1982/83, to complement the first line of the brief, which gives the figures in cash terms. Mark Dexter very helpfully sent me the corresponding figures for England, but it would be useful if the Great Britain figures could be provided.

I am copying this letter and its enclosure to Jill Rutter (HM Treasury).



Mrs. Carole Souter, Department of Health and Social Security.



Attached are:-

- (a) Some statistics on the NHS, which I hope cover the points you made this morning;
- (b) A speaking note for Ministers prepared byMr. Fowler's Office;
- (c) The brief you used for Questions in July;
- (d) The extracts from the Report of the Royal Commission on the NHS pointed out by Sir Alec Merrison;
- (e) The Vauxhall advertisement in the Daily Mail which you asked for.



31 August, 1982.

NHS Statistics

			al Governmen			ersonal Soc.	ial ne
	Service	ces, and E	ducation (GB	Totals) (C	SO)		657079 160
		28/9	1979/80	1980/81	1981/82	1982/83	83/84
	NHS:	7.7	9.3 B	12.01B	13.4 B	14.5 B (increase terms over of 55%: has increabout 40% same period	the RPI ased by in the
	Personal So Services:	ocial 1.5	1.93B	2.30B	n/a 216		3.0
	Education:	8.8	10.01B	12.33B	13.4 n/a	14:29 n/a	14.19
39	Social Secu Benefits:		19.4 B	23.46B	n/a28·5	n/a 32.5	34.8
-1	Compare		ald from Incom 3, 1p on the			M amps maylor mayt	ated ated
	2. Per	Capita E	xpenditure			cure	Ter.
	Assuming a	GB popula	tion of 54.3	M (1981):	++	peduction	- ENIS
		78/79	1979/80	1980/8	1941/2	1982/83	1983/4
	NHS:	140	about £170 for every m woman and child		245	€265	£2805
	Personal S Services:	ocial 28	£ 35	£ 42	6	n/a 4852	55
	Education:	162	£1854	£2256	245	n/a 261	259
	Social Sec Benefits:	urity 300	£360	•£430	520	n/a 600	640

3. Nurses Pay Bill

	1979/80	1981/82	% increase
Great Britain:	£1.45B	£2.646B	82%
RPI:	173.2 (Av Q1 79 to Q180)	224.6 (Q181 to Q182)	30%
Scotland:	£262M	£385M	47%
e.g. GB: Scotland:	about £25 per h about £50 per h	ead in 1979/80, £ ead in 1979/80, £	50 in 1981/82 75 in 1981/82

Scottish figures assume a Scottish population of 5.1M.

4. Cost of offer

Great Britain:	original offer:	£282.5M	(£40M)	
(Scottish figures in brackets)	final offer:	£418M	(£51M)	
	to meet 12% claim:	£740M	(M882)	
	These cover all grades under negotiation (not doctors, who have settled).			

The addition to the <u>nurses'</u> paybill of the 7.5% offer would be about £200M.(GB)

5. Number of Nurses

England: Up by the equivalent of 34000 between 1979 and 1981 Scotland: Up by the equivalent of 5000 between 1979 and 1981

6. Total Staff

England: Up by equivalent of 47000 between 1979 and 1981

Scotland: Up by the equivalent of 6000 between 1979 and 1981

Total UK: Up by the equivalent of 57000 between 1979 and 1981

7. Doctors 1979 1981

England: 37100 39000: up 5.1% or 1900

Scotland: Up by about 155 GPs and 38 Hospital and Community

Service Doctors or by 193 in total

8. Breakdown of the Offer

Nurses and Midwives 7.5%

Ambulancemen, pharmacists, etc. 6.5%

Other groups 6.0%

Of the nurses, the "hard to come by" groups such as tutor nurses will get as much as 10.4%. The "administrative" nurses may get less than 7.5%.

- 9. Illustrative Earnings Figures (These apply throughout the UK)
- 9.1 Grades comparable with Female Non-Manual Workers, for whom average earnings in Scotland is £92.50 (April 1981)
- (a) Student Nurse 1st Year:

Current Average Earnings : £69.72

an extra £5.23 or 7.5%

After final offer, if accepted: £74.95

(b) Staff Nurse on Maximum:

Current Average Earnings : £99.85

an extra £7.50 or 7.5%

After final offer, : £107.35

(c) Ward Sister on Maximum:

Current Average Earnings : £157.74

an extra £11.84 or 7.5%

After final offer : £169.58

Grades comparable with Male Manuals, Average Scottish Earnings £124.80 (April 1981)

(a) Qualified Ambulanceman:

Current Average Earnings : £142.62

an extra £9.23 or 6.5%

After final offer : £151.85

(b) Male Porter:

Current Average Earnings : £100.49

an extra £6.03 or 6.0%

After final offer : £106.52

9.3 Grades Comparable with Female Manuals, Average Scottish Earnings of £73.30 (April 1981)

(a) Female Porter:

Current Average Earnings : £ 82.78

an extra £4.97 or 6.0%

After final offer : £ 87.75



The Government's decision on this year's pay award to workers in the National Health Service is final. Industrial action will not alter that. Nor would a vote against the offer in the Royal College of Nursing ballot. There is no money for a higher offer.

The offer is fair. It ranges on average from 6 per cent for ancillary, administrative and clerical and technical staff, through 6.5 per cent for ambulancemen and hospital pharmacists, to 7.5 per cent for nurses, midwives and professions supplementary to medicine. It compares with settlements for civil servants (5.9 per cent) and teachers (6 per cent) - both reached after arbitration; with the armed forces (6.1 per cent) and university teachers and senior administrative staff (5 per cent); and with the police, whose net increase after increased pensions contributions is 5.6 per cent. More than 8 million workers in the economy as a whole have settled for increases averaging 7 per cent.

It will cost the taxpayer £417.8m. to fund the Government's final offer to staff in Great Britain. The unions' demand for 12 per cent would cost £740m. The additional £320m. would run 12 average district general hospitals for a year or cover the earnings of 50,000 staff nurses.

It is true that there are NHS workers receiving low pay. But that is not unique to the health service; the profile of pay within the service is not substantially different from that within the economy as a whole, where almost three million people - one fifth of all full-time adult employees - earned less than £80 a week last year. The NHS employs people of widely varying skills and levels of responsibility who consequently receive varying rates of pay. There is no indication that NHS staff are paid less than workers elsewhere who are doing comparable jobs; and the NHS is not experiencing difficulty in recruiting and retaining the staff it needs.

Full-time female NHS ancillary staff earn on average about £84 per week; the average earnings of all female manual workers in the economy are about £72 per week. Full-time male ancillary workers earn on average £104 per week, compared with £118 per week for manual workers in the economy as a whole for a group with a higher proportion of skilled jobs than in the NHS.

There is one way in which NHS staff <u>are</u> in a different position from other workers, and that is in terms of job security. The Government's commitment to the NHS has led to its increasing its funding to the record figure of £14.5 billion in Great Britain this year - a growth in real terms of 5 per cent since 1978-79. This has meant an increase in jobs of 57,000 over two years, at a time when manpower cuts have been the general rule in the public service. The Government has moved from the original 4 per cent pay factor in making the increase from its earlier offer to its final one. In the case of the Civil Service, for example, although there has been an average pay increase of 5.9 per cent, the increase in the wages bill is being held at 4 per cent, the difference being made up in lost jobs. The position in the NHS is completely different.

The Government would like to move forward to discussions about improved pay determination arrangements for the future, so as to reduce the danger of there being more disputes like the present one. Talks are already under way on these with nurses and midwives - an indication of the Government's, and public's, recognition of the special skills and responsibilities of this group, which is why they and other comparable groups like physiotherapists have received a higher pay offer.

But Ministers have also said that they are ready to begin talks with unions at any time on future pay arrangements for all NHS staff - an invitation which has so far been ignored by the unions. The way forward now should be for those talks to begin, and for the unions to return to the Whitley Councils to negotiate the distribution of this year's pay award. It is time to end the pointless and dangerous industrial action which must damage not only the patients but also the service itself, and thus the future of its employees.

20 August 1982

Nat Pal Health Service

N-HS.

The new offer which has been made by the Secretary of State for Social Services is right in the middle of the range of recent pay settlements in the public sector: 6.1% for the armed forces, 5.9% for the civil service, 6% for the teachers, and 4% for Ministers and MPs. It is a reasonable offer. The unions' continuing demands for 12% are unreasonable. I very much hope that they will think again, and that we will see an end to the damaging industrial action of recent weeks. Strike action harms patients, endangers jobs, and will not have the effect of persuading the Government to increase the present offer. We have now made our maximum offer.

Supplementaries

The new offer is

- 1. Low in relation to the TSRB awards? The Clegg Commission gave the National Health Service its equivalent of the TSRB awards. They caught up in 1980. The TSRB groups are still only 8% above the 1980 recommended levels.

 Nurses are now nearly 14% above their 1980 (Clegg) level.
- 2. How can the Government claim that the nurses are a special case at 7½% when the police got 13.2% and the fire service 9.7% and the water manuals 8.8%?

Answer: We have been pursuing for some time now our desire to establish long term arrangements for determining nurses pay designed to avoid the kind of problem we have experienced this year.

3. Low Pay: Everyone is against low pay - provided that higher pay is linked with higher productivity and so does not lead straightforwardly to higher unemployment.

Low pay is a wider problem than the NHS.

4. Divide and Rule? It is our view that the nurses are a special case and that is why we have framed our offer as we have, and we are seeking long term arrangements for nurses pay. We necessarily deal with the professional bodies separately from trade unions, because it is the wish of the professional bodies not to be affiliated to the unions. That is surely their right.

Some numes

Nurses Pay: Fact Sheet

New offer: Nurses and midwives 71%

Ambulancemen, pharmacists etc. 6½%

Other groups 6%

Some nurses will get as much as 10.4%.

- Hospital and community health service expenditure rose from £4.4b in 1978-79 to £8.2b in 1982/83 i.e. by 5.8% in real terms.
- Nurses' paybill in March 1979 £1.45b. In March 1982 = £2.646b.
- Numbers up 34,000 (England) between 1979 and 1981 to 479,000 (all figures in whole-time equivalents). Total NHS staff increase 47,000.
- We funded a reduction in nurses' working week from 40 to $37\frac{1}{2}$ hours (equivalent to $6\frac{1}{2}\%$ on basic pay).
- In 1960 there were 565,000 staff: in 1979 1,200,000.
- Some 55% of full-time nurses earned less than £100 per week in March 1982 (many of these student and pupil nurses; 17% of all nurses are students or pupils).
- Pay increases for nurses and midwives have more than kept pace with inflation since May 1979 (up 59% - cp civil servants 57%).
- Cost of original offer to all NHS staff £233m. 282.5m

 No have now offered a further bould by the second in total

 To meet the 12% claim would cost £700m. 100 m

Useful NHS Quotes "Any industrial action in the Health Service is likely to pose some risks to patients. Only the innocent will suffer if the Health Service workers allow their anger to run out of control. There can be no point in taking it out on the injured, the sick, the old and others who depend on the Health Service." Mr. Ennals, February 1979. "I deplore the way in which some situations have been used for party political purposes." And: "Is it not deplorable that party political capital should be made out of the positive difficulty that arises?". The First was Mr. Ennals in February 1979 The second Mr. Laurie Pavitt, during the same period. "I must make it clear that the Government will not abandon its responsibilities and let wages rip. The only result would be mounting inflation, balance of payments problems, cuts in public services, high taxes and rates, more on the dole. Those who suffer most from this will be the low paid, and those on fixed incomes such as pensioners." Mr. Ennals, 1979

21.4 Nonetheless, many of those who gave evidence to us considered that expenditure on the NHS was nothing like enough. The BMA told us that: "for some years now the money allocated by the Government for the service has been quite inadequate to meet the demands made upon it by the public' and the TUC argued that: "In the longer term an increased proportion of the national income must be devoted to the health service." 21.5 Our evidence proposed amongst other things that more money should be spent on improving the hospital stock and services for children, the mentally ill and handicapped, and the elderly. There is no doubt that more could be spent, and spent well, on all of these. There were few suggestions for economies. The effect of lack of resources on morale in the NHS, and the low pay of some NHS workers were also mentioned. We had no difficulty in believing the proposition put to us by one medical witness that "we can easily spend the whole of the gross national product." 21.6 It was also argued that the NHS should get more money because other countries spend more on their health services than we do. Figure 21.1 shows the proportion of gross domestic product devoted to health services by a number of developed countries. Although such international comparisons are not wholly reliable there seems little doubt that the UK is towards the bottom of the league.1 21.7 These arguments do not take us far in establishing what the right level of expenditure on the NHS should be, if indeed there is meaning in the concept of "the right level". We noted in Chapter 3 that international comparisons do not suggest that greater expenditure automatically leads to better health in those countries considered, and it is at least arguable that the improvement in the health of the nation would be greater if extra resources were, for example, devoted to better housing. 21.8 There are also the questions of whether the NHS is making the best possible use of existing resources and the extent to which additional funds would be used to benefit patients directly or to increase the salaries and wages of NHS workers. We consider that NHS gives good value for money, but there is still considerable room for improvement. Regional Administrators in England told us: "The National Health Service has become accustomed throughout the 25 years preceding reorganisation to the prospect of continual growth in the financial resources available to it. Though agreeable, the result has been to allow slack management, with no incentive to examine obsolete patterns of spending, or to develop a coherent plan for the future." 'See also Table 3.6. mund 7615 334

studies we commissioned and by much unofficial and official published material. The government's priorities document, "The Way Forward", for example, contains an interesting appendix listing ways in which resources could be more efficiently used. It is essential that a service which spends three quarters of its budget on manpower should make efficient use of its labour force.

- 21.9 Figure 21.1 indicates that many of those countries which devoted a greater share of their resources to health services in 1974 were richer than the UK. They could better afford to spend more on health care both absolutely and relative to their gross domestic product. The relatively slower rate of growth of the UK economy since 1974 compared with many developed countries will tend to widen the gap in health spending.
- 21.10 We naturally accept that the resources the nation devotes directly to health care must stand in competition with other claimants on the public and private purse, particularly when those claimants may well contribute themselves to the good health of the nation. Nor have we any evidence to suggest that the NHS has fared badly in this competition. But this does not mean that we are satisfied with the nation's present level of expenditure no thoughtful person could be and indeed our recommendations would, if adopted, add significantly to NHS expenditure. The national income is growing, if relatively slowly, and it is right that as it does, more resources should be devoted to the care of the nation's health.
- 21.11 But we should sound two notes of caution. The first is that spending more on the NHS will not make us proportionately healthier or live proportionately longer, though it may improve the comfort and quality of life of patients or the pay and conditions of staff. The other is that whatever the expenditure on health care, demand is likely to rise to meet and exceed it. To believe that one can satisfy the demand for health care is illusory, and that is something that all of us, patients and providers alike, must accept in our thinking about the NHS.

Methods of Financing the NHS

- 21.12 The NHS is funded almost entirely by the Exchequer. In 1978/9, 88% of NHS finance was raised through general taxation, 9.5% from NHS national insurance contributions, 2% from prescriptions and other charges, and the balance from other sources such as sale of land and port health charges. The proportion of finance from general taxation has risen since the early 1960s, while the importance of both the NHS insurance contribution and revenue from charges has declined. At no stage has less than 94% of NHS expenditure been raised from general taxation and NHS insurance contributions.
- 21.13 We received several proposals for changing the arrangements for financing the NHS. Their purpose was either to supplement the Exchequer contributions, or to replace it with a system which might encourage more

¹Department of Health and Social Security, The Way Forward: Priorities in the Health and Social Services, London, HMSO, 1977, Appendix III, pages 35-42.



1.	Tetel	MES	Staff	(WTE)
1 6	St. 30 F St.	n non afrantitions	THE PERSON NAMED IN COLUMN TWO	The Board of the San St.

Collins for many tables on Open participation on a profit on an angel (to all community of the Collins of the C	1961	1971	1976	1979	1981
Told	51,149	67186	111372	115782	122106
Actual Manpower Increase of	vor 1961:m	16037	60223	64633	70957
	4 17	31%	117%	126%	138%
1%					6
2. Total RHS Mursing Sta	eff (WIE)				-
^/	1961	1971	1976	1979	1981
Nusing Staff	26960	37983	53405	56037	61010
% of all HHS Staff	52.71%	56.53%	47.95%	48.40%	49.96%
3. Total Other NHS Staf	f (MIE)			*	1091
	1961	1971	1976	1979	1981
Admin and Clerical _	2426	3688	12690	12950 -	13456
Ancillary	17598	21875	26878	27282	27339
Ambulance Staff	646	1100	1534	1758	1818
	3519	2540	2525	2703	2836
Kaintenance		Maint above)	682	779	851
Works	\$40.0000 mpmelCOM	Autographic well-fills	44700	45472	46300
Total	24189	29203	44309	47412	FOR THE STATE OF
4. (a) Av. No Available Beds					
ent/aprintered/myres configurations	1961	1971	1976	1979	1981
	63811	63073	62843	61053	60706
(b) Av. No Occupi	1				
(D) 110 110 00000	1961	1971	1976	1979	1981
	53259	52439	50191	48731	48419
	13237				2
5. Patient Activity (In Patient Discharges)					
	1961	1971	1976	1979	1981
	574266	727601	709056	735446	774246
	*)				

1.0	7				
6. Hal Staff Per Bed	1	//			
	1961	1971	1976	1979	1981
	1.25	0.94	0.56	0.53	0.50
7. Total MRS Steff/Patie	ent Discharge	8			
Norman symple (Stylenger over 1944) (Stylenger 1944) if a common	1961	1971	1976	1979	1981
	0.09	0.09	0.16	0.16	0.16
8. Hospital Waiting Lia	t ,				
Bath server graph (Cu. Ancres (Registrative College) (College)	1961	1971	1976	1979	1981
	x N.A.	48066	53381	70970	67180
Actual Numerical Increase	over 1971:-		5315	22904	19114
% Increase over 1971:-		17.05%	47.65%	39.77%	
9. Total Cost of NHS (S	cotland)				Real Terms
Appropriation Year A/c Net	NHS Conts	Dept Admin	PSA Capital	Total Cost (Outturn)	Growth 1971-72 = 100
1971-72 235.3	20.7	-	~	256.0	**
1976-77 609.6	54.0	3.3	0.4	667.3	126.2
1979-80 940-5	79.0	3.4	1.2	1024.1	133.4
1981-82 1373.0	113.3	6.9	2.0	1495.2	139.0
(provisional)			1		
10. Cost of nurses pay Cost of nurses pay	1979-80 1981-82 (est	£262r			

1

11. Cost of Administrative and Clerical only pay 1979-80 £54M Cost of Administrative and Clerical only pay 1981-82 (est) £80M.

N.B.i. Costs for all aspects of the pay bill prior to 1977 not held.

ii. Constant price figures for individual pay groups are not available as our records are not compiled in this fashion.

Scottish Office 27 August 1982



vice of the chief insurance officer on eligibility of community service volunteers for invalid care allowance; and if he will make a statement.

Mr. Rossi: I understand that in certain such cases referred to him, the chief insurance officer has drawn attention to the published Commissioner's decisions R(P)3/52, R(P)1/65 and R(P)4/68 and has suggested that these point to the conclusion that the volunteers concerned were gainfully employed and receiving payment in excess of £6 a week, which is the current earnings limit for invalid care allowance. It is, of course, open to any claimant who is dissatisfied with the insurance officer's decision to appeal to the local tribunal.

Management Information and Accounting System

Mr. Eggar asked the Secretary of State for Social Services which Minister in his Department is responsible for management information and accounting within his Department.

Mr. Fowler: I am.

Cigarette Advertising

Sir Peter Mills asked the Secretary of State for Social Services if he will introduce legislation to ban all cigarette advertising on home video cassettes.

Mr. Kenneth Clarke: I refer my hon. Friend to my hon. Friend's reply to the hon. Member for Wolverhampton, North-East (Mrs. Short) on 15 July—[Vol. 27, c. 457.]

Nurses

Mr. Pavitt asked the Secretary of State for Social Services if he will take steps to ensure that qualified nurses working within the family practitioner service will be employed by the district health authority in common with other nurses.

Mr. Kenneth Clarke: I shall let the hon. Member have a reply as soon as possible.

Fluoridation

Mr. Arthur Lewis asked the Secretary of State for Social Services whether, in the light of the answer to the hon. Member for Newham, North-West on 1 July, Official Report, c. 385, giving the total sums allocated to the Fluoridation Society for the period 1974 to 1983 as £65,000 and the answer on 27 July, Official Report, c. 485, giving the figure of £71,000 for the same period, he will take steps to improve the general accounting efficiency of his Department.

Mr. Kenneth Clarke: I shall let the hon. Member have a reply as soon as possible.

New Cross Dental School

Mrs. Dunwoody asked the Secretary of State for Social Services (1) whether he will inform the committee of management at New Cross Dental School that it has authorisation to offer the staff section XXXIX of the General Whitley Council Conditions of Service;

(2) whether, in view of the fact that clinical tutors and dental therapists must by law work in the National Health. Service, he will authorise the committee of management at New Cross Dental School to waive the part of section XXV of the General Whitley Council Conditions of Service, which specify that redundancy pay is not allowed if an employee is re-employed by the National Health Service.

Mr. Kenneth Clarke: I shall let the hon. Member have a reply as soon as possible.

Geriatric Patients, Mentally III and Mentally Handicapped Persons

Mr. Hordern asked the Secretary of State for Social Services (1) if he will publish a table showing the number of geriatric patients in hospital in England and Wales in 1952, 1962, 1972 and in each of the most recent five years to the latest convenient date, and the proportion that such patients bore to the total number in hospital in each of these years;

(2) how many people were held in homes and institutions for the mentally ill and mentally handicapped in 1952, 1962, 1972, and in each of the most recent five years to the latest convenient date.

Mr. Kenneth Clarke: I shall let my hon. Friend have a reply as soon as possible

National Health Service (Expenditure)

Mr. Montgomery asked the Secretary of State for Social Services if he will make a statement on National Health Service expenditure and on the outcome of the study of sources of finance for health care.

Mr. Fowler: Between 1978-79 and 1981-82 the Government provided for increases in National Health Service services of 5 per cent. There should be some further growth in services this year. The Government have no plans to change the present system of financing the National Health Service largely from taxation, and will continue to review the scope for introducing more cost-consciousness and consumer choice and for increasing private provision which is already expanding.

Pensions

Mr. Whitehead asked the Secretary of State for Social Services what would be the saving to the Exchequer of raising the female pensionable age to 61, 62, 63, 64 and 65 years, respectively.

Mr. Rossi [pursuant to his reply, 9 November 1981, c. 20-1]: On a set of assumptions designed to complement those made for the central estimates for lowering male pension age, given in reply to my hon. Friend the Member for Horsham and Crawley (Mr. Hordern) on 19 November 1981—[Vol. 13, c. 230-1]—it is estimated that the net savings to central Government funds for a full year from raising pension age for women would be of the following order:

Raising pension age	Saving £ million
to	
65	400
64	350
63 62	300
62	250
61	150