DEPARTMENT OF HEALTH & SOCIAL SECURITY Alexander Fleming House, Elephant & Castle, London SEI 6BY Telephone 01-407 5522 From the Secretary of State for Social Services The Rt Hon Sir Geoffrey Howe QC MP Chancellor of the Exchequer Treasury Chambers Great George Street London SW1 less Gerthery. We are about to enter a critical period as regards pay and industrial action in the National Health Service. There are days of national action on Friday 4 June and Tuesday 8 June, and the TUC Health Services Committee is to meet on Wednesday 9 June, when it will review the position and consider the future conduct of the campaign of industrial action. The outcome of the pay ballot by the Royal College of Nursing is due to be announced tomorrow and there will be a meeting of the Nurses Whitley Council on 8 June, at which the Staff Side's attitude towards the 6.4 per cent pay offer will become known. Industrial action is meanwhile continuing sporadically throughout the country. I am satisfied that health authorities are standing firm and are ensuring that those who do not work are not paid. The effect of the action is uneven, but there are a number of hospitals which are providing no more than an accident and emergency service, with all ordinary inpatient admissions and outpatient attendances cancelled. Many patients are therefore not receiving the treatment or diagnosis they require, and waiting lists are building up. It remains to be seen what effect the forthcoming days of national action will have on the continuing level of industrial disruption. It has been my hope that the nurses would accept the 6.4 per cent pay offer. We should then have reached agreement with them and with the doctors and dentists, and

this would give us a reasonable basis from which to move on to seek settlements with the other groups. However, my firm impression now is that the nurses are likely to reject the offer. This will face us with new and more difficult problems.

As yet it is too early to reach a judgment about this. The immediate requirement is to assess the implications of whatever decision is reached by the nurses, and similarly to assess the outcome of the two days of national action, and of whatever decisions are taken by the TUC Health Services Committee on 9 June about the future conduct of the programme of industrial action by the affiliated trade unions. Following that, we can consider what would be the best line to enable us to achieve our objectives.

I am sending copies of this letter to the Prime Minister, other members of E(PSP), George Younger, Nicholas Edwards, Jim Prior and Sir Robert Armstrong.

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NORMAN FOWLER

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