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20 April 1988

CABINET

REVIEW BODY REPORTS 1988

Note by the Secretary of the Cabinet

The Prime Minister has now received all the reports from the Review Bodies. They have recommended the following increases from 1 April 1988:

Review Body Reports	Average Increase %	Range of Increase %	UK Public Expenditure Cost m
Nurses and Midwives and Health Visitors	13.3	4.2-33.6	803
Professions Allied to Medicine	8.8	7.6-9.5	45
Clinical Academics (Consequence of DDRB)	8.1	8.1	7
Doctors and Dentists	7.9	7.3-8.1	318
Armed Forces	6.4	2.5-7.3	232
Top Salaries			
Civil Service	5.4	5.2-5.5	1.5
Senior Armed Forces	5.4	5.2-5.5	0.5
Judiciary	7.4	5.5-11.9 (i)	3.5

2. The Government has said that it will accept Review Body recommendations unless there are clear and compelling reasons for not doing so. The Review Bodies themselves say they have taken account of general economic circumstances as well as outside pay movements and problems of recruitment and retention. Their recommendations compare with:

(i) Most fall within this range, although in six cases the increase will be 23.7 per cent.

- a. An average level of settlements for the whole economy so far (covering a quarter of employees) of about 7.5 per cent (dominated by the local authority manuals' settlement of 10.7 per cent). In the private sector it is 5.75 per cent.
- b. A recommendation in the report by the Interim Advisory Committee on School Teachers' Pay and Conditions, which has just been published, for increases totalling 4.7 per cent, in addition to increments and an incentive allowance agreed as part of last year's settlement.
- c. A year-on-year increase in underlying average earnings for the whole economy of 8.5 per cent in February.
- d. A year-on-year increase in the Retail Price Index of 3.5 per cent and in the Tax and Price Index of 1.5 per cent in March.

3. The recommendation of the Review Body for Nursing Staff, Midwives and Health Visitors (NRB) includes the implementation of a new grading structure for nurses involved directly in patient care. The intention is to introduce this new structure by 31 October. The new rates would be paid from the date the new structure is introduced but would then be backdated to 1 April. All nurses would however receive immediate payments on account of 4 per cent. The pay increases obtained by individuals would depend on the grades in the new structure to which they were assimilated, and would vary widely. Some nurses would get increases of up to about 60 per cent. The report mentions the possibility that a handful could suffer a small pay cut of 1.9 per cent but management action could be taken to ensure that no nurse got less than a 4 per cent increase.

#### PROPOSALS

4. Ministers directly concerned have considered what the response of the Government should be to the Review Body reports, and have reached the following conclusions and recommendations, for consideration by the Cabinet.

5. The recommendations of the Review Body on Nurses, Midwives and Health Visitors should be accepted in full, on the basis described in paragraph 3. The recommendations of the Review Bodies on the Professions allied to Medicine, Doctors and Dentists and Armed Forces should be accepted in full with effect from 1 April.

6. As to financing, the cost of the awards to the NHS groups in excess of the provision already made should be met from the Reserve. This means providing an extra £749 million in total: £683 million would be added to health authority cash limits and £66 million to the provision for the Family Practitioner Services. Allowing also for the increases already announced, it is now estimated that NHS provision for 1988-89 would exceed that for 1987-88 by £1,953 million.

7. The Treasury propose that the pay of clinical academics should be settled in line with the Doctors and Dentists Review Body report, and that the extra cost of between £3 million and £4 million should be a claim on the Reserve for 1988-89. This would be announced by the Department of Education and Science as soon as possible, probably on 22 April.

8. The cost of the Armed Forces award should be met from within current provision for this year.

9. As to the Top Salaries Review Body (TSRB) groups, Ministers have had regard to pay negotiations for the rest of the Civil Service. No single figure is being applied across the Service this year but the common feature of all negotiations, other than for the support grades, is an increase of 4 per cent on existing rates from 1 April. Some groups in the Civil Service will receive further increases later in the year, but Ministers concluded that to pay TSRB groups increases in excess of 4 per cent from 1 April would undermine the Government's stance in the Civil Service pay negotiations. They therefore reached the view that the TSRB award should be staged with all the groups concerned being paid an extra 4 per cent from 1 April and the remainder of the award from 1 October. The cost of the TSRB increases would be met from current provision.

10. Ministers also thought that it should be right to accept the TSRB recommendations that Northern Ireland County Court judges should be paid as if they were in Group 5 rather than Group 6 so long as they are required to do significantly different work from that of their counterparts elsewhere in the United Kingdom. The additional cost would be about £108,000 and add 0.2 per cent to the judicial pay bill.

11. Following practice since 1984, pension will follow salary rates in payment.

#### REVIEW OF MPS' PENSIONS ETC

12. The TSRB has submitted to the Lord President of the Council a separate report on MPs' pensions, severance pay for Ministers and the pensions of the Prime Minister, Lord Chancellor and Speaker. This is being dealt with separately, and the report will not be published until later.

#### ANNOUNCEMENT

13. There have been press reports that the Review Body reports have now been received. Ministers consider that there is a strong case for announcing the Government's decisions quickly so as to avoid uncertainty and speculation. Decisions on Review Body reports have generally been announced by way of a Written Answer to an arranged Parliamentary Question. Arrangements have been made to put down a Written Question for answer tomorrow, Thursday 21 April. If the Cabinet approve the proposals described in this note, the Prime Minister will announce the decisions in an Answer on the lines of the draft attached, which will become public at 4.00 pm tomorrow afternoon. No Parliamentary procedure is required.

except that an Order subject to Affirmative Resolution will be needed to maintain the differential between the Lord Chancellor's salary and the Lord Chief Justice's salary.

ROBIN BUTLER

Cabinet Office

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ROBIN BUTLER

Cabinet Office

20 April 1988



Draft Question

To ask the Prime Minister when she expects to make a statement on the latest reports of the pay review bodies.

Draft Reply

The 1988 reports of the Review Bodies on the pay of Nursing Staff, Midwives and Health Visitors, and Professions Allied to Medicine, the Doctors and Dentists, and the Armed Forces, and of the Top Salaries Review Body, have been published today. Copies are now available in the Vote Office. The Government are grateful to members of the review bodies for these reports and the time and care which they have put into their preparation.

The following table shows the increases in pay rates recommended by the review bodies, and their cost:

Review Body Reports	Average increase per cent	Range of increase percent	Cost <sup>(1)</sup> £ million
Nurses, midwives and health visitors	15.3	4.2-33.6 <sup>(2)</sup>	803
Professions allied to medicine	8.8	7.6-9.5	45
Doctors and dentists	7.9	7.3-8.1	318
Armed forces	6.4	2.5-7.3	232
Top Salaries			
Senior civil servants and senior officers of the armed forces	5.4	5.2-5.5 )	5.5
Judiciary	7.4	5.3-11.9 <sup>(3)</sup> )	

(1) UK public expenditure cost including employers' national insurance and superannuation contributions, where appropriate. Figures include cost of additional payments to staff working in the London area, where appropriate.

(2) The recommendations include implementation of a new clinical grading structure. Most increases fall within the range shown. Increases could be up to 60 per cent for some nurses. No nurses will receive less than 4 per cent.

(3) Most increases fall within the range shown, although in six cases the increase will be 23.7 per cent. The upper end of the range reflects structural changes for certain groups.

The increases recommended for nursing staff, midwives and health visitors include implementation in the Autumn of a radical new grading structure to provide more attractive career prospects and proper recognition of qualifications, skills and responsibilities for staff directly involved in patient care. The Review Body's recommendations are on the basis that there should be an immediate interim payment of 4 per cent from 1 April 1988 and that once the new structure has been introduced, consequential pay increases would be backdated to 1 April.

The Government have decided to accept in full the Review Body's recommendations on nursing staff, midwives and health visitors. They have also decided that the increases recommended by the Review Bodies on the pay of Professions Allied to Medicine, Doctors and Dentists and the Armed Forces should be paid in full from 1 April 1988. The recommendations of the Top Salaries Review Body will be implemented as to 4 per cent from 1 April 1988, with the balance from 1 October 1988.

The full cost of the awards for the Armed Forces Pay Review Body and Top Salaries Review Body groups will be met from within existing public expenditure programme totals for this year. In the case of the health services the Government recognise that this could not be done without adversely affecting services to patients. They have therefore decided that the cost for the health service groups in excess of the allocation already made for this year should be met from the Reserve. They will provide an extra £749 million from the Reserve within the planned total of public expenditure for this year, of which £683 million will be added to health authority cash limits. The remaining £66 million is for the Family Practitioner Services. Together with the increases in allocation already announced, the increase in provision for the National Health Service in 1988-89 over 1987-88 will therefore be £1,953 million.

The pay rates and scales resulting from the decisions will be promulgated as soon as possible for all the groups concerned. Pensions will be based on the salaries actually in payment in accordance with the principle set out in my Written Answer of 13 April 1984, at column 383.