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Prime Minister 2
SG (Duty Clerk)
31/3/82.

PRIME MINISTER

NURSES

You might like a report on my meeting on Monday with the Staff Side of the Nurses' and Midwives Whitley Council, at which they pressed me to increase the amount of money available for nurses' pay.

I made clear that such an increase was out of the question, and that the money that had been made available for pay increases in the NHS, together with the extra £63 million provided specially for nurses, represented the absolute limit of what the Government believed the country could afford. I also made the point that the Government had provided additional resources for the National Health Service in real terms and thus enabled the number of nurses to increase by 34,000 in the last two and a half years.

The Staff Side argued that the offer of 6.4 per cent fell far short of their claim of 12 per cent to keep pace with inflation, and that it would do little to improve the position of many low-paid staff. They put their arguments in a low-key, moderate way, and this tone appears to have been reflected in statements made to the press after the meeting by David Williams, the Staff Side Chairman. It is difficult to predict how matters will now go; but it may be significant that David Williams has said he is not advocating industrial action now, and that the Staff Side has not called off its negotiations with the Management Side. The next meeting of the Whitley Council is Tuesday 6 April, and I think we must await the outcome of that meeting before deciding what further steps to take.

At Cabinet last week I undertook to provide some general briefing on nurses' pay for colleagues. I attach a background note together with a table which provides information about career expectations and pay for the main nursing grades.

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

31 March 1982

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NURSES' PAY: BACKGROUND BRIEF

1982 Pay Round

1. The Government announced on 8 March that, while it believed that pay rises of 4 per cent were generally appropriate for the NHS, it had made available an additional £63 million for the pay of nurses and midwives. This extra money was in recognition of the special circumstances of nurses, whose continued recruitment and retention is essential in maintaining patient care.

2. As a result, the Management Side of the Nurses and Midwives Whitley Council - the nurses' negotiating forum - made an offer to the Staff Side representing an increase of 6.4 per cent on the current nursing paybill. Within that overall increase, the Management Side's offer sought to strengthen the position of the clinical and tutorial grades. All grades were offered an increase of 4 per cent in basic pay. For clinical and tutorial staff, the total increases in incremental scales would amount to:

GRADE	MIN %	MAX
Nursing Auxiliary	5.5	8.9
Students/Pupils	5.4	5.3
Enrolled Nurse	5.2	7.9
Staff Nurse	6.1	9.5
Ward Sister	5.1	8.7
Nursing Officer 1	4.0	7.4
Tutor	7.9	7.3
Director of Nurse Education 1	4.0	6.9

and as structured are weighted in favour of the most experienced staff although this may be changed following further negotiations in the Whitley Council.

3. The Staff Side of the Whitley Council have claimed that the 6.4 per cent on offer is inadequate and met the Secretary of State for Social Services on 29 March. At that meeting the Secretary of State pointed out that the Government were making extra resources available for nurses' pay this year to provide an additional 2.4 per cent for nurses on top of the 4 per cent pay factor. This was a substantial improvement and was a tangible sign of the Government's commitment to nurses.

Nurses' Pay in the Future

4. The Government is also seeking to develop new permanent arrangements for nurses' pay to avoid the annual difficulties of the past. It has therefore begun discussions with both Sides of the Whitley Council about how matters can be taken forward.

Lodging Charges

5. The Nurses and Midwives Whitley Council have an agreement whereby realistic lodging charges for those nurses who live in hospital are to be phased-in gradually up to 1984. The revised charges for 1982 have not yet been agreed by the Whitley Council; when agreed they will still be below the cost of providing accommodation.

6. The Whitley Council has agreed that the charges should be reduced for those living in accommodation which does not meet the agreed standards, as well as for students, pupils and all other staff under 21.

7. It is estimated that only some 10 per cent of nurses live in. Of these, a substantial number will be eligible for automatic reductions because of their age.

Nurses and Midwives Pay

8. Pay for NHS staff amounts to about 75 per cent of hospital and community health service current expenditure. This expenditure rose from £4.4 billion in 1978/79 to £8.2 billion in 1982/83 - England only - an increase of 5.8 per cent after taking account of inflation.

9. Movement in nurses' paybill since this Government came into office:

			Movement represented by settlement	£m
March 1979: paybill =				1,450
Settlements effective from:				
April 1979	-	Annual settlement (reached in July 1979) and reference to Clegg Commission	9%	
August 1979	-	1st stage) Clegg award	22%	
April 1980	-	2nd stage)		
April 1980	-	Annual settlement	14%	
April 1980	-	Reduction in working week from 40 - 37½ hours	6½%	
April 1981	-	Annual settlement	6%	
March 1982: paybill =				2,646

Increase in total paybill in cash terms is 82 per cent (1979-1982): most of this has gone into pay; the rest in employing extra nurses.

Numbers

10. Nurses have greater job security than many other occupational groups. Their numbers rose by 34,000 (in England) between 1979 and 1981. There are currently 479,000 nurses in Great Britain. (Both figures are in whole-time equivalents.)

Hours

11. The Government funded a 2½ hour reduction in the nurses' working week (equivalent to 6½ per cent on basic pay) in 1980/81 - a reduction from 40 to 37½ hours per week.

Career Expectations and Pay for Main Nursing Grades - see attached table.

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TYPICAL CLINICAL CAREER STRUCTURE FOR A NURSE WHO HAS NO BREAK IN SERVICE

Age	Grade	Pay (from 1 April 1981) Basic pay Ø	Average earnings* % over basic	Average earnings* Total £	% increase in basic pay for the grade 31.3.79-1.4.81 //	Number (WTE)+ in grade
18	Nursing Auxiliary (failed cadets or others with no career in mind)	3,729	20.1	4,479	49	116,300
18	Student 1st year	3,290	10.5	3,636	53	58,170
21	" 3rd year	3,593	10.5	3,971	53	
21	Staff Nurse - on qualification	4,450	16.8	5,197	60	79,940
26	" " - after 5 years	5,426	16.8	6,337	60	
26	Ward Sister - on promotion from Staff Nurse	5,891	14.1	6,724	63	78,700
32	" " - maximum of scale (after 6 years)	7,215	14.1	8,235	63	
30-40	Promotion to NO.II	7,551	12.0	8,454	56	20,170
	Promotion above this level is slow and career prospects rather restricted: in terms of pay and numbers of posts these are:					
55	NO I	7,702	5.95	8,160	57	3,260
35 - for	SNO II	8,155	3.00	8,401	57	2,540
40	Div NO	11,018	-	11,018	72	730
40	Director of Nurse Education	11,973	-	11,973	72	190
45	District NO	15,982	-	15,982	59-79	200
over 40	Regional NO	21,073	-	21,073	68-99	14

// Between April 1979 and April 1981 - when the current pay scales were agreed - the RPI increased by 36 per cent.

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* Average earnings include basic pay plus:

for Grades Staff Nurse - Senior Nursing Officer inclusive: Night duty and other unsocial hours.

for Grades Staff Nurse - Nursing Officer inclusive: also overtime and other unsocial hours.

In addition certain fixed-rate enhancements apply to staff working in specialist departments, geriatric, psychiatric units, etc.

\+ WTE = Whole time equivalents - all full-time staff plus the equivalent in full-time terms of all part-time staff Appropriate to Great Britain - figures as at 30 September 1981. These estimated figures represent only the main grades: WTE of all nursing and midwifery staff = 479,000.

Ø Basic pay for 1979 is related to a 40 hour week, for 1981 to a 37½ hour week.