

**DEPARTMENT OF HEALTH & SOCIAL SECURITY**

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

12 August 1983

Dear Chancellor,

E(PSP) at their meeting on 7 July agreed that the Minister for Health should meet the trade unions for a discussion about pay determination arrangements in the NHS for staff groups whose pay has not been referred to a Review Body, and asked me to report to them on the outcome.

Discussions have now taken place, and have progressed satisfactorily. It appears that, in the aftermath of the general election, the trade unions' expectations are considerably more realistic than they were, and that, for example, a pay determination system based solely or mainly on comparability is not seen as attainable.

The main outcome of the discussions so far is that the trade unions have decided that it would be useful for them to have an early meeting with me in order to give me their views as to the global amount in respect of pay which should be included in next year's cash limit for the NHS. They are likely also to have views to express about the pay problems of particular staff groups - which, implicitly or explicitly, will bear on the distribution of the total sum. All this is acceptable, and I could not in any event have rejected a proposal for such a meeting.

There are also been some discussion about the provision for Whitley Councils of the data from the NHS which are relevant to pay negotiations - staff numbers, pay bill, staff recruitment and turnover etc. This is to be pursued further, and the trade unions may have ideas - which we shall scrutinise with care - about the amplification of such data. I think that they may also wish to talk about the handling of national disputes - though here again my impression is that their objectives are relatively modest and that they realise, for example, that unilateral arbitration is not available.

The discussions have been low key, and have attracted almost no public attention. I foresee one or two further meetings after the holidays, probably to a relatively slow timetable. Unless there is a sudden

E. R.

change of climate - and I see no reason to expect it - they seem like to follow the same pattern of quiet discussion of issues which are not calculated to lead to confrontation. I will keep colleagues in touch with developments.

I am sending copies of this letter to the Prime Minister, other members of E(PSP), the Secretaries of State for Northern Ireland, Scotland and Wales, and to Sir Robert Armstrong.

Yours sincerely,

C A H Phillips

C A H PHILLIPS
Private Secretary
(approved by the
Secretary of State
and signed on his
behalf)

CONFIDENTIAL



VCC NO

Treasury Chambers, Parliament Street, SW1P 3AG

Secretary of State for Social Services
DHSS
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

18 August 1983

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19/8

Dear Secretary of State.

NHS PAY DETERMINATION

In Nigel Lawson's absence I am replying to your letter of 12 August about your discussions with the NHS unions on future pay determination arrangements.

I agree that the outcome recorded in your letter is satisfactory. As you say, we shall need to watch any proposals for the amplification of data relevant to pay negotiations.

I see no harm in a meeting at which the unions can give you their views on the provision for pay in next year's NHS cash limit. On the timing, you will wish to bear in mind that the provision for pay in public expenditure is due to be discussed in Cabinet on 15 September, and I would expect an announcement immediately thereafter. Any representations on the subject would clearly need to be made a little before that if they were not to be obviously futile.

I am copying this letter to the Prime Minister, other members of E(PSP), the Secretary of State for Northern Ireland, Scotland and Wales, and to Sir Robert Armstrong.

Yours sincerely

Nicholas Ridley
PP NICHOLAS RIDLEY

*seen and approved by the
Financial Secretary, signed in
his absence on his behalf.*

19 AUG 1983

NHS pay Pt 2

