

SECRET



P105 S23
NATIONAL HEALTH

10 DOWNING STREET

From the Private Secretary

30 November, 1982

Long Term Pay Arrangements in the National Health Service

The Prime Minister has seen the monitoring report on public service pay, circulated under cover of E(PSP)(82)24, which recorded that your Secretary of State would be putting proposals to colleagues in due course on the details of the proposed review body for nurses, etc. and on possible long term arrangements for other NHS groups.

The Prime Minister is most concerned that Ministers should have considered the Secretary of State's proposals carefully before they are put to the professional groups and the trades unions, since some aspects, such as precisely which groups might be within the terms of reference of the proposed new review body, are likely to raise considerable difficulties. The Prime Minister recalls that at its meeting on 4 November the Cabinet invited the Secretary of State to put proposals urgently on these questions to the Ministerial Sub-Committee on Public Service Pay. She recognises that the Secretary of State may not wish to do so until it is clear that the pay offers have been accepted. I understand that the consultations on this ought to be completed by 14-15 December. Decisions on the proposals to be put forward as a basis for consultation may, however, be required soon after that, and before Ministers can take these decisions, their implications will need to have been fully explored.

The Prime Minister would therefore like the Secretary of State to arrange for his proposals to be discussed by the Official Committee on Public Service Pay in the very near future. Some aspects of these proposals will clearly be particularly sensitive, and I shall therefore be getting in touch with the Chairman of the Official Committee to ensure that arrangements are made, as has been done in the past, for the papers to be given a specially restricted circulation.

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I am sending copies of this letter to John Kerr (Treasury),
Barnaby Shaw (Employment) and Sir Robert Armstrong.

M. C. SCHOLAR

D. J. Clark, Esq.,
Department of Health and Social Security

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Prime Minister

14. (1)

There is clearly a risk

P.0900

MR SCHOLAR

Yes

of a pre-Christmas rush at these decisions. Against that is the risk of a leak. Agree I write as

LONG TERM PAY ARRANGEMENTS FOR THE NATIONAL HEALTH SERVICE Mr Gregson suggests?

No doubt you will be putting to the Prime Minister the monitoring report which was circulated to the Ministerial Sub-Committee on Public Service Pay on Friday evening. As you will see, it records that the Secretary of State for Social Services will be putting proposals to the Sub-Committee in due course on the details of the proposed review body for nurses and certain related groups and also on both the handling of the Government's offer to the other NHS groups to hold discussions on possible long-term pay arrangements and on broadly what sort of arrangements the Government might find acceptable.

2. At its meeting on 4 November (CC(82)47th Conclusions, Minute 4) the Cabinet invited the Secretary of State for Social Services to put proposals on the nurses' review body urgently to E(PSP). However, I understand that his present intention is not to do so until the results are known of the consultations on the pay offer which are now being undertaken by the trades unions and professional bodies. These will be completed by 14/15 December. He is particularly concerned that the outcome of these consultations could be seriously prejudiced by any leak of the Government's detailed proposals for the new review body. Meanwhile he is unwilling to allow his officials to discuss the problems with other departments.

3. There are certainly areas where leaks could prove very damaging. For example, the question of whether the terms of reference of the review body should include nursing auxiliaries (who comprise some 25 per cent of total nursing manpower) is a matter of considerable contention between the Royal College of Nursing and the trades unions; another likely area of major difficulty is the fact that the Government does not intend that the review body should begin by recommending substantial "catching up" increases, which so far has been referred to only very obliquely in public. The timetable for collective discussion of these issues will therefore require careful consideration.



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4. On the other hand, the Government will no doubt be expected to initiate consultations on the details of the review body very soon after a pay settlement is concluded in mid-December. In doing so it will be expected to make clear its views on the most contentious issues; indeed, it can hardly avoid doing so. Yet the Government's proposals on these points will have to be carefully prepared. There is a risk that the Secretary of State for Social Services may seek quick decisions on these matters just before or just after Christmas, when there has been no opportunity to examine their implications properly.

5. The best approach might therefore be for the Official Committee on Public Service Pay, which I chair, to consider these questions at an early date. To minimise the risks of leaks we would ensure that papers were circulated only to those who really need to see them, as we have done in the case of police pay. A discussion of this sort at official level would at least ensure that Ministers could be comprehensively briefed if the Secretary of State were to seek decisions from them at short notice.

6. Subject to the Prime Minister's views, I attach the draft of a letter for you to send to the Department of Health and Social Security suggesting this way of proceeding.

PLG

P L GREGSON

29 November 1982

A type

DRAFT LETTER FOR MR SCHOLAR TO SEND TO MR D CLARK, DHSS

LONG TERM PAY ARRANGEMENTS IN THE NATIONAL HEALTH SERVICE

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Prot. Health
Prime Minister

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PRIME MINISTER

Mus 15/11

NHS PAY

Following 6 days of talks I am pleased to report that the Health Services Committee of the TUC has, in their own words, "unanimously concluded that [our] proposals represent the maximum that could be secured through negotiation". The Committee does not have authority to reach a settlement - this requires consultation within each union - and they will now set about this process. It may take several weeks.

Our expectation is that although the unions may not be unanimous in accepting our proposals - NUPE in particular is likely to dissent - the Committee will in due course accept on behalf of all the unions. It has been made clear to them that the Government will not authorise Management Sides to make revised offers unless and until they confirm that they are ready to resume negotiations in the Whitley Councils within our financial framework and to recommend a resumption of normal working. Our proposal was explicitly "without prejudice".

This is very considerable progress. I will continue to keep you and other colleagues informed of developments. Meanwhile it is important during the next few weeks that we should do what we can to promote an atmosphere that will be conducive to acceptance of our proposals. It will be best to keep comment to the minimum and addressed so far as possible to the public benefit of an early settlement.

I am sending copies of this minute to Cabinet colleagues and to Sir Robert Armstrong.



12 November 1982

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PRIME MINISTER

NHS DISPUTE: PROGRESS REPORT

Norman Fowler's Private Secretary tells me that the 4½ per cent was duly made at the Nurses and Midwives Whitley Council this afternoon. The Staff Side have taken it away for consultation.

The talks with the TUC and affiliated unions adjourned and will resume again tomorrow at 2 p.m. Tomorrow afternoon is likely to be the crunch time when the extra 4½ per cent will be deployed. Mr. Fowler is at the moment thinking of announcing the 4½ per cent for ancillaries, not to the House but to the press. I suggested that they think again about this.

MCS.

9 November 1982