



10/35

Prime Minister²

This all looks rather thin, but I have nothing else to suggest.

PRIME MINISTER

NURSING IN LONDON STUDY

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I minuted you on 25 July about the Nursing in London Study, which is now virtually complete. In response you agreed that the Government must be in a position to respond to the report at the same time as it is published.

Given the nature of the findings, an adequate Government response must deal with pay and accommodation.

Pay

The problem of recruitment and retention are by no means confined to nurses. My original thought was therefore to authorise a substantial increase in London Weighting, with changes in the system which would favour nurses. Preferential treatment for nurses would, however, be difficult to negotiate and in any case our recruitment and retention problems do not wholly correlate with London Weighting boundaries. I am therefore considering the alternative of asking the Review Body to make geographically differentiated recommendations. This would be consistent with our wider plans for introducing geographical differentiation into NHS pay. It would have a similar effect in practice to putting London Weighting for nurses and professions allied to medicine within the Review Body's remit - a course which is being examined by a Treasury-led working party, but which might not be to our advantage because of the danger of repercussions.

Accommodation

My officials are currently negotiating with one of the major Building Societies on the possibility of a special mortgage scheme which would enable junior NHS staff in the South East to buy into the ordinary housing market which is quite out of their reach at

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present. This is commercially highly sensitive. The negotiations look promising, but we cannot yet be certain of success. Some NHS money is likely to be needed in the form of loans to staff to help with starting costs (eg fees, insurance).

If successful, this scheme would be a key element in an accommodation policy which basically offered nurses the opportunity of rented NHS accommodation during and for a period after training, and then enabled them to move into the private market. The attractiveness of this policy would be greatly enhanced by a programme of adaptation and upgrading of NHS accommodation. A programme has been drawn up but it will have to compete against other priorities for resources.

Other initiatives

I am planning a major publicity campaign backed by necessary managerial action to improve the image of the NHS as an employer, and particularly to attract nurses in the South East back to work. We are having some success in enlisting the support of the nursing profession and the nursing press in this campaign, though we risk losing it if our handling of this year's Review Body evidence and recommendations is seen by the profession as unduly aggressive. All being well, the profession's collaboration in this campaign should have the desirable side-effect of moderating the excesses of their last year's media campaign over pay.

The NHS Management Board has asked health authorities to consider a range of changes in managerial practices designed to improve the recruitment, retention, re-entry and effective utilisation of staff. They are following these up vigorously through our formal processes for reviewing authorities' performance.

Consultations have just ended on the profession's proposals ("Project 2000") for fundamental changes in nurse training. These are part of a wider move to secure greater flexibility in the training and use of NHS professional staff, which will incur a mounting training bill. The Government will have to respond to them during the next few months, probably early in 1988. Considerable goodwill is at stake. Although the proposals are

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largely sensible in themselves, they have significant resource implications. Our response will therefore not be easy.

Timing

Written evidence to the Review Body is due early in December. Changes flowing from its recommendations cannot of course be effective until mid-1988.

My aim is to announce the new accommodation policy as soon as we get agreement on the mortgage scheme, I hope by the end of November. I would want to publish the Nursing in London Study then or soon after.

Funding

The above initiatives are substantial and important. Even so they will do no more than alleviate the problems of recruiting and retaining nurses, which will increase over the next few years as the number of school leavers declines and competition from other employers increases. Nearly all the initiatives need some degree of Government or NHS funding. I shall have considerable difficulties in finding the necessary funds within the very tight public expenditure totals which I have agreed with John Major. I have assented to those totals in the interests of wider Government policy on public expenditure, and I shall of course use the money to best effect. They will, however, constrain my ability to tackle this and other NHS problems as effectively as I would want.



30 October 1987

J M

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