PREM 19/848

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
MISC 16(80) 1	11.1.80
MISC 16(80) 2	11.1.80
E (80) 6	1.2.80
E (EA) (80) 12	22.2.80
CC(80) 23rd Concs, Min 4	11.6.80
E(80) 23rd Mtg, Min 1	1.7.80
E (80) 74	21.7.80
E (80) 27th Mtg, Min 3	23.7.80
E (PSP)(81) 10	16.3.81
PSP (0)(82) 1	14.1.82
E (PSP) (82) 1	22.1.82
E (PSP) (82) 1st Mtg Min 3	27.1.82

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed Richard Pomman Date 23 Oct 12

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Cmnd 7795 :-
Clegg Commission on
Pay Comparability
Report No 3
Nurses and Midwives

Jan. 1980

Signed R Porman Date 23 Oct 12

PREM Records Team

PART 1 ends:-

E (PSP)(62) 1st - Item 3 27/1

PART 2 begins:-

Ch/Ex to PM 1/2

Copied to Econ Pol Pt 6 Public Sector Pay.

CONFIDENTIAL

Prime Minister

PA. MCS 12/2

Do you wish to be consulted before decisions are taken by E(PSP) about nurses' pay?

MCS 25/1

Yes

MR. SCHOLAR

cc: Mr. Hoskyns

The 6% figure has already leaked.

NURSES AND NHS PAY

You may have seen that E(PSP) is considering this Wednesday morning two papers by Mr. Fowler: on pay in the NHS, and on long term arrangements for handling nurses pay. I am sure that the Prime Minister will wish to be aware of the outcome of these discussions, and you may wish to consider whether it would be right for you to ask the Chancellor's Office to arrange for the Chancellor (as Chairman of E(PSP)) to consult the Prime Minister before final decisions are taken.

Briefly, the issue on the nurses is the drafting of a paper to be handed to the Whitley Council which Mr. Fowler will be chairing early next month. The Prime Minister will recall that this paper was promised at her meeting of the nurses on 18 December. This paper has been discussed among officials, and many - including myself - felt that although it now makes the appropriate noises about market factors and job security, it is still oriented towards far too mechanistic a system, which will tend to generate pay scales according to some agreed formula. It is proposed that consultants be retained to work out the details, and my own feeling is that in their present form the proposed terms of reference for the consultants (paragraph 13) may well lead us into considerable difficulty later this year.

In his paper on NHS pay, Mr. Fowler returns to the proposal he put to E in October, under which most of the Health Service, apart from the 400,000 ancillaries, would be allowed to get away with an increase of between 1% and 2½% on top of the 4% cash limit. From a wider pay point of view, I think we could probably sustain some small special increase for the nurses, in view of the effective way in which they have articulated their case and mobilised public opinion; and the most important point is to see that the ancillaries are not offered more than the civil servants. But Mr. Fowler's proposal to tell the DDRB

/ to work

CONFIDENTIAL

to work on the assumption of 6% requires very careful handling indeed: on the one hand, if they are not told that, they may resign when their report is ignored; on the other hand, if they are, we run the risk of a leak which would cause endless difficulties elsewhere (and with the TSRB).

MCS pp JV.

25 January 1982

cc. J. Vaker

PSSC (82) 1

Nat Health.

NURSES PAY

The notes below may be helpful to Members in responding to the current campaign on nurses pay.

CONSERVATIVE RECORD

The record of the Conservative Government since returning to office is an excellent one and means that nurses are better-off than under Labour:

* nurses' pay has been raised substantially ahead of prices
* nurses' working hours have been reduced
* more nurses are being employed in the Health Service than ever before

PAY INCREASES SINCE 1979

The table below shows the substantial increases that have been made in nurses' basic pay since April 1979:

Whitley Pay Grade	1 April 1979 Basic Salary maximum	1 April 1981 Basic Salary maximum	Increase
Senior Nursing Officer (Grade 1)	£ 5883	£ 8462	44%
Nursing Officer (Grade 1)	5416	7791	44%
Nursing Sister/Charge Nurse (Grade II)	4819	7215	50%
Staff Nurse	3683	5426	47%
Nursing Auxiliary/Assistant	2811	4017	43%
Student Nurse (3rd Year)	2563	3593	40%

(Source: Hansard 2/6/81 W.A. Cols. 343/4 and DHSS)

These increases are representative for nurses as a whole and show that the Conservatives have looked after the nurses extremely well. Indeed it is worth noting that over the same period (i.e. April 1979 to April 1981) prices rose by 36%, as that nurses' gross pay is higher in real terms and some - like nursing sisters and staff nurses - are better-off by a considerable margin.

Moreover these increases in real gross pay have taken place at a time when many people in private industry have taken to take much lower pay increases and, on occasions, no pay increase at all.

NURSES HOURS

In 1980 the Conservative Government reduced the working week for nursing and midwifery staff from 40 to 37½ hours.

Not only is this of obvious benefit to nurses and midwives, but it also means that they have more scope to earn money for unsocial hours.

This means that the basic salary figures given above seriously understate average pay. For example, the average basic salary for a staff nurse is £4988 (N.B. This is slightly different from the Table above which refers to maximum rather than average basic salaries) and average earnings £5825; similarly, the average basic salary for a nursing auxiliary is £3729 and average earnings are £4477. In general, nine out of ten nurses receive more than their basic salary and this is normally worth about 15% more on basic pay.

NURSES EMPLOYMENT

Nurses also benefit from security of employment, which is particularly important at the present time.

Although unemployment has more than doubled in recent years, the number of qualified nursing and midwifery staff (whole-time equivalents) has risen from 192,000 in March 1979 to 213,000 in March 1981. (Hansard, 22/12/81 W.A. Col. 380)

As the Prime Minister commented, in a reference to the positive measures taken by the Government,

"Did you know that there are 21,000 more nurses and midwives and 1000 more doctors and dentists in the Health Service than in May 1979, and that these are figures for England and Wales alone? .... Yes, you probably did know, but will you now make it your business to see that others know too?" ("Conservative News" January 1982)

NURSES PENSIONS

Mr McCrindle M.P., Vice-Chairman of the backbench Health and Social Services Committee, recently pointed out that

"Nurses also benefit from security of employment, which is particularly important at present, and from inflation-proofed pensions, neither of which are normally to be found in the private sector." (Letter to "Nursing Mirror" 14/10/81).

In fact, 205,000 people who have retired from the National Health Service are already drawing inflation-proofed pensions, at an annual cost of over £300 m per annum. (Lords Hansard 20/10/81 Col. 694).

CURRENT AND FUTURE PAY ROUND

In his statement on public expenditure on 2 December 1981 the Chancellor stated that:

"Our spending plans provide broadly for increases of 4 per cent in the total sums available for the pay of public servants from next settlement dates." (Col 238).

This remains the Government's position.

A formal offer by the management side of the Whitley Council machinery has not yet been made, so it is not yet possible to say whether - within this overall 4% target - more will be offered to nurses and less to others.

Part of the difficulties which have arisen this year are attributable to nurses' representatives themselves. As long ago as August 1980 Dr Vaughan wrote to both sides of the Whitley Council suggesting ways in which nurses' pay might be kept at a fair level in the future.

Regrettably, the staff side took a year to answer and did not respond to Dr Vaughan's offer until August 1981, thereby preventing any new deal coming into operation this year. In December 1981 the Prime Minister and the Secretary of State, Mr Fowler, met with nursing representatives. Miss Catherine Hall, General Secretary of the Royal College of Nursing, admitted that she was disappointed that nothing could be done in 1982 but added that:

"We have got to take seriously the Prime Minister's very definite commitment to get a formula and mechanism worked out which would safeguard the position of nurses' pay." ("Nursing Mirror" 23/30 December 1981)

NO-STRIKE AGREEMENTS AND PAY

Nurses' representatives sometimes, understandably but wrongly, accuse the Government of reneging on a commitment to put nurses in the same category as servicemen and policemen - i.e. to give them guarantees over pay in exchange for nurses giving up the right to strke.

What Mrs Thatcher said during her broadcast of 17 January 1979, referring to the nurses, was that:

"We must try to negotiate a no-strike agreement with those who operate these services in return for firm guarantees on pay now and in the future."

Unfortunately progress is difficult so long as nurses themselves are in disagreement.

Although the Royal College of Nursing has, greatly to its credit, decided never to support strike action the same is not true of other organisations. Many nurses do not belong to the RCN but to NUPE, COHSE and NALGO and these unions retain the right to strike.

Clearly, it would be invidious to have one pay scale to RCN nurses and another for other nurses, and indeed it is doubtful if even the RCN would agree to such a chaotic arrangement. However if all the nurses' unions agree to forgo the right to strike (if necessary, agreeing that it should be made illegal by Parliament in the same way as it is for policemen) there is no doubt that these there would be a strong moral obligation on Government to respond positively.

Conservative Research Department
32 Smith Square, London SW1

CM/CB
20/1/82

Original filed on
Education: Teachers Pay: Bk 2

National Health

10 DOWNING STREET

From the Private Secretary

7 January 1982

Dear John,

The Prime Minister held a meeting this morning on public service pay. The Chancellor of the Exchequer, the Secretaries of State for Education, Environment and Employment, the Chancellor of the Duchy of Lancaster, the Minister of State for the Armed Services (Mr. Blaker) and the Minister of State at the Department of Health and Social Security (Dr. Vaughan) were present. On Civil Service pay, the conclusions of the meeting are recorded separately.

On teachers pay, the Secretary of State for Education and Science said that the danger here was that the negotiators would be too much influenced by the 6.9% offer for local authority manual workers. The unions would certainly be watching the progress of the Civil Service pay claim closely, and if the latter went to arbitration, it seemed very likely that the teachers would similarly seek arbitration. His advice was that although the union's unilateral right to arbitration had now gone, the management side could agree to arbitration without Government consent. It would be impossible for the Government to exercise a veto on the outcome of arbitration. So far as higher education was concerned, the Vice-Chancellors had indicated that they would like to achieve a settlement below 4%, on the basis that they could use the difference between the settlement level and 4% to finance their redundancy and slimming costs. The Chancellor of the Exchequer was asked to consider urgently whether this might be an acceptable way of proceeding.

On local authority pay, the Secretary of State for the Environment expressed the hope that the approach proposed for the Civil Service might be extended to the AP and TC group of white collar workers whose claim was expected towards the end of this month.

On nurses pay, a paper was being prepared for E(PSP) and there would also be a further discussion in the Nurses and Midwives Whitley Council early next month, as envisaged in the Prime Minister's meeting with the Staff Side on 18 December. Given the substantial recent increases in the nurses and midwives pay bill, it was agreed that urgent consideration should be given to ensuring that there was no further increase in their numbers.

/The Chancellor

SECRET

The Chancellor of the Exchequer was asked to consider the practicability of earmarking part of the contingency reserve for capital spending late in the financial year, so as to allow the argument to be advanced in pay discussions that a moderate settlement would provide room in the current financial year for procurement of, for example, additional medical equipment, school books, or steel pipe for improved sewerage and water services. Such an approach might also be extended to the local authority field.

Mr. Blaker outlined the problem of fleet auxiliary officers. It was agreed that the Chancellor would make early proposals about the treatment of these people, together with other single outside analogue grades.

I am copying this letter to Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Barnaby Shaw (Department of Employment), Jim Buckley (Office of the Chancellor of the Duchy of Lancaster), John Halliday (Home Office), Peter Craine (Ministry of Defence), Craig Muir (Department of Health and Social Security) and David Wright (Cabinet Office).

Yours sincerely,

Michael Scholar

John Kerr, Esq.,
HM Treasury.

File

National Health

10 DOWNING STREET

From the Private Secretary

23 December 1981

Dr. Vaughan wrote to Derek Howe here on 16 December enclosing a draft reply*which the Prime Minister could send to Councillor Gill's letter of 13 November.

I attach the letter which the Prime Minister signed, which might, perhaps, serve as a model for future letters (no doubt there will be very many of them) on nurses' and midwives' pay. This is, in fact, the version I read out to you over the phone and which you kindly vetted.

M. C. SCHOLAR

David Clark, Esq.,
Department of Health and Social Security.

* re letter to PM from Clr. Harry Gill - papers in PO

f/c

ds

Original file copy is with the Political Office.

10 DOWNING STREET

THE PRIME MINISTER

23 December 1981

Dear Councillor Gill,

Thank you for your letter of 13 November about nurses' pay. I can give you my assurance that this Government values very highly the work and dedication of nurses, and there is no question of taking them for granted in any way.

I enclose a note which sets out what we have done for the nurses since we took office. You will see that there are now the equivalent of 21,000 more full time nurses, and that the pay bill for nurses has gone up by about 76%. I should add that we have, too, increased spending in the National Health Service by 5% in real terms since 1978-79.

The representations the nurses are now making are for a long term pay agreement. We have had discussions with both sides of the Nurses and Midwives Whitley Council with the aim of setting up both this and an improved career structure for nurses. Dr. Vaughan wrote in August 1980 to both sides of the Whitley Council, and since then he and Norman Fowler have met their representatives. I myself met the Staff Side representatives on 18 December, and gave them an assurance, which I am happy to repeat to you, that it is the Government's intention to have a long term agreement on pay with the nurses which will work and which the Government can afford.

In short, we are doing our best for the National Health Service, and for nurses and midwives. I believe it is a very good best.

Yours sincerely

Margaret Thatcher

ds

Councillor Harry Gill

GR/ PM type for PM

10 DOWNING STREET

RCS

How about this? JG.

~~Mr Vereker~~

Nurses pay

What a terrible draft letter this is!

Given the importance of the subject do you think you might utilise yr presence at Friday's mtg to scintillate the draft — which, after all, and then see the market for many 100's of letters, from here from DHSS?

??

MCS 22/12

(and it can make the 4 points) WM 22/12

RC

PC.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

From the Minister for Health

Original in Political Office.

PO(MIN-H)PM2715/42

Derek Howe Esq
Political Office
10 Downing Street
LONDON SW1

16th December 1981

Dear Derek

Thank you for your letter of 19 November enclosing a letter from Councillor Harry Gill.

I enclose a draft reply which the Prime Minister may care to send to Councillor Gill.

DR GERARD VAUGHAN

ENC

PO(MIN-H)2715/42

DRAFT REPLY TO COUNTY COUNCILLOR HARRY GILL

Thank you for your letter of 13 November about nurses' pay.

I can give you my assurance that this Government values very highly the work and dedication of nurses, there is no question of taking them for granted in any way. The negotiation of nurses' and midwives' pay and conditions is normally undertaken by the Nurses and Midwives Whitley Council. From the letters received it is clear that it is one on which people feel very strongly.

I know that there are problems about the maintenance of nurses' pay at levels both they and the community at large will see to be fair, but a great deal of progress towards solving the problems of nurses' pay has been made mostly since this Government took office. I enclose a note which sets out what has been done on this since we took office.

For the future, we have had discussions with both sides of the Nurses and Midwives Whitley Council with the aim of setting up not only an improved career structure for nurses and midwives but also a formal method for determining nurses' pay. Dr Vaughan began his campaign to try to improve nurses' pay for the longer term in August 1980 when he wrote to both Sides of the Whitley Council. Confidentially it was a year before the Staff Side could respond, but since them he has met representatives of both Sides of the Whitley Council and further progress was made when the Secretary of State met the Staff Side of the Whitley Council on 10 December to discuss the way of determining nurses and midwives pay in the future. On that occasion I believe there was constructive discussion about the procedure and timetable for taking matters further, and I will also be ~~meeting~~ meet the Staff Side representatives myself on 18 December.

National Health file SMW.

cc. Education Dept.

10 DOWNING STREET

From the Private Secretary

21 December, 1981

Prime Minister's Meeting with Nurses and Midwives on Friday, 18 December

I attach a record of the meeting which the Prime Minister took with the Nurses and Midwives Whitley Council on Friday, 18 December.

I am copying this letter and enclosure to Peter Jenkins (Treasury), Richard Dykes (Department of Employment), Muir Russell (Scottish Office) and David Wright (Cabinet Office).

M. C. SCHOLAR

D. J. Clark, Esq.,
Department of Health and Social Security

SUBJECT

RESTRICTED

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE NURSES AND MIDWIVES WHITLEY COUNCIL AT 1530 HOURS ON FRIDAY 18 DECEMBER 1981 AT 10 DOWNING STREET

Present:

Prime Minister
Secretary of State for Social Services
Minister for Health
Sir Kenneth Stowe
Dame Phyllis Friend
Mr. Benner
Mr. Whitmore
Mr. Vereker
Mr. Scholar

Mr. Williams
Miss Hall
Mrs Wyndham Kaye
Miss Castle
Miss Gibb
Mrs Hardie
Miss Nightingale
Mr Bayley
Mr MacKenzie
Mr Jones
Mr Clay
Mr Donnet
Mr McMillan

* * * * * * * * * * *

Mr. Williams recalled that the Nurses and Midwives Whitley Council had met the Prime Minister once before, in May 1980. They were grateful for the Prime Minister's ready agreement to see them; and grateful to the Secretary of State for arranging the meeting, as he had undertaken to do.

Mr. Williams said that when the Prime Minister had seen them last year, she had taken the position that there was no possibility of the nurses securing a pay increase which was above the going rate at the time because of the difficult position of the economy at that time. Since then there had been continuing discussions aimed at reaching agreement on a mechanism to avoid an annual problem about what the pay of nurses and midwives should be. Dr. Vaughan had written in August 1980 setting out some general approaches which were for consideration by the Whitley Council. The Staff Side had taken this not to be an offer to re-open the 1980 pay negotiations, and had suspended active consideration of Dr. Vaughan's letter during the negotiation of the 1981 pay increase. The agreement on this had been reached in July. Shortly thereafter, in August 1981, the Staff Side had submitted its response to Dr. Vaughan's letter. There were,

RESTRICTED

/ therefore,

therefore, valid reasons for the length of time which had elapsed between Dr. Vaughan's letter and the Staff Side's response. In their August response to Dr. Vaughan's letter they had outlined a number of ways in which progress could be made. The Clegg Report had suggested a number of analogues - for example between a senior houseman and a ward sister; there were also suggested analogues with teachers in colleges of further education. Either of these arrangements would provide an immediate improvement in nurses' and midwives' pay prospects. Alternatively, some form of indexation could be devised, where their pay could be linked to average earnings, or some sub-group of average earnings.

The reply to a Parliamentary Question of 26 October had come as a considerable shock to the Staff Side. This indicated that there would be nothing for nurses and midwives in the 1982 pay round beyond the increase which would be available for the generality of the public sector. This had led to a feeling of betrayal on their part. They could not accept that it was necessary to await the Megaw Report. The time for action on nurses' pay was now. Mr. Williams concluded by saying that they had had the privilege of approaching the Prime Minister more than any other group of workers in the country. They hoped that their meeting today would produce something tangible for 1982.

Miss Hall said that the professions felt strongly that the time had come to establish a fair and just level of pay now and in the future for themselves. She was sad to say that whenever employees in the National Health Service had been given a decent pay rise it had rapidly been eroded in the succeeding years. There was wide recognition in the country at large of their dedication; but they were obliged to campaign, march and lobby to secure the remuneration which was their right. This was unacceptable. What they wanted was to have their pay put on a proper footing, so that there would be no more need for future meetings with the Secretary of State and the Prime Minister.

Mr. Jones said that the nurses and midwives were doing essential and arduous work. Please could the uncertainty of their pay be cleared up once and for all?

/ The Prime Minister

The Prime Minister said that the Government had tried to do its best for the National Health Service. They had maintained expenditure on the NHS in real terms; indeed they had increased it. There had been an increase of the equivalent of 21,000 in full-time nurses and midwives since May 1979. The actual numbers were higher than this, because there were more part-time workers. There were more doctors too. The nurses and midwives hours in a working week had been reduced from 40 to 37½ hours. In May 1979 the pay bill for nurses and midwives had been £1.45 billion. It was now £2.55 billion. This was an increase of some 75 per cent. She recognised that, notwithstanding these figures, each employee looked at his or her individual remuneration. The Prime Minister speculated that it might be that those at the top end had done better than others. Waiting lists were shorter, and turn-around in the health service was faster. She congratulated them on this improved efficiency.

The Prime Minister said she saw little point in commenting on the history of the efforts to reach agreement on long-term pay arrangements. The truth of the matter was that we had not got very far yet. She thought it vital that there should be an agreed machinery. It was most disappointing that no agreement had yet been reached. The Megaw Inquiry had been asked to report quickly and the Government was now putting in its evidence. We should try to find some way of making progress with the arrangements for nurses and midwives in parallel with Megaw's deliberations.

Mr. Fowler said that, after initial delay, they were now making good progress in the talks on long-term arrangements. Following his meeting with the Whitley Council several weeks ago, there would be another meeting at the end of January or in early February. The DHSS would put in a paper for this meeting, and he hoped that some of the options could then be eliminated. The Government was very anxious to find satisfactory long-term arrangements, and concerned not to lose time. It was not a question of waiting for Megaw, but of acting in parallel, and of having regard to the approach which informed the Government's attitude to the subject of Megaw's report.

Mr. Williams said that they believed that Megaw had no relevance to their problem. Their historic links had never been with the Civil

/ Service,

Service, and there were no analogues between Civil Service pay and theirs. Their aim was to have a decision reached in time for implementation by April 1982.

The Prime Minister said that she very much doubted whether the right long-term arrangements would be agreed in time for implementation by April 1982. She thought that it would be realistic to plan on implementation in April 1983. She could not offer a blank cheque to implement, at any date, whatever was agreed. The Government had been obliged this year to disappoint the doctors' pay hopes. The Prime Minister referred to the recent local authority manuals' pay settlement, and said that the position was somewhat less difficult here, in that the local authority pay bill comprehended a number of different groups of workers; so that an excessive increase for one group could be accommodated within a given total by compensating savings elsewhere. The Prime Minister said that it was her problem to put together the increases which all groups sought, and to see whether the implied consequential tax burden would be tolerable. She reminded the Staff Side that it was their members, among others, who would have to meet this tax bill. We all paid one another.

Mr. Williams said that they recognised that their present discussions were not about the present pay round; they could not be, since they had not yet formulated their claim. But if they were to accept that implementation of the new pay arrangements could not be before 1983, they would have failed. As to the Prime Minister's figure of 21,000 extra nurses and midwives, he commented that a more relevant figure was the numbers who were entering into training. Last year's number was worse than the year before's, and that was worse than that of the year before. There was no rigid grid on nurses' and midwives' pay, and no rigid links in the past with the pay of any other groups. He could not see why their discussion should be constrained by the timing of the Megaw Report. The Prime Minister said that the Civil Service had been deeply troubled by the change in their pay arrangements, and Government had thought it right to appoint a truly independent inquiry, headed by a judge. They were looking to this to reach conclusions on future pay policy, in particular how to reconcile cash limits with other pay policy objectives. In the light of this, it would simply not be possible

/ to come to

to come to conclusions on nurses' and midwives' pay in an entirely different timescale from that of Megaw.

Mr. Williams asked if the Government would show its seriousness by offering something on account for the April 1982 settlement. The Prime Minister said that it would be dishonest of her to give promises ahead of time, before she knew, for example, what resources were available. She could not give a blank cheque to anybody. Miss Hall enquired whether there was then no hope of any action before 1983? Mr. Jones, while acknowledging the honesty of the Prime Minister's unwillingness to give any hints or promises at this stage, made the same point. The increase in nurses' lodging costs from April 1982 onwards was likely to be higher than the increase in pay they then secured. Perhaps the April 1982 settlement could be backdated even if a new system was ready by then. Mr. Bayley also asked for some payment on account, commenting that the nurses had had lower rises than most other groups, including the Civil Service.

The Prime Minister said, again, that she hoped that the new arrangements would be in place for 1983. But she could not be expected to make any promises as to the 1983 settlement at a time when even the 1982 claim had not yet been submitted. The Government was doing its best for the NHS; it was a good best.

Mr. Williams said that if there was to be no action in April 1982 it seemed clear that they were engaged in a wholly academic exercise. He felt despair at this continued inaction. He and his colleagues would have nothing to say to those who had sent them to Downing Street. Mr. Jones added that this was a great disappointment to all his colleagues. They had had less than so many groups, including the Cabinet (he excepted the Prime Minister and the Lord Chancellor from this comparison).

The Prime Minister said that she was committed to the search for agreed and durable long-term arrangements. The nurses and midwives deserved these particularly, given their unwillingness to use their industrial muscle as other groups were prepared to do. She would take a personal interest in the progress of the talks. They had to recognise that the Government was doing its level best against the resources available in a difficult time. It was the Government's intention to have a long term agreement which would work and which the Government could afford.

/The meeting

The meeting ended at 1700 hours.

21 December 1981

BRIEF FOR THE PRIME MINISTER'S MEETING WITH REPRESENTATIVES OF THE STAFF SIDE OF THE NURSES AND MIDWIVES WHITLEY COUNCIL AT 3.30 pm ON FRIDAY 18 DECEMBER 1981

1. The Staff Side asked to meet the Prime Minister to establish the Government's intentions on the longer-term arrangements for nurses' pay. They are unlikely to wish to discuss the current pay round in any detail, since they have not yet formulated a claim - their settlement date is 1 April; but they may indicate that they will be looking for something more than 4 per cent. Annex A gives particulars of those who will be representing the Staff Side.

2. The Prime Minister previously met the Staff Side on 29 May 1980, when they sought a pay increase larger than the 14 per cent then on offer. The note of that meeting is attached (Annex B).

THE CURRENT PAY ROUND

3. The Staff Side will not wish to discuss this in any detail, since they do not expect to put in a claim for 1982/83 until mid-January. However, they may emphasise the need for something more than 4 per cent as a gesture of good faith, and refer to the recent pay offer to local authority manual workers. There seems no purpose in pursuing any of these issues in advance of a pay claim being submitted, and it is suggested that the Prime Minister should do no more than take note of what the Staff Side say.

LONGER-TERM ARRANGEMENTS

Background

4. For many years the history of nurses' pay has been one of erosion of their relative position, punctuated by catching-up awards. The most recent of these were the Halsbury settlement in May 1974 and the Clegg award in January 1980. The Clegg report was a disappointment to nurses since, although it increased their paybill by more than 20 per cent and was immediately enhanced by a reduction in their working week from 40 to 37½ hours, it did not completely restore the Halsbury position. The attached background note (Annex C) shows the substantial increases in nurses' pay which have nevertheless taken place under this Government.

5. The Staff Side maintain that improved methods of determining nurses' pay are necessary to avoid the continual erosion of their position and the consequent need to mount periodic campaigns to secure redress. They argue

that the policy of major sections of the profession not to take industrial action is a justification for special arrangements, but that this policy might be impossible to maintain if the favourable treatment enjoyed by eg the police and the fire service continued to be denied to nurses.

6. The Government accepted the need for better arrangements when, with the agreement of the appropriate Ministerial Committee, the Minister for Health in August 1980 wrote to both Sides of the Whitley Council suggesting possible ways of improving the pay system and inviting comments. (Copy of letter at Annex D.) The Management Side responded in December 1980 and the Staff Side in August 1981. In their response the Staff Side put forward a number of options, ranging from a link with the earnings index to a complex system of pay comparability, but did not state any preference. Since then the Staff Side have met both the Secretary of State and Minister for Health when, though they have argued their general case, they have not been able to narrow down the options.

History of discussions with nurses since April 1980

7. The two possible approaches suggested by Minister for Health in August 1980 were:

(a) a "basket of analogues", which could be used to determine what overall annual pay increase was appropriate, but would have to be supplemented by the identification of objective factors (eg recruitment and retention of staff) suitable for determining the initial absolute level of pay;

(b) precise pay analogues for a small number of pay grades which would enable pay levels to be established for all grades from a few fixed points.

To these the Staff Side in their response have added:

(c) factor analysis (the approach adopted by Clegg);
(d) a link with occupations with similar characteristics such as 'emergency duty' (eg police, firemen);

(e) broad skill group - ie a link with the average pay of non-manual workers.

8. When the Secretary of State for Social Services met the Staff Side last week he pointed out that a system for nurses' pay could not be worked out in isolation from the Government's consideration of the central issue of reconciling cash limits on public expenditure with its responsibilities as an employer. Megaw was dealing with this issue for the Civil Service and any new system for nurses would have to be compatible with what emerged from Megaw. The Secretary of State, in response to a request from the Staff Side, said that he would consider whether he could indicate to them, for a meeting with both Sides of the Whitley Council as early as possible in 1982, which options seemed likely to be broadly compatible with what emerged from Megaw. This would enable further work on the arrangements for nurses to proceed with a reasonable likelihood that the outcome would be relevant, though no final decisions could be taken until the Government had been able to consider the Megaw recommendations. The Whitley Council has been asked to try to define more clearly its own view of the general principles involved at a meeting already arranged for 12 January.

9. It emerged from the discussion that the Staff Side are looking for a commitment to the introduction of a new system in April 1983, plus "something on account" in April 1982 to show tangible evidence of the Government's good faith. (DHSS Ministers have always been very careful to make clear that no undertaking can be given about the date of introduction of any new system.)

Nature of problem

10. Handling the nurses presents a dilemma. On the one hand, it is necessary, if a confrontation highly damaging to the Government is to be avoided, to satisfy the nurses that early progress can and will be made in developing a new pay system, with a prospect - they would like a guarantee - of introducing it in time for their 1983 pay settlement.

11. On the other hand, later developments have to a considerable extent out-dated the approach envisaged in the letter of August 1980 -

(a) The disadvantages of simple comparability are much more clearly seen. The PRU and the Clegg Commission have both been wound up.

(b) The special pay arrangements for the Armed Forces, the police and the fire service are under question (not for mention to the nurses).

(c) Ways are being sought of bringing market factors - recruitment and retention of staff, job security, efficiency - to bear on pay determination. One of the central issues for the Megaw Committee is how to reconcile improved pay determination arrangements which reflect these considerations with what can be afforded, as reflected in cash limits.

12. The Megaw Committee gives raise to difficult timing questions. It will not, and cannot, provide a ready-made new system for nurses - their problems are different from those of the Civil Service. But it will be dealing with a number of general issues which are highly relevant to any pay system for nurses, which therefore cannot be settled until the Government has received the Megaw report and been able to give it at any rate preliminary consideration.

13. It is suggested that the best answer to this dilemma is to make clear to the nurses that final decisions about their pay arrangements cannot be made until the Megaw report has been received; but that the Government should seek to enable them to make some real progress meanwhile by indicating to them lines of approach which seem likely to be compatible with the Megaw recommendations. For this purpose, work will need to be undertaken by officials, and no doubt subsequently referred to Ministers. The aim would be to enable discussions with the Whitley Council to be resumed as early as possible in the New Year. At the recent discussion with the Secretary of State, the end of January was taken as a target; but it would be unwise to be firmly committed to this, since much work has to be done first.

Handling of meeting

14. The Prime Minister might at the outset invite the Staff Side to state their case. In replying, she might indicate her appreciation of the services given by nurses, and of their sense of duty as exemplified by the decision of some of their major organisations not to take industrial action. The Government has in fact given priority to the NHS and, despite the very severe economic difficulties, has provided for the continued growth of expenditure on it. In real terms, there has been a growth of just over 4 per cent since the Government took office and, in the two years to last March, the number of nurses employed increased by some 20,000.

15. She might then explore some of the elements which might be involved in any new pay system -

(a) Comparability will be one element - but
(b) It is essential that market forces should be fully reflected.
(c) It is also essential that proper account be taken of what can be afforded - there can be no question of offering a blank cheque.
(d) There could also be other elements - eg indexation of direct links of various kinds. The Government has serious reservations about this kind of approach, which tends to negate the application of market factors.

It would be helpful for the Whitley Council to bear these policy considerations in mind at their meeting on 12 January.

16. There are some knotty policy problems here. There are also problems, for both Government and Staff Side, over timing. The Megaw report will of course deal with Civil Service pay, not nurses' pay, and the problems of the two groups are not the same - nurses indeed are sui generis, which is one of the causes of all our difficulties. But Megaw will be dealing with some crucial general issues which certainly will be relevant, and Ministers would not feel able to reach final decisions on the arrangements for nurses until they have received the Megaw report and been able to give it at least some preliminary consideration.

17. The proposal is that, within the broad policy considerations just outlined, the Government should try to indicate some fields of work, which are likely to be compatible with the Megaw recommendations or to relate to matters special to nurses which the Megaw report will not deal with (eg the special technical problems in drawing comparisons and in applying market factors in the particular circumstances of nurses), which could be pursued actively during the coming months by the Whitley Council, with the help of the Secretary of State and his Department as appropriate. The object of this procedure would be to keep fully open the possibility of bringing new arrangements into effect for the 1983 pay settlement. It is of course not possible to give definite assurances now as to the content or timing of the decisions which the Government will have to take at a later stage. But Ministers aim if they can to meet the wishes of the nurses, and this seems the best way of doing it.

18. It seems likely that the Staff Side may respond constructively to such an approach. The aim of the meeting is not to reach decisions, though analysis of the policy issues and the proposed procedures will be most helpful. The objective perhaps is to take the Staff Side into the Government's confidence as to their problems and general thinking, and thus enable them to present the meeting to the profession generally as having been friendly and constructive, and as having opened the way to continuing substantive discussion of important elements of possible new pay arrangements, on a basis which leaves the way open to implementation in 1983.

Additional points

19. Points on which the Prime Minister may like to be forewarned include:

(i) There has always been a direct link between nurses' pay and that of the professions supplementary to medicine (radiographers, physiotherapists, occupational therapists are the main ones) - these professions were, for example, the subject of reports by Halsbury and Clegg. It may prove inevitable that any arrangements made for nurses' pay should be extended also to these groups.

(ii) The nurses may ask whether the Government is going back on the terms of the letter of August 1980. The short answer is 'no'. Certain developments have taken place in the field of public services pay which affect the way in which matters are handled; but the Government's commitment to seek improved arrangements for dealing with nurses' pay of course still stands - as is evidenced by this meeting.

(iii) The question of "no-strike" agreements may be mentioned. The Staff Side will not offer such an arrangement, because the affiliated trade unions have not foregone industrial action; and Ministers have taken the view that no-strike agreements are in fact not a desirable objective in principle. But the fact that some of the main nursing organisations have foregone industrial action will be presentationally helpful in drawing a ring-fence round any special arrangements applied to the nurses.

ANNEX A.

STAFF SIDE REPRESENTATIVES ATTENDING:

TUC AFFILIATES	Organisation	Background
David Williams	COHSE	Elected 1981 National Executive Committee of Labour Party
Staff Side Chairman	Assistant General Secretary	Member Surrey AHA Likely to do most of the talking. Moderate and conciliatory - represents lowest paid qualified nurses: may use grounds of reasonableness to play for a sympathetic approach. Well respected by Staff Side colleagues. Could deliver a speech using all forms of dramatic pathos.
Hector Mackenzie	COHSE Deputy to David Williams (as above)	Quiet and retiring, fair minded and reliable: unlikely to speak but a careful observer of detail. Has a seat on the Administrative and Clerical Whitley Council Staff Side.
Bob Jones	NUPE	Aggressive and tendency to sabre-rattle: sharp eye for arithmetical points. Representing lower paid staff but with interests in Ambulancemen's Council of which he is Staff Side Chairman. Favourite ploy is to appear avuncular whilst hitting below the belt: unreliable and with good press contacts which he uses frequently and unscrupulously.
Hugh Bayley	NALGO	Representing middle grades. Single minded for NALGO's interests and unreliable. Will use any points made to embarrass the speaker later. Will look for points to use on the Administrative and Clerical Staffs Council. Mainly concerned with staff transferred from LA employ in 1974 - Brash, aggressive, forments confrontation and not much liked by senior Staff Side colleagues.
Charlie Donnet	Managerial, Administrative Technical and Supervisory Association	Few Nursing members represented. Moderate and bright but unlikely to speak - also member of Administrative and Clerical Staffs Council.

PROFESSIONAL ASSOCIATIONS

Miss Catherine Hall Staff Side Vice-Chairman	RCN General Secretary	Chairman of UK Central Council - the body set up to take on all statutory training responsibilities for nurses, midwives and health visitors. A substantial and respected figure in the Profession. Moderate, reasonable and statesman like - represents particularly the top nursing grades: may appeal on sense of disappointment and successive bolstering of hopes only to be dashed. Plays particularly on nursing sense of loyalty and distate for resorting to anyform of industrial action whilst seeing others apparently gain by it. Privately accepts timing difficulties on nurses pay but wants a firm commitment for 1983.
Trevor Clay	RCN General Secretary Designate	Regarded by some as a man in a woman's world - has worked hard on charm to attain a much covetted rank in the College.
Miss Marylin Castle	RCN Deputy Labour Relations Officer	Unlikely to make substantial points but may well speak in support of RCN members generally. Acting Staff Side Secretary in absence of Miss Val Cowie
Miss Gillian Gibb	RCN PA to Staff Side Secretary	Takes verbatim shorthand notes on all occasions.
Miss Heather Nightingale	Association of Nurse Administrators	Representing the higher management grades of the profession. Unlikely to speak except in support of another speaker.
Mrs Margaret Hardie	Royal College of Midwives	Representing the midwifery and community services staff. If given the opportunity may speak in pained fashion of perceived disappointments by individual nurses but will not make substantial points.
Mrs Jane Wyndham-Kaye	Health Visitors Association General Secretary	A lawyer with a sharp mind and turn of phrase: may try to 'score points' by picking up any apparently loose phrase. Represents top nurses - particularly the community nursing services staff and will pick up any reference she feels to be biased towards hospital services only. Tends to be abrasive.
Archie MacMillan	RCN Scotland	Quiet, moderate and shrewd. Representing nursing staff in Scotland in particular. Unlikely to speak at length.

ANNEX B.

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE NURSES AND MIDWIVES WHITLEY COUNCIL AT 0930 ON THURSDAY 29 MAY 1980 AT NO. 10

Present: Prime Minister
Secretary of State for Social Services
Minister of State, Health and Social Security
Miss Whitehead
Mr. Harrison
Mr. Brereton
Mr. Wolfson
Mr. Ingham
Mr. Whitmore
Mr. Lankester
Mr. Williams
Miss Cowie
Miss Hall
Miss Clague
Mr. Johnson
Mr. Jones
Mr. McKenzie
Mrs. Hardie
Miss Castle
Mr. Donnet
Mr. Rowden
Mrs. Wyndham Kaye

* * * * * * * * *

Mr. Williams thanked the Prime Minister for agreeing to see the delegation so quickly. But it was almost two months since the nurses' due settlement date and a political decision was needed to remove the existing fetters on the management side's negotiating position. The background to the present conjuncture was as follows. In April 1978 the nurses had settled at the "going rate", and as a result of this and the previous years' incomes policies they had fallen up to 20% short of the earnings of comparable groups. At that time, they - like other groups - had been told that they could negotiate for additional amounts in return for improved productivity. But the nurses had decided that it would not be right to enter into negotiations of this kind. Instead, they had asked the Secretary of State (Mr. Ennals) whether any special consideration could be given in return for not entering into productivity bargaining. A "special treatment" exercise had then been embarked on to see whether nurses could be given special treatment of the kind accorded to the firemen, the police and the doctors. But nothing had come out of this exercise. The nurses did not begrudge the fact that other groups doing difficult jobs had been given "special treatment"; they simply felt that they deserved similar treatment because they were doing a difficult job too.

/ Mr. Williams

Mr. Williams went on to say that the staff side had been disappointed by the Clegg Report. They had invited the Commission to take into account fully the responsibility and educational requirements of nursing, and to ignore the fact that it was traditionally a "female profession". They had argued that the average pay for nurses should be the same as the average for non-manuals (male and female). Although they had reluctantly accepted the Clegg recommendations, the latter had fallen short of their expectations; and it was against this background that they had put in a claim for 30% in all for 1980. For it was only with a percentage figure of roughly this size that it would be possible to put right the structural deficiencies which Clegg had failed to take into account. However they had been told that no more than 14% was on offer. After meeting with Dr. Vaughan, they had reluctantly agreed to continue negotiations on the basis that other groups in the health service would not be getting more than 14%. But the subsequent decision on doctors' and dentists' pay had made it impossible for them to continue to negotiate. The staff side understood that the total of 31% for the doctors and dentists was composed of 10% for the final staging of the 1978 award and 18.7% for 1980 uprating. But their members still thought that the award was patently unjust. In particular, it was unfair that the doctors were being given an uprating of 18.7% while the nurses were being offered an extra 14% for 1980. It seemed to them that, as soon as they achieved a reasonable degree of parity following a reference to a third party such as Halsbury or Clegg, they immediately fell behind again. This was inconsistent with the view expressed in paragraphs 93 and 94 of the Clegg Report - that the relative pay of nurses should not be allowed to decline again. It would be difficult to find a permanent mechanism to ensure that nurses' pay did "keep up" if it was allowed to fall behind in 1980. In contrast to other groups in the public service, there was no possibility of bargaining for higher pay in return for a slimming of the work force. Finally, Mr. Williams referred to the Prime Minister's remark in the House on 22 May that "the rate of increase that one is entitled to have is the rate of increase that is earned". The nurses felt that they had "earned" a bigger increase than 14%.

/ Miss Hall

Miss Hall said that the nursing profession were disillusioned by the Clegg award and were angry that they were now being asked to settle within the 14% cash limit. They had accepted Clegg only on the basis that some of the inequities and anomalies which he had ignored could be put right in the 1980 settlement. But this was impossible within the 14% constraint. The doctors' and dentists' award had been announced while the Royal College of Nursing were having their annual congress, and it had therefore been particularly resented. They could not understand why they were being offered 14% while the doctors were getting 18.7% for the equivalent period. Nurses had been grossly underpaid historically, and what had happened would only add to the increasing bitterness in the profession.

Mr. Johnson made three points. First, the staff side had asked Clegg to establish a clear link between nurses' pay and the National Earnings Survey. This was already done in the case of doctors and dentists, but Clegg had failed to deliver. Secondly, as Miss Hall had said, there was no chance of dealing with the structural problems within the 14% cash limit. Thirdly, in so far as the Clegg report included doctors and dentists as one of the nurses' comparators, its recommendations were already being undermined by the differential treatment in 1980.

Mr. Jones said that the nurses were having to carry the burden of the higher cost of doctors' and dentists' pay than had been allowed for in the cash limit. Miss Hardie said that there was an increasing shortage of midwives because of inadequate pay levels. Mrs. Wyndham Kaye said that very few health visitors would benefit from the shorter working week which was being provided for; their car allowances were inadequate; and in so far as they worked closely with General Practitioners, and helped them to earn their living, they were particularly sensitive to the large settlement for doctors. Miss Clague said that the pay structure for nurses was very flat, and as a result, at top levels responsibility was not adequately compensated. It was unfair that top nurses were paid less than hospital managers with comparable responsibilities.

/ The Prime Minister

The Prime Minister said that, on coming in to office, the Government had been pledged to bring doctors' and dentists' pay up to date in accordance with the recommendations of the Doctors' and Dentists' Review Body, and to implement the recommendations of the Clegg Commission on nurses' pay - whatever the figures they came up with. Inspite of the difficult economic circumstances, with little or no extra output in the economy, the Government had honoured both pledges. They had done this even though it meant reducing expenditure elsewhere. As regards nurses, the Government had in fact done considerably more than honour the Clegg recommendations. First, they had provided an additional £2 million to meet some of the recommendations in the Speakman Report on comparative responsibilities of top post holders. Second, they had provided £2 million to protect some nursing staff from suffering short-term pay cuts which would otherwise have resulted from the direct application of the Clegg recommendations. Third, they had provided an extra £116 million to pay for the reduction in the working week from 40 hours to 37½ hours. Taken together, this meant that the increase currently on offer was not 14% but over 20% - in addition to what had been paid following Clegg. Since the election, there had been a 50% or £800 million increase in the cash resources devoted to nurses. All but £60 million of this was for increased pay. The Government had set out to be fair and honourable to both doctors and nurses, and they believed they had been. It had to be remembered that there were some groups in the public sector and others in the private sector that had received less than 14% and had not benefited from reduced working hours. Taking together the Clegg award, the additions that had been paid, and the 14% on offer, she felt that the Government's record on nurses' pay was very reasonable. She recognised the Staff Side's concern about maintaining the relative pay of the nursing profession and their concern that there should be a permanent mechanism to achieve this. The Government were currently considering the whole question of public sector pay, and Dr. Vaughan had offered talks on the specific question of future arrangements for nurses' pay. The Government wanted its public servants to be paid well, but the nation's ability to pay had to be taken into account. She hoped that the nurses would look at all the improvements which had been made in nurses' pay and working conditions over the past year, and accept the 14% that was on offer.

/ The

The Secretary of State for Social Services said that it had been made clear before the election that a repeat of the "four year ratchet" on nurses' pay must be avoided; and that was why a permanent solution, on the lines indicated in paragraph 94 of the Clegg Report, was needed. In comparing doctors' and nurses' pay, he hoped that the Staff Side would take into account the fact that since April 1978 the respective paybills had increased by almost an identical amount - 65½% for nurses (including the 14% offer) and 66% for the doctors. He hoped that they would also give the Government credit for the extra £116 million or 6.7% accounted for by the shorter working hours. As regards the point raised by Mr. Jones, it was not correct that the nurses would have to pay for the doctors' and dentists' award. The original cash limit for the health services, although it assumed some improved efficiency and cutting-down of waste, was adequate to cover the doctors' and dentists' award. Dr. Vaughan added that he hoped the Staff Side understood that the Government were sympathetic to their general case that their relative pay position should be maintained. He had already had a helpful meeting with the Staff Side, and he hoped that they could now accept the 14% on offer and then start discussions on future arrangements.

Mr. Williams said that, while they had had a useful meeting with the Minister, the situation was now changed by the doctors' and dentists' award. Notwithstanding the 65½%/66% figures quoted, if 1 April 1980 was regarded as the end of catching up for both groups, the nurses could not understand why they were now being offered 14% while the doctors were being given 18.7%. Mr. Jones said he still could not accept that the nurses would not be paying for part of the doctors' settlement: on his understanding, the doctors' and dentists' award would cost £50 million more than allowed for in the cash limit.

Miss Hall said the nurses could not accept that the extra £116 million was a bonus on top of the 14%. The Clegg Report was based on a 37½ hour week; the nurses therefore felt that they should be paid the recommended amounts for a 37½ hour week as a matter of natural right. The Prime Minister responded that the £116 million was still real money and had to be found by economising elsewhere in the public sector. She

/ thought

thought the nurses really ought to take it into account.

Mr. Williams said that they had come hoping for some indication that there might be a little flexibility on the 14%. He did not think that the explanations provided of how the Government was honouring its commitments would satisfy the nurses. Mr. Jones added that he and his colleagues had spelt out all the figures to their respective conferences, and there was no way of persuading their members that the 14% was enough.

The Prime Minister said that she had made it clear that she was not in the business of negotiating; but she was equally clear that the Government could not provide any further funding for the 1980 settlement. But the Government would certainly be considering the points in paragraphs 93-94 of the Clegg Report about future arrangements for nurses' pay.

Mr. Williams thanked the Prime Minister for the meeting but said that he and his colleagues were disappointed by the Prime Minister's response; he believed this would be shared by nurses generally. The Prime Minister said once again that the increase in the nurses' paybill since the election was very large indeed; in briefing the Press, the Government would bring this out.

T.L.

29 May 1980

ANNEX C

NURSES AND MIDWIVES PAY

Background Note

December 1981

The main problem with nurses' pay is that, unlike that of most other groups in the NHS, there has been no real basis for its determination. This has meant that nurses have often felt they have fallen seriously behind and have mounted special pay campaigns which have led to "catching-up exercises" by independent bodies eg Halsbury in 1974, Clegg in 1979. Nurses were unhappy with the Clegg award and with their pay increases since then so they are now conducting a new pay campaign to get:-

(1) An agreed system of pay determination based on comparisons with other groups inside and outside the NHS.

(2) More than 4% in 1982.

In addition to their general pay grievance the Staff Side since 1974 have sought pay parity between top nurses and their administrative colleagues in the NHS and although the original gap has been very substantially narrowed since the Government took office they continue to pursue full parity with some bitterness.

Pay for NHS staff represents 63 per cent of total NHS costs which have risen from £9.3 billion in 1979 to £13.3 billion this year - an increase of 5 per cent after taking account of inflation.

Movement in nurses' paybill since 1979 (Great Britain)

			COST £m		PAYBILL £m
[1979	Year to March 1979				1,450]
April 1979	Annual settlement at 9% and reference to Clegg Commission	=	150	-	1,600
August 1979	1st stage of Clegg Award	@	22%	-	2,297
April 1980	2nd stage of Clegg Award 1979-80 top nurses (Speakman) award				
April 1980	Annual settlement at 14%				
April 1980	Reduction in working week from 40-37½ hours costed at 6½% increase in basic pay	=	116	-	2,413
April	Annual Settlement at 6%	=	145	-	2,558

Paybill figures are affected by the cumulative effects of percentage pay

increases and by changes (over this period, increases) in gross staff numbers. These figures do not include London Weighting or any employers contributions payments (National Insurance, etc).

1% of current paybill - ie for 1981/82 = £25.58m

The current paybill represents: daily expenditure of £7m
; hourly expenditure of £300,000

Appended is a salary comparison sheet giving salary movements in cash and percentage terms for nursing grades from 1979/80 to 1981/82.

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MIN 37 10

ANNEX D

cc Mr Lyerton
Miss Spencer
Mr Bonner
Mr Radford
Miss Whitehead
Mr B A Hamson
Mr Fawell
Prof Dyson
file F.11 (with papers)
(similar letter sent to Mgement Side Chmn)

DEPARTMENT OF HEALTH & SOCIAL SE
Alexander Fleming House, Elephant & Castle, Londo
Telephone 01-407 5522
From the Minister for Health

Mr D Williams
CCHSE
Glen House
High Street
Banstead
Surrey

28th August 1980

Dear Mr Williams

You are aware of Ministers' concern about the problem of the relative decline in nurses' pay which has tended to follow a general pay adjustment. We are also conscious that some dissatisfaction has been expressed at the outcome of the Standing Commission's review, despite the substantial additions to the pay bill which resulted from it.

It would be misleading to suppose that there is a simple solution to these long-standing problems, or that there is any current prospect of injections of money over and above the general levels of funds becoming available for spending on the National Health Service. The Secretary of State and I are however very conscious of the need to seek a solution, especially in view of the commendable attitude so widely adopted by nurses and midwives of putting the interests of patients first and refusing to resort to industrial action in support of their own pay claims. We have therefore been giving preliminary thoughts to ways in which the problem might be tackled and the Secretary of State has asked me to write to you to seek the reactions of the Staff Side to two possible approaches. Either of these approaches might require independent objective advice, from an appropriate body or person, as to its precise application; but this is something which can be pursued only when the broad approach to be used has been determined.

The first approach would be to design what might be described as a basket of analogues, in order to arrive each year at an appropriate percentage figure by which the pay of the profession as a whole should move forward, leaving the pattern of distribution of the total sum thus arrived at for negotiation by the Whitley Council. Care would be needed in ensuring that the particular analogues chosen were appropriate for the purpose, and in devising detailed methods for applying the data thus derived to nurses and midwives. If this approach were adopted in relation to pay movement, it might be thought necessary in addition to consider what objective factors could help in determination of the absolute level of pay. Here, we have in mind the possibility of an independent objective assessment of the relevance of levels of pay to the ability of the NHS to recruit and retain nurses and midwives of the required calibre for the various

E.R.

tasks which the professions perform. Of course it can be argued that other factors are also important, but the ability to recruit and retain people of the necessary calibre is plainly a vital element which, so far as we are aware, has never yet been objectively assessed.

The second approach which might be considered would call for the identification of precise pay analogues for a small number of pay grades selected from across the full range of nursing and midwifery grades. By this means, the appropriate pay levels might be established at a few fixed points in the nurses' pay structure, with the pay of the remaining grades then being a matter for negotiation within the overall pattern set by the fixed points.

I should be glad to have the reactions of the Staff Side to the possible approaches which I have outlined above. I assume that the Management and Staff Sides will wish to consult together about these proposals, but it is of course for them to decide whether they wish to respond jointly or separately.

Finally, let me add that we are anxious that efforts to find solutions to some very real difficulties should not be impeded by misunderstanding or ill-informed comment. It might therefore be helpful if I sought to put this letter in perspective. We are not, as I am sure you will recognise, making a new pay offer, proposing an instant solution to the erosion problem, or providing some form of immediate guarantee. All that we are doing, without commitment and as a basis for further discussion and study, is to make some positive proposals which we hope will help us to find a constructive way forward. Questions regarding implementation and timing are matters for future consideration. We need first to find ways of moving forward. I believe the suggestions contained in this letter could provide a basis for finding a long-term solution to the problems which have bedevilled nurses' pay for so long. I hope that both Sides of the Whitley Council will be able to let me have a positive and constructive response to them.

I am writing in similar terms to Mr Wallace.

DR GERARD VAUGHAN

Notional Header

MR. SCHOLAR

NURSES PAY

The Prime Minister does not need to respond to the Chancellor's note to her of 16 December. The points the Chancellor has (quite rightly) made have also been made by the Treasury in the discussions among officials about the brief for the Prime Minister's meeting tomorrow with the nurses.

17 December 1981

YDS

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

Michael Scholar Esq
Private Secretary
10 Downing Street
London SW1

17 Dec. 1981

Dear Michael

I am enclosing copies of the brief for the Prime Minister's meeting with the nurses tomorrow, together with a covering minute from my Secretary of State.

You asked for a figure for the number of nurses so that the Prime Minister could have this in mind for the meeting. In September 1980 (the latest complete estimate we have) there were about 450,000 nurses (qualified and unqualified) in Great Britain, in whole-time equivalent terms.

Yours ever

David Clark

D J CLARK
Private Secretary

Enc

PRIME MINISTER

... I attach a brief on nurses' pay, which has been agreed interdepartmentally at official level. In sending it to you, it may be useful if I set out the wider political background as it appears to me in the light of the constructive meeting I had with them on 10 December (my note of 11 December refers).

The nurses are a large group (more than 400,000) which has always commanded public sympathy. It would be difficult for the Government to emerge without political damage from any dispute with them, and I think our objective should be to prevent a confrontation arising.

To do this will involve an element of preferential treatment for nurses which we must be able to justify publicly. I believe that we can do this by reference to the decision of the Royal College of Nursing and the Royal College of Midwives to forego industrial action affecting patients. Such a voluntary and public renunciation is highly unusual, and therefore significant. It is true that it applies only to the nursing organisations not affiliated to the TUC. Their membership does, however, represent a very substantial proportion of the profession as a whole; and the presumption against industrial action creates in the public mind - in my view justifiably - a belief that special treatment for nurses is right and proper. I consider, however, that it would be unwise even to contemplate anything on the lines of a formal "deal" under which special treatment is traded off against a no-strike undertaking.

The main area where the nurses are looking for special treatment is improved long-term arrangements for handling their pay. The principal political requirement is that we should clear the way to early discussions with the two Sides of the Whitley Council which can produce tangible results within a timetable seen by the Staff Side as reasonable. This means making a start on genuine discussions early in 1982, with implementation in time for the 1983 pay settlement. Our problem is, of course, Megaw, in the

in the sense that the simplest course would be to wait until the Megaw Report has been received and considered before examining new arrangements for nurses' pay. That however would imply a timetable which has not the remotest prospect of being accepted by the Staff Side. I think that the procedure which I agreed with the Staff Side on 10 December, as described in the official brief, offers the best prospect of reconciling these conflicting considerations. But I accept of course that it will have to be discussed with colleagues before matters are taken further with the nurses.

I hope you will be able to conclude this meeting by supporting this procedure, and encouraging the Staff Side to participate in the Whitley Council and tripartite discussions which were envisaged. This should enable them to go away feeling that they have had a constructive discussion which opens the way to their making genuine progress to an acceptable timetable.

It is certain that the Staff Side will also make the case for something extra in their April 1982 pay settlement, as an earnest of the Government's intentions. In this context, they will probably refer to the recent offer to the local government manual staff. One of their difficulties, as you know, is that there is effectively no scope in their case for productivity schemes or reductions in numbers; and they are very concerned about the inflexibility this involves.

I suggest that the best course would be for you

(a) to point out that all the NHS Whitley Councils, including that for nurses and midwives, will need to negotiate pay settlements for 1982/83 against the background of the Chancellor's statement on public expenditure, which indicates that the 4 per cent figures is not a pay norm but an indication of the provision which the Government could make for increased pay overall in the approved programmes. (You would thus not be saying that it must be 4 per cent and no more, nor that there is no restraint on what can be afforded);

(b) to emphasise the value to the nurses not only of their job security but of the fact that - by virtue of this Government's policies - nursing is still an expanding profession;

(c) to stress the prior importance of getting the principles for the longer term established.

The nurses may complain that nothing has yet been done even though our initiative was taken as long ago as August 1980. The fact is that, despite repeated prodding, the Staff Side did not respond for twelve months, preferring to give priority to their then pay claim. Had they responded quickly, matters might have been settled before now. Their delay meant that, when they did reply, circumstances had changed (notably Megaw). I do not think it will help to emphasise this, but you should know the background. You should also know that recent meetings with the Staff Side have shown that, largely because of divided counsels, they find great difficulty in choosing between the options, and are in effect trying to get us to choose for them. This is not what was intended - but, as matters have turned out, I think we shall have to help.

I am sending copies of this minute and of the enclosure to the Chancellor of the Exchequer, the Secretary of State for Employment, the Secretaries of State for Scotland and Wales and to Sir Robert Armstrong.

17 December 1981

N F

ENC.

PRIME MINISTER

NURSES

I have made the following arrangements for tomorrow's visit:

(i) any accompanying demonstrators will not be allowed in Downing Street; they will be held at the gates. We must avoid a three ring circus in the Street itself;

(ii) reporters and cameramen will be allowed into Downing Street and will interview the nurses afterwards;

(iii) I will attend the meeting and provide briefing afterwards for press officers, liaising with Mr Fowler's staff.

If necessary I will call a general briefing afterwards, but we agreed this morning that it would be desirable for Mr Fowler to give radio and TV interviews in order to get the Government's position clear. I have made arrangements for Mr Fowler to do this in No. 12 but his Director of Information tells me his initial reaction was against. He will review the situation tomorrow morning.

We know before we start that the nurses are not coming here to be helpful and will exploit the meeting as best they can. We must make sure that undue optimism is not generated and that it is clear that you were not negotiating. This is best done on the record by a Minister.

If Mr Fowler does not wish to do it, I could go on the record, on an agreed line. I am sure you will agree we should avoid a joint statement with the nurses.

B. INGHAM

17 December 1981

Prime Minister

cc AD
AW
JV

MCS 17/12

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

NURSES' PAY

I have seen Norman Fowler's minute to you of 11 December.

2. I do not see how we can endorse a programme for settling long-term pay arrangements, within the next 4 weeks or so (including the holiday period), without any real idea where it will lead us. If, for example, the nurses are thinking in terms of some kind of standing comparability arrangement, I do not see how we could possibly move in that direction in advance of the Megaw report, if at all. It has to be remembered that since the August 1980 initiative to which Norman refers, the Government has moved decisively away from comparability for its own employees in withdrawing from the pay research arrangements. Our evidence to Megaw emphasises market factors, such as recruitment and retention, and the importance of affordability; and our evidence to the DDRB points out that these considerations are relevant to other public services, including the NHS. Any new pay system for the nurses must be consistent with this approach.

3. I understand that the Treasury will be consulted on your briefing for your meeting with the nurses on 18 December; but I am sure that you will in any case have very much in mind the sort of points which I have made. Looking beyond that meeting, I do not think that we will be able to get much further until Norman is able to let us have a view on the nature of the system (if any) for which we should be aiming in further discussions with the nurses. It would be a mistake to start such discussions without

being clear on our objectives.

4. I am copying this minute to the other members of E Committee, the Secretaries of State for Scotland and Wales, and to Sir Robert Armstrong.

G.H.

16 December 1981

MR. SCHOLAR
MR. RYLANDS
MR. TAYLOR
FRONT DOOR

The following will be attending the meeting with the Prime Minister at 1530 on Friday 18 December but will be arriving for a prior meeting at 1445:

Mr. D. Williams: Chairman of the Council COHSE
Miss K. Hall: General Secretary Royal College of Nursing
Mr. R. Clay: General Secretary elect RCN
Miss M.A. Castle: RCN
Mr. A. Macmillan: RCN Scottish Board
Miss H. Nightingale: Association of Nursing Administrators
Mr. H.V. Mackenzie: National Officer COHSE
Mrs. J. Wydham Kay: General Secretary Health Unions Association
Mr. C. Donnet: Managerial, Administrative, Technical & Supervisory Association
Mr. H. Bayley: Organising Officer of NALGO
Mr. R.L. Jones: NUPE
Mrs. A.M. Hardy: Royal College of Midwives
Miss Jillian Gibb: Notetaker

+ Secretary of State for Social Services
Sir K. Stowe.
Dame Phyllis Friend.
Mr Benner (from the Department.
Dr Vaughan

CS.

16 December 1981

E
DEngy DES
CS-HMT DI
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CDL
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DTde
MAFF

Not Hilton
bc. Mr. Ingham
Mr. Vereker

10 DOWNING STREET

From the Private Secretary

15 December 1981

Dear David,

NURSES' PAY

The Prime Minister was grateful for your Secretary of State's minute of 11 December about his meeting with the Staff Side of the Nurses and Midwives Whitley Council about the long-term arrangements for fixing nurses pay.

As you know, the Prime Minister has agreed to see the nurses on Friday, 18 December at 3.30 p.m. You have undertaken to circulate a draft brief to the other Departments involved as soon as possible; and I have asked Sir Robert Armstrong's office to ensure that there is full inter-departmental co-ordination of the brief. The Prime Minister hopes that the brief will set out and comment upon all the possible options for new long-term arrangements for fixing nurses pay; she recognises that it may not be possible or desirable to reach any final conclusion on this issue at this stage.

I am sending copies of this letter to the Private Secretaries to the Members of E Committee, the Secretaries of State for Scotland and Wales and to David Wright (Cabinet Office).

Yours sincerely,

Michael Scholar

David Clark, Esq.,
Department of Health and Social Security.

CONFIDENTIAL

Prime Minister

Bernard Ingham, John Vercher and I have discussed the timing of your seeing the nurses. Agree to 21 December (notwithstanding that it is uncomfortably near Christmas from a publicity point of view, and that you won't have by then, or by 7 January, much of an idea of a practical scheme for their pay)? MCS 14/12

MR. SCHOLAR

c.c. Mr. Hoskyns

NURSES

You and I had a word about the Prime Minister's comment on Mr. Fowler's minute to her of 11 December. I understand that the choice of dates for her to see the Nurses Staff Side is 21 December or 7 January. I have talked both to the Treasury and to Peter Gregson in the Cabinet Office.

I am clear that the Prime Minister should see the nurses sooner rather than later. The longer we wait, the more expectations are built up, the more the Prime Minister is open to criticism for not fulfilling the pledge she gave at Question time last week, and the greater the risk that it will appear as if she is taking the negotiations out of Mr. Fowler's hands. And, in any case, given the holiday season, it is unlikely that very much more in the way of firm policy would be established in the course of the extra 2½ weeks. So I recommend that the Prime Minister should see the nurses on 21 December.

As to what the Prime Minister could say, there is no agreed Whitehall position at all. DHSS should be instructed to clear a draft brief urgently with the Treasury and other Departments with an interest in public service pay, and with the Policy Unit. There will be difficulties, because of our need to see what Megaw says, because of the danger of being drawn into the 1982 negotiations, and because the press is already talking about a separate Review Body for the nurses (probably the worst option of all). But it should be possible for the Prime Minister to be in the position of discussing the pros and cons of various approaches, and the Government's concern for market forces and affordability, with the nurses. Peter Gregson would be prepared to take a meeting later this week if necessary to clear the ground: I suggest that you might say in your letter to Mr. Fowler's office that the draft brief should be circulated in time for inter-departmental discussion if necessary.

14 December 1981

J.V.

AD
JV
AW

Prime Minister to see

N.P.G. Mitchell
Duty Clerk
11/12/81

Prime Minister

We must have some idea of proposed scheme before I see them. MT

It is important that I report to you urgently on a meeting I had yesterday with the Staff Side of the Nurses and Midwives Whitley Council about the long-term arrangements for fixing nurses' pay.

2. The main conclusion I drew was that we must make early and tangible progress towards a new pay system. The Staff Side stressed that a succession of governments have failed to deal with the well known deficiencies of the pay arrangements. The nurses say that they have had plenty of fair words - appreciation of their devotion to duty and of the decision of many of them to eschew industrial action, and understanding of the essential nature of their work - but no tangible help. And even now (though the responsibility for this is in large measure theirs) little progress has been made with the initiative which this government took in August 1980.

3. One of our problems is to settle arrangements for the nurses separately from, and in advance of, the decisions which we shall be taking on Civil Service pay in the light of the Megaw Report. But I believe that even if final decisions on the details of the arrangements for nurses have to be deferred, we must as a minimum settle very quickly the general nature of the arrangements we are prepared to contemplate, and the timing of their implementation, so that the Management and Staff Sides of the Whitley Council, with the Department's help if necessary, can be given a firm steer as to the nature of the scheme they should try to work out.

4. Yesterday's meeting was amicable, and the nurses presented their case in a rational and measured way - indeed, they spoke

in terms which the public generally would find most persuasive. It was, however, clear that if there is no progress the atmosphere would quickly change, and that we could look for a confrontation.

5. We had a useful and constructive discussion on how to take matters forward. In view of what you said at Question Time yesterday, the discussion turned to a possible meeting between the Staff Side and yourself. The Staff Side made clear that they would greatly welcome this. My own view is that such a meeting would be helpful and would best take place early rather than later, so that it would serve to give additional impetus to the discussions I am initiating. I think it would be a mistake to keep a meeting with you in reserve because of the risk of its being seen as some kind of court of appeal. I therefore recommend that you should see the nurses' Staff Side as soon as it can be arranged.

6. What I have in mind is that, after such a meeting between the Staff Side and yourself, the Whitley Council, at a meeting which is due to take place on 12 January, should try to work out some broad, agreed ideas about the long-term arrangements. Then I would consider whether the Department could produce a paper, taking matters rather further, for a possible tripartite meeting involving the Department and both Sides of the Whitley Council, and possibly chaired by myself. It seems clear that before such a meeting can take place - and we agreed to aim to hold it before the end of January - there will have to be urgent consultations with Ministerial colleagues.

7. The nurses said little about the current pay round, since they have not yet formulated a claim. It was, however, clear that they will be looking for something in excess of the four per cent pay factor. The offer which has just been made to the local authority manual workers makes the four per cent pay factor even less palatable to the nurses - indeed, it will now be difficult to secure settlements at that level with any NHS staff groups - and makes it more likely that the nurses may raise this point also with you.

8. I am sending copies of this minute to the other members of E Committee, the Secretaries of State for Scotland and Wales and to Sir Robert Armstrong.

11 December 1981

CONFIDENTIAL

MR. SCHOLAR

cc. Mr. Pattison
Mr. Ingham

NURSES' PAY

As you may know, Mr. Skinner has a question down for 17 December, which will be taken first, about nurses' pay. Because the Government has no clear position about pay determination arrangements for nurses, I had a word with DHSS about their briefing for this question. We are pretty much agreed on the line the Prime Minister will have to take, which is to continue to withdraw somewhat from the Vaughan letter of 28 August, 1980, which is a pure comparability system, and to make it plain that we must await the outcome of the Megaw Inquiry before going firm on any new arrangements.

However, there may be one new development, which is that Mr. Fowler will be seeing the nurses' staff side tomorrow afternoon, and I am told that he intends to invite them to put forward their ideas. It is certainly helpful that Mr. Fowler is taking over the negotiations from Mr. Vaughan; and I am told that he intends to report to the Prime Minister after the meeting. But there are dangers in having Mr. Fowler talk to the staff side in the absence of an agreed Government position on the future of nurses' pay. You may feel it would be useful to have a word with his Private Office and ask them to remind him of the importance of not making any new commitments, of the fact that any new system will have to take account of market factors and of the Government's ability to pay, and that we do not see how anything can be put in place in time for the 1982 negotiations.

Done

J. M. M. VEREKER
9 December, 1981

CONFIDENTIAL

36

DAILY MIRROR

26 June 1981

AMBULANCES

Maggie's broken promise

The Conservative view is that nurses and others working in the health service should be able to feel that their pay is the subject of special safeguards in return for an agreement not to strike.

—from a reply sent by Mrs. Thatcher's office to a letter from a Health Service worker in 1979

TORY opposition leader Margaret Thatcher told ambulancemen in March 1979:

"The Conservative view is that nurses and others working in the Health Service should be able to feel that their pay is the subject of special safeguards in return for an agreement not to strike."

Today 17,000 ambulancemen and women will stop work over a pay claim.

Militants in London, Northern Ireland, Scotland, Wales and the North East are expected to refuse even emergency calls.

But what makes a normally dedicated man, or woman in one of the key sectors of Britain's emergency services pull out the plug and risk the lives of thousands?

The answer must lie in a string of broken promises.

Everything looked rosy after the ambulancemen's strike of 1979, during the "Winter of Discontent", when Labour were in power.

Professor Hugh Clegg's pay comparability commission, set up by the Labour Government, gave them rises in line with other emergency services.

Mrs Thatcher, however, described the Clegg commission as "inflationary", and last summer they axed it.

The ambulancemen's case, quite simply, is that they would be another £15.40 a week better off if Clegg's recommendations were used by the Government today.

Instead they are being offered six per cent—just £5.95 a week.

Policemen were awarded a 21.3 per cent rise last September. Firemen are to get 18.8 per cent

Health Minister Patrick Jenkin says ambulancemen earn a good average wage of around £130 a week.

Former Coldstream Guards 'medic', Terry Pettifer, spokesman for London ambulancemen, says:

"We are forced to work long hours because present pay scales do not attract recruits.

"If we refused to work 16-hour shifts and at weekends, ambulances would not be available for ordinary tasks, never mind serious accidents."

Excessive hours boost ambulancemens basic £76.60 a week to the "big money" figures which Health Ministers use to discredit the ambulancemen's case.

TERRY PATTINSON

CJC

Nat Health

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Parliament Street
London S W 1

12
1976

18 June 1981

Dear Geoffrey,

NURSES' PAY

Your letter of 16 June suggested that the substantive issue of the longer-term arrangements for determining nurses pay should be put on the agenda for the meeting of E(PSP) arranged for 25 June. I am grateful for your help subsequently in revising the terms of my reply to the Chairman of the Staff Side, David Williams: I attach a copy of the reply sent.

As my office explained, David Williams was desperately anxious to receive the letter requested by the Staff Side. Our cautious assessment is that he recognises the firmness of the Government's position and will be seeking to persuade his members and colleagues to accept the offer for this year, no doubt coupled with some fairly trenchant words about the nurses falling behind again and the problems in store if a fairer system is not devised very soon. But this task will not be easy, and he needs all the help I can give him. Acceptance by the nurses of the six per cent offer would be a considerable prize which is why I took the view that it was essential to write as soon as I could.

I am happy to table a paper for E(PSP) if you still feel that this would be useful. My own view is that this could wait until we know whether the Staff Side are going to accept this year's pay offer and have received their promised response on the longer-term issues.

I am copying this letter as before.

Yours ever
Patrick

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

D Williams Esq
Staff Side Chairman
Nurses and Midwives Whitley Council
Confederation of Health Service Employees
Glen House
High Street
Banstead
Surrey

17 June 1981

Dear David,

At the end of our meeting on 10 June, I promised to write to you setting out the points which I had made in the course of our discussion.

In the first place I confirmed that there is no possibility of any addition to the 1981/82 NHS cash limit pay factor of 6 per cent. The decision on the pay factor was a vital element in the Government's overall economic policy. I reminded you that within that policy the National Health Service is being protected. Provision has been made for continuing real growth, and consequently the numbers of staff employed, including nurses, are also continuing to increase. NHS management have concluded, in relation to the pay negotiations for various staff groups, that the only means of providing funds for pay increases beyond the pay factor would be by reducing services to patients (which would incidentally be bound to lead to some loss of jobs). They have rightly decided that they would not be prepared to contemplate reducing services for this purpose.

With regard to this year's pay settlement, I put it to you that one cannot consider the pay position of nurses and other groups of staff in the NHS in isolation from what is happening in the economy as a whole. It is strongly argued on behalf of the private sector - where the wealth to fund public services has to be created - that they are having to bear an unduly heavy share of the effects of the recession. Many workers in the private sector are not receiving any pay increase in 1981. Even within the public sector and the public services, some services are having to face the prospect of a real cut-back accompanied by job losses; and it is only because of such job losses that it is possible for some groups to receive increases somewhat in excess of the pay factor without the cash limit being breached. By contrast, NHS staff, apart from a very small number in the more senior grades who may be affected by the special circumstances of restructuring, enjoy an extremely high level of job security. These are factors which simply cannot be left out of account. The Government is doing everything it can to protect the NHS. This cannot be done if higher pay settlements than are available within the cash limit are taken by staff.

E.R.

I stressed however, that the Government recognise the nurses as a group who have suffered special problems on pay in the past. We are anxious to explore possible methods of handling nurses' pay which will help solve these problems; and in doing so we shall be very conscious of the stance that most nurses adopt in rejecting any recourse to industrial action in support of their claims. As I told you at the meeting last week, I cannot offer assurances about the timing of implementation of pay changes; but I do wish to explore at the earliest opportunity, possible changes in methods. Any new method will need to take full account of such important factors as the availability of finance and whether sufficient recruits of the right calibre are being recruited and retained: indeed this is one of the prime tests of any system of pay determination. Suggestions such as those set out in Dr Vaughan's letter of 28 August 1980 would also be very much on the agenda in any such discussions. I was pleased to hear that the Staff Side have been undertaking a good deal of detailed work in this area and that you expect to let us have considered views quite soon. I have every hope that the ensuing discussions will help us to make real progress in working out a better long term approach to settling nurses' pay.

Yours ever

Patrick

cc J. Vereker

Nat Health

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

16 June 1981

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant & Castle
LONDON SE1 6BY

Dear Patrick

NURSES' PAY

Thank you for your letter of 12 June, in which you seek agreement to the terms of your proposed letter to the Staff Side of the Nurses and Midwives Whitley Council.

I am sure that the line which you propose to take on this year's settlement is the right one. But the question of the possible longer-term arrangements gives me more difficulty. Before formally reviving Gerard Vaughan's letter of 28 April 1980 as a basis for discussion with the nurses, I think we need to consider rather carefully how the proposals in that letter fit in with subsequent developments, including the suspension of the civil service PRU arrangements. It would obviously be very difficult to appear to be willing to create a new system of comparability for nurses at a time when we were abandoning the existing one for the Civil Service.

A meeting of E(PSP) has anyway been arranged for 25 June, and I think that it would be helpful if you would circulate a paper for discussion at that meeting. Meanwhile you could no doubt let the Staff Side have an interim reply, indicating thatthe Government wished to take a little more time to consider carefully the issues arising from your meeting with them.

I am copying this letter to the Prime Minister, members of E Committee, and to Sir Robert Armstrong.

Yours

Geoffrey

GEOFFREY HOWE

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

Prime Minister
This seems a reasonable concession for the nurses.
TL 12/6

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Parliament Street
London SW1

12 June 1981

✓ Mr Vorke

MG.

Dear Geoffrey,

You will have seen press reports of the representations made to me yesterday by the Staff Side of the Nurses and Midwives Whitley Council about the 1981/82 pay round. I attach the statement released to the Press by the Staff Side after the meeting; they record my promise to write summarising my statement of the Government's position.

I attach a draft letter for this purpose dealing at some length with the question of future pay arrangements. I believe that our chance of achieving a settlement within the 6 per cent cash limit, without difficult and embarrassing action by nurses, depends in large part on the extent to which I can be reassuring about our intentions for the future and I hope you will agree that I should write in these terms. I do not commit the Government to any particular timing or implementation of any conclusions from the proposed discussion on revised arrangements for determining nurses pay. Subject to your comments I propose to despatch the letter next Tuesday.

I am copying this letter and enclosures to the Prime Minister, members of E Committee and Sir Robert Armstrong.

Yours ever

Patrick

ENC

MG

D Williams
Staff Side Chairman
Nurses and Midwives Whitley Council
Confederation of Health Service Employees
Glen House
High Street
Banstead
Surrey

At the end of our meeting on 10 June, I promised to write to you setting out the points which I had made in the course of our discussion.

In the first place I confirmed that there is no possibility of any addition to the 1981/82 NHS cash limit pay factor of 6 per cent. The decision on the pay factor was a vital element in the Government's overall economic policy. I reminded you that within that policy the National Health Service is being protected. Provision has been made for continuing real growth, and consequently the numbers of staff employed, including nurses, are also continuing to increase. NHS management have concluded, in relation to the pay negotiations for various staff groups, that the only means of providing funds for pay increases beyond the pay factor would be by reducing services to patients (which would incidentally be bound to lead to some loss of jobs). They have rightly decided that they would not be prepared to contemplate reducing services for this purpose.

With regard to this year's pay settlement, I put it to you that one cannot consider the pay position of nurses and other groups of staff in the NHS in isolation from what is happening in the economy as a whole. It is strongly argued on behalf of the private sector - where the wealth to fund public services has to be created - that they are having to bear an unduly heavy share of the effects of the recession. Many workers in the private sector are not receiving any pay increase in 1981. Even within the public sector and the public services, some services are having to face the prospect of a real cut-back accompanied by job losses; and it is only because of such job losses that it is possible for some groups - eg civil servants and some local authority staff - to receive increases somewhat in excess of the pay factor without the cash limit being breached. By contrast, NHS staff, apart from a very small number in those more senior grades who may be affected by the special circumstances of restructuring, enjoy an extremely high level of job security. These are factors which simply cannot be left out of account. The Government is doing everything it can to protect the NHS. This cannot be done if higher pay settlements than are available within the cash limit are taken by public sector staff.

stressed, however, that the Government recognise the nurses as a group who have suffered special problems on pay in the past. I also recognise the importance of being able to attract and retain sufficient recruits of the right calibre - this indeed is one of the tests of the effectiveness of any system of pay determination - and I am very conscious of the stance which most nurses adopt in rejecting any recourse to industrial action in support of their claims. It was for these reasons that we put to you the suggestions set out in Dr Vaughan's letter of 28 August 1980. We are anxious to explore possible methods of handling nurses' pay which will help overcome the difficulties of the past. The proposals which Dr Vaughan put to you and the Management Side represented a very real recognition of the claims of nurses to some special consideration; and, as I explained to you, nurses are the only group, apart from those specifically singled out in our election manifesto (eg the armed forces and the police) to be treated in this way. Dr Vaughan made it clear in his letter, and I confirmed at our meeting, that we are not offering assurances about timing or implementation of pay changes. But we are anxious to explore at the earliest opportunity possible changes in methods - for, as you will have gathered from recent Ministerial statements in other contexts, we are well aware of the desirability of finding some more satisfactory method of dealing with public services pay generally than that which has had to be applied this year; and we regard this as of exceptional importance in relation to nurses. I was very glad, therefore, to learn that the Staff Side have been undertaking a good deal of detailed work on the suggestions that we have put to you and that you expect to let us have your considered response quite soon. Although I cannot change the cash limit in 1981/82 for nurses or any other NHS staff group, I have every hope that the discussions which will flow from your response to Dr Vaughan's letter will help us to make real progress in shaping up a better approach to settling nurses' pay in future.

TO BE ATT'D TO LETTER OF 12th JUNE

TO CHANCELLOR OF

THE EXCHQR.

Tim

Annex missing from letter below

15/6

With the Compliments of
the Private Secretary to
the Secretary of State

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House
Elephant and Castle
London, SE1 6BY

STATEMENT FROM NURSES STAFF SIDE.

At the joint meeting of the Nurses and Midwives Whitley Council held yesterday, 9 June, the Management Side responded to the further representations on nurses pay made by the Staff Side at the previous meeting by reiterating their offer to negotiate the April 1981 pay settlement within the 6% cash limits. Because this offer fell so far short of the Staff Side's claim the Staff Side sought an immediate meeting with the Secretary of State to urge on him the need to make more money available.

That meeting took place today and the Chairman of the Staff Side reminded the Secretary of State of the history of nurses pay during recent years, drawing attention to the fact that the Standing Commission's Award had failed to correct the position and that subsequently the Minister for Health, Dr Vaughan, had written to the Nurses and Midwives Council indicating Ministers' concern about nurses pay and suggesting ways in which the problem could be tackled in the future. The Staff Side had examined these suggestions in great detail and would shortly be in a position to respond. However the problem of the 1981 settlement would not be resolved by these means and nurses and midwives were becoming increasingly angry at the continued imposition of a 6% limit on their pay after other groups in the public sector were being seen to achieve considerably more.

In reply, the Secretary of State made clear that there was no way in which he could authorise an improvement in the Management Side's offer although he recognised the Staff Side's concern and hoped that the discussions in Dr Vaughan's letter would produce a solution to the problem of nurses pay. He undertook to reply in writing to the Staff Side in the next few days but reaffirmed that there could be no more than 6% in this pay round.

The Staff Side then decided to consult their memberships on the basis of the offer - a 6% increase in all scales - further more detailed information will be sent out as soon as the Secretary of State's letter has been received.

CONFIDENTIAL

aco
NHM

Nat Health

10 DOWNING STREET

From the Private Secretary

11 March 1981

E(PSP) 81 (10) 16.3.81.

Nurses' Pay

The Prime Minister understands that the negotiations on nurses' pay are due to start in the next few weeks. She thinks it would be desirable if your Secretary of State would bring forward an early paper to E(PSP) Committee on this subject.

The paper will presumably need to cover not only the pay increase that your Department believes can be afforded and the tactics for achieving a settlement at that figure, but also the various linkages the nurses may feel they have - for example, with the health ancillaries and the doctors. In the latter context, it may perhaps be necessary for E(PSP) to consider how the Government would respond to a DDRB recommendation of over 6-7 per cent if that is what the DDRB were to come up with.

I am sending a copy of this letter to John Wiggins (HM Treasury) and David Wright (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

CONFIDENTIAL

Nat Health

10 DOWNING STREET

Tim

Steve

pls tell Tim PM has no comments.

DHSS want to know if we have any comments on draft letter to D. Williams, which is being despatched tomorrow.

TL 18/6

Steve 18/6

Ref. A04431

MR WHITMORE

Nurses' Pay

Thank you for your minute of 9 March.

2. I am entirely content that the subject should be raised in E(PSP); I think it would be a good idea if you inspired the Secretary of State for Social Services to put in a paper.

RA

ROBERT ARMSTRONG

10 March 1981

PERSONAL AND CONFIDENTIAL

Nat Health HS

TL seen

10 DOWNING STREET

From the Principal Private Secretary

BF 17. 3. 81

SIR ROBERT ARMSTRONG

Nurses' pay

I have shown the Prime Minister your minute of 5 March 1981 in which you suggest that the Prime Minister might discuss nurses' pay with the Chancellor of the Exchequer and the Secretary of State for Social Services.

She wonders whether, rather than holding an ad hoc meeting herself, this might not be a suitable subject for discussion, at least in the first instance, in E(PSP). If you agree, we will gladly inspire from here a paper for the sub-committee from Mr. Jenkin. Shall we do that?

CW

9 March 1981

1.

I very much agree with the Chancellor's suggestion but this is a matter for E(PSP) in the first place.

1. Mr. Whitmore
2. Prime Minister

cc Mr. Vereker

MT

6 iii

In the note attached, Robert Armstrong suggests that you have a meeting with the Chancellor and Mr. Jenkin to discuss the nurses pay offer, which is likely to be 6 per cent.

The first Whitley Council (i.e. negotiating meeting) is provisionally set for 24 March, but may slip if DHSS cannot make progress with the health ancillaries (who have been offered 7½ per cent over 15 months).

The health ancillary settlement and the doctors settlement are, in my view, more important for the nurses than civil servants and local authority manuals; but the Doctors and Dentists Review Body Report probably won't be with us until the end of March.

Since we now have the Public Services Pay Committee under the Chancellor's chairmanship, surely the first thing we need is a paper by Mr. Jenkin to that Committee - rather than a meeting with you? Robert is obviously right in suggesting that we should not walk into a dispute with the nurses with our eyes closed, but if E(PSP) is to have any real purpose, it is to deal - at least in the first instance - with this kind of issue.

Yes - MT

In the paper which I have suggested Mr. Jenkin should put to E(PSP) he ought to deal with the nurses and doctors linkage. Thus, it would be unwise to offer the nurses 6 per cent, and then accept a DDRB recommendation of, say, 9 per cent. (I have no idea what the DDRB are going to recommend, but it could be more than 6-7 per cent.) We ought to take a view in advance on how we would respond to varying DDRB recommendations if we are to make sense of the nurses negotiations.

TL

6 March 1981

Ref: A04375

PERSONAL AND CONFIDENTIAL

MR. WHITMORE

I learnt very recently that the Department of Health and Social Security now takes the view that it will not be possible to offer the nurses more than 6 per cent (or a shade of a decimal point or two above that), within the constraint of the 6 per cent cash limit.

2. I believe that the Government's position may become untenable, and its policy unsustainable, if the result of it is seen to be that, at a time when local authority workers and the teachers have been offered $7\frac{1}{2}$ per cent and the Civil Service 7 per cent, the nurses are offered only 6 per cent. If that really is the unavoidable outcome of sticking to the present course, we ought to be thinking now how we can avoid getting into that situation, and not waiting to get into it and then trying to find a way out of it.

3. Is this something which the Prime Minister should discuss with the Chancellor of the Exchequer and the Secretary of State for Social Services?

RTA

Robert Armstrong

5th March 1981

PERSONAL AND CONFIDENTIAL

DE

cc J.V

DEPARTMENT OF HEALTH & SOCIAL SI
Alexander Fleming House, Elephant & Castle, Lond
Telephone 01-407 5522
From the Minister for Health

Mr D Williams
CCHSE
Glen House
High Street
Banstead
Surrey

28th August 1980

Dear Mr Williams

You are aware of Ministers' concern about the problem of the relative decline in nurses' pay which has tended to follow a general pay adjustment. We are also conscious that some dissatisfaction has been expressed at the outcome of the Standing Commission's review, despite the substantial additions to the pay bill which resulted from it.

It would be misleading to suppose that there is a simple solution to these long-standing problems, or that there is any current prospect of injections of money over and above the general levels of funds becoming available for spending on the National Health Service. The Secretary of State and I are however very conscious of the need to seek a solution, especially in view of the commendable attitude so widely adopted by nurses and midwives of putting the interests of patients first and refusing to resort to industrial action in support of their own pay claims. We have therefore been giving preliminary thoughts to ways in which the problem might be tackled and the Secretary of State has asked me to write to you to seek the reactions of the Staff Side to two possible approaches. Either of these approaches might require independent objective advice, from an appropriate body or person, as to its precise application; but this is something which can be pursued only when the broad approach to be used has been determined.

The first approach would be to design what might be described as a basket of analogues, in order to arrive each year at an appropriate percentage figure by which the pay of the profession as a whole should move forward, leaving the pattern of distribution of the total sum thus arrived at for negotiation by the Whitley Council. Care would be needed in ensuring that the particular analogues chosen were appropriate for the purpose, and in devising detailed methods for applying the data thus derived to nurses and midwives. If this approach were adopted in relation to pay movement, it might be thought necessary in addition to consider what objective factors could help in determination of the absolute level of pay. Here, we have in mind the possibility of an independent objective assessment of the relevance of levels of pay to the ability of the NHS to recruit and retain nurses and midwives of the required calibre for the various

tasks which the professions perform. Of course it can be argued that other factors are also important, but the ability to recruit and retain people of the necessary calibre is plainly a vital element which, so far as we are aware, has never yet been objectively assessed.

The second approach which might be considered would call for the identification of precise pay analogues for a small number of pay grades selected from across the full range of nursing and midwifery grades. By this means, the appropriate pay levels might be established at a few fixed points in the nurses' pay structure, with the pay of the remaining grades then being a matter for negotiation within the overall pattern set by the fixed points.

I should be glad to have the reactions of the Staff Side to the possible approaches which I have outlined above. I assume that the Management and Staff Sides will wish to consult together about these proposals, but it is of course for them to decide whether they wish to respond jointly or separately.

Finally, let me add that we are anxious that efforts to find solutions to some very real difficulties should not be impeded by misunderstanding or ill-informed comment. It might therefore be helpful if I sought to put this letter in perspective. We are not, as I am sure you will recognise, making a new pay offer, proposing an instant solution to the erosion problem, or providing some form of immediate guarantee. All that we are doing, without commitment and as a basis for further discussion and study, is to make some positive proposals which we hope will help us to find a constructive way forward. Questions regarding implementation and timing are matters for future consideration. We need first to find ways of moving forward. I believe the suggestions contained in this letter could provide a basis for finding a long-term solution to the problems which have bedevilled nurses' pay for so long. I hope that both Sides of the Whitley Council will be able to let me have a positive and constructive response to them.

I am writing in similar terms to Mr Wallace.

Yours ever

Gerard Vaughan

DR GERARD VAUGHAN

Ref. A02689

PRIME MINISTER

Nurses' Pay

(E(80) 74)

BACKGROUND

When E last discussed the issue of nurses' pay, on 1st July, they agreed that, while the Government was committed to seeking ways of putting the determination of nurses' pay on a better long term footing, it was premature to decide how this might be tackled until decisions on the general approach to public sector pay, including the future of the Review Bodies, had been taken.

2. In his paper (E(80) 74) the Secretary of State for Social Services identifies the two problems of how to protect the nurses against relative pay erosion and of setting the right pay base for them. He rejects indexation and notes that the Clegg Commission did not come up with anything useful. In his paragraph 5 he sets out three options:-

(a) A Review Body.

(b) Identification of direct analogues for one or two specific nursing grades as a basis for the nurses' pay structure.

(c) Identification of the rate of pay movements in a range of other appropriate jobs to give a weighted average rate of increase for the nurses to be distributed between the different grades.

The Secretary of State does not indicate his own preference. He points out that any of these options might call for adjustment to the general NHS cash limit in each year. His paper was written before he saw the Chancellor of the Exchequer's paper, E(80) 71, on comparability and cash limits.

HANDLING

3. After the Secretary of State for Social Services has introduced his paper the Chancellor of the Exchequer and the Secretary of State for Employment will wish to comment.

4. It is difficult to see how the approach recommended by the Secretary of State for Social Services can be reconciled with that proposed by the Chancellor of the Exchequer in his more general paper. To do so would require the Committee to accept that:-

(i) the nurses should be regarded as another special case; and consequently

(ii) the cash limit for them should be responsive not overriding.

5. It is unlikely that your colleagues will be prepared to go this far yet, not least because an announced decision in this sense would heighten the sense of grievance - and hence the militancy - of civil servants that they alone are being picked on, as the 'fall-guys' in public sector pay. This might point to a decision to invite the Chancellor of the Exchequer to arrange for the further work by officials on the options for the future of comparability - paragraph 33(b) of E(80) 71 - to cover also the problem of the nurses, taking account of the Government's wish to put their pay on a better long term footing. Such a decision would, of course, exclude public statements on nurses' pay at this stage.

CONCLUSIONS

6. In the light of the discussion you will wish to record conclusions:-

(i) either accepting one of the options in paragraph 5 of the Secretary of State for Social Services' paper, E(80) 74,

or

(ii) inviting the Chancellor of the Exchequer, in consultation with the Secretary of State for Social Services, to arrange for the problem to be considered further by officials in the course of their more general examination of the options for the future of comparability on which they are to report in the autumn.

RTA

(Robert Armstrong)

22nd July, 1980

Nat. Health.

A 02489

PRIME MINISTER

Nurses' Pay

BACKGROUND

1. The Secretary of State for Social Services sent you on 27 June a minute about the problems of the study of how nurses' pay should be determined.

2. Twice in E's recent discussions of public sector pay policy, the Secretary of State has stressed the importance of examining the possibility of constructing a basis for comparison which could be used to satisfy the nurses that they were not falling behind. E has agreed that this work should go ahead either under the auspices of the Clegg Commission or of some other body if Clegg could not complete it. It was agreed that E would consider proposals in due course and in the light of that review; but you made clear to the Secretary of State that he could not say anything at this stage which would pre-empt the outcome.

3. He now reports that, contrary to his expectations, it seems that in their general round-up report, which is due in about a fortnight, Clegg will put forward some general ideas for the longer-term approach to pay but nothing specific or detailed on the nurses. He proposes that either Clegg should be invited to look in more detail at the nurses or, if they do not have time, some ad hoc review should be set up - though he sees this as very much a second best.

4. He also wishes to indicate in an arranged PQ that the Government understands the anxiety of the nurses about the problem of falling behind and is committed to arranging for it to be studied in advance of the next pay settlement; though there would be no commitment to accept the outcome. The timing of the PQ would be in relation to the next meeting of the Whitley Council on 8 July.

HANDLING

5. After the Secretary of State for Social Services has spoken, you will wish to ask the Secretary of State for Employment to comment on the possibility of further work by Clegg and the Chancellor of the Exchequer to give his views on the implications.

In discussion you will wish to cover the following questions:-

(a) Who should carry out the study?

The Secretary of State for Social Services is looking for advice on detailed comparability arrangements for nurses or on possible systems for dealing with their pay which would prevent them from falling behind in the future as they have so often done in the past. It now appears that Clegg will not offer him this and, if he wants a detailed fully fledged scheme, this would probably need detailed study and negotiations which could last 6-12 months. If this assessment is right, it would not in any case be possible for Clegg to take on the task: E has already agreed that the Commission should be disbanded once it has completed its present tasks. Subject to what the Secretary of State for Employment might say, this points to turning the job over to someone else.

(b) Should there be an arranged Parliamentary Question?

Although the Secretary of State for Social Services says that this would avoid any commitments, Ministers may feel that he should say nothing further until Clegg has reported. Any statement could then be based on firm knowledge of what Clegg actually says. If so, the nurses will have to rest on the assurance already given to them that this question would be examined.

CONCLUSIONS

6. In the light of the discussion you will wish to record conclusions on:-

(i) who should carry out the further work which the Secretary of State for Social Services wants - Clegg or, if Clegg will not survive long enough, some other body. In the latter event you may want to commission the Secretary of State, in conjunction with the Secretary of State for Employment to come to colleagues soon with proposals or options

(ii) whether the Secretary of State for Social Services may make an arranged Answer as he proposes before the Clegg Commission reports or must wait until the report has been published. In either event the terms of the statement will need advance clearance by the colleagues concerned - principally yourself, the Chancellor of the Exchequer or the Secretary of State for Employment.

30 June 1980

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10 DOWNING STREET

From the Private Secretary

30 June 1980

The Prime Minister has read your Secretary of State's minute of 27 June about nurses' pay and the need to prevent a decline in their relative position in future. She would like this minute to be considered in E Committee tomorrow (Tuesday).

I am sending copies of this letter to the Private Secretaries to members of E Committee, the Secretaries of State for Scotland and Wales and to David Wright (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security..

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Prime Minister

I think this will have to be discussed in E on Tuesday. Agree? T.

Yes

27/1

E Committee has already agreed that work should go ahead on finding ways of preventing the relative decline in nurses' pay which in recent years has followed upon each report establishing it on an up-to-date basis.

There are two points which need urgent attention. First, it is important if we are to prevent a further worsening in our relations with the nursing profession that we should be seen to make an early start on tackling the problem. We need the advice of an independent person or body, and had hoped that the Clegg Commission, following what they said in paragraphs 93-4 of their report on nurses and midwives, would be dealing with the matter this summer in their annual report. I now gather that it is in fact unlikely that they will do more than touch on the subject in general terms, and that we therefore should not look for any real help on the specific problem of nurses. What we need is advice either on detailed comparability arrangements for nurses (ie a suggested actual comparability structure) or on possible systems for dealing with their pay which would prevent falling behind. This is something which might have been referred at once to Clegg, but in view of Thursday's decision of 'E' Committee, this may not be practicable. It is for consideration whether, because the Commission has already taken on board, in general terms, the 'falling behind' point, they could even now be asked to make recommendations in greater detail than they currently propose as indicated above. I would hope that this might be done to a timetable which would not prejudice our decision about the Commission's long-term future. Alternatively, we could establish some kind of ad hoc review; but past experience suggests that ad hoc arrangements are very much a second best. I should be glad to know whether an immediate request to Clegg would be acceptable. No doubt we could discuss this in E Committee next week if necessary.

Secondly, I believe it would be helpful for me to indicate, by way of an arranged Parliamentary Question, that we understand the anxiety of nurses about the problem of falling behind and are committed to arranging for it to be studied in time for a report to be available in advance of their next pay settlement. I should of course avoid any assurance either that we could automatically accept in principle whatever recommendations might emerge or that, even if we accepted them in principle, we could necessarily find the money to put them into effect at once. But even with these reservations, I consider that such a statement would be helpful. Its exact timing needs careful thought, bearing in mind that the next meeting of the Whitley Council on 8 July may determine whether a satisfactory settlement can be reached for this round. If you and other colleagues agree, I should like to be free to make such a statement at a favourable opportunity.

I am sending copies of this letter to the other members of E Committee, the Secretaries of State for Scotland and for Wales, and to Sir Robert Armstrong.

P.J.

27.6.80

Original
CAR

TMP
cc HCS
Press

Nat Health

10 DOWNING STREET

THE PRIME MINISTER

21 June 1980

Dear Mr. Hudgfield

Thank you for your letter of 2 June which you sent me after the Nuneaton branch of the National Union of Public Employees had requested a meeting with you, following my own meeting with representatives of the Staff Side of the Nurses and Midwives Whitley Council on 29 May. May I say emphatically that I reject the Nuneaton branches' suggestion that my response was an insult to the nursing profession. I hold the profession in the highest regard and have nothing but admiration for the service they give the community and their record of putting the patients' interest first. That record has been an important factor influencing the Government's decisions in relation to pay and allowances which have resulted in very substantial increases for nurses since we came to office.

The record is clear. We gave undertakings about nurses pay when we came to office, which we have fully discharged. Indeed we have gone further by making concessions on some minor points and a major concession to reduce working hours a year early, at a cost of £116 million. When we came to office the nurses' pay bill totalled £1,600 m. On 10 June the Nurses and Midwives Whitley Council decided upon a package of proposals which the Staff Side undertook to put to their constituent organisations and if it is accepted the nurses' pay bill will have increased to £2,400 m. - a 50 per cent increase - almost all of which is for improved pay, allowances and conditions of service. The package is within the general 1980/81 public sector cash limit increase of 14 per cent and I understand that it provides for a general increase of 13 per cent on all scales from 1 April 1980, with further significant improvements for nursing auxiliaries and for some of the more senior grades. I welcome the decision of the Whitley Council.

/It will

TS

It will provide further solid improvements in the pay of nurses and midwives which will come on top of those which have resulted from the Government's undertaking to honour the Standing Commission's recommendations and the concessions I have mentioned. The effect of the concession on hours is that in 1980/81, nurses who continue to work a 40 hour week will enjoy a pay increase of rather more than 20 per cent, not 14 per cent. Other nurses will get 13 per cent or more plus a 2½ hour cut in their working week, or a mixture of the two.

You refer to "glaring discrepancies" in the context of a comparison between nurses pay and that of consultants. The systems for settling the pay of nurses and doctors are quite different. Exact comparison is not practicable but some wholly misleading comparisons have been made seeking to show a disparity of treatment as between nurses and doctors since the Government took office.

Since the catching up process that resulted from the various pay policies pursued by the former government began in 1978, the total nursing pay bill should have increased, from 1 April 1980 by 65½ per cent, while doctors' total earnings should have increased by 66 per cent. I thought it right to quote these figures to the nurses' representatives when I met them on 29 May and to point out to them, explicitly, that a small portion of the nurses' figure was the cost of additional staff. I hope very much, therefore, that you will do your part, both in your constituency and nationally, to make people aware that in fact these are the comparisons between the treatment we have accorded nurses and doctors since we came to office.

Yours sincerely

Margaret Thatcher

Leslie Huckfield, Esq., M.P.

LESLIE HUCKFIELD MP

cc JG
TPL
Press Office

Nat Health

HOUSE OF COMMONS
LONDON SWIA OAA

MR LANKESTER

2nd June 1980

Rt Hon Mrs M Thatcher MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister

I am writing to you because, after hearing the outcome of the Nurses representatives' meeting with you in Downing Street, the Nuneaton branch of the National Union of Public Employees asked for an emergency meeting with me. I think I should report to you that they regarded your response as an insult to the nursing profession.

I think you must by now be aware of the growing amount of public support for the nurses' case. Though a top consultant can earn up to £37,000, including his salary, merit awards and other special payments, this does not mean that he has to contribute anything more to the National Health Service. In comparison with this, nurses have been offered only a 14% increase on some of the following:-

£71 per week for a staff nurse,
£63 per week for a state enrolled nurse,
£49 per week for a nursing auxiliary
and £52 per week for a student nurse with no job guarantee afterwards.

I am sure you will appreciate that all of these comparisons can be made with the national average wage of £85 per week.

As if to add insult to injury, I understand that the consultants' pay offer will be outside cash limits while the nurses will be constrained within these limits.

Surely, on the grounds of justice alone, apart from the strength of their case, the nurses deserve better than this?

I /

Leslie Huckfield MP

I shall certainly do my part, both in the constituency and nationally, to make people aware of the glaring discrepancies and the insult which has been offered to our nursing profession. I know that thousands of others will join with me.

I hope, therefore, that you will look at this once more and let the nurses have a more sympathetic response.

Sincerely, Leslie Huckfield

NURSES' PAY: SPEAKING NOTE

The Prime Minister pointed out, when she met nurses' representatives on 29 May, that the Government have fully discharged the undertakings on pay which they gave to nurses when they arrived in office. Indeed, they had gone further, by making concessions on some minor points, and a major concession to allow a reduction in the working week. As a result, by the time the 1980 negotiations are completed, the total [Great Britain] pay bill for nurses and midwives will have increased from £1,600m to £2,400m since the Government took office, a 50 per cent increase, almost all of which is for improvements in pay, allowances and conditions of service.

There has been no disparity of treatment overall between doctors and nurses. It is not helpful to draw conclusions about the comparative treatment of different groups of staff by isolating particular aspects of awards made in different circumstances. Since the catching-up process began in 1978 until the end of the current negotiations, the total nursing pay bill has increased by 65½ per cent, while doctors' total earnings have increased by 66 per cent.

It is not the case that the nursing pay bill will increase in 1980/81 by only 14 per cent. The Government has also provided an additional £116m this year to enable the 37½ hour week to be introduced up to a year earlier than expected, or to allow additional payments to any nurses who continue to work more than 37½ hours.

The increases received by different grades of nursing staff will vary because the amounts awarded by the Standing Commission varied very widely for different grades. The earnings of individual nurses are also significantly affected by entitlement to various additional payments and allowances. It is, thus, the increase in the total pay bill which shows most reliably the movements that have occurred in nurses' pay.

The Standing Commission described the approach they were adopting to the hours question in paragraph 44 of their report. It was precisely because of the approach adopted in that paragraph that the nursing organisations pressed so strongly for an early move to a shorter week. The Whitley Council reached an agreement, to take effect from the current year at a cost of £116m, which the Government are providing. The National Union of Public Employees, who are apparently responsible for reports that there was a mistake regarding hours were involved in the negotiations and were a party to the agreement.

Paymaster General's Office
68 Whitehall, SW1

NURSES' PAY: BACKGROUND NOTE

For nurses, the post-1978 catching-up process was achieved in three stages a 9% increase on 1 April 1979, followed by reference to the Clegg Commission, whose award was implemented in equal stages, from 1 August 1979 and 1 April 1980. Subsequently, the nursing organisations pressed for an early reduction in the working week, in view of the terms of the Clegg award, which had been based on a 37½ hour week. The Government has provided £116m to enable nurses' hours to be reduced from 40 hours to 37½ at any time from 1 April 1980, or for nurses to receive additional pay where it is not yet possible to move to a 37½ hour week.

Negotiations for the main 1980 nurses' settlement (within a 14% cash limit increase) were interrupted, following announcement of the Government's decision to implement the DDRB report. The Prime Minister met representatives of the Staff Side of the Nurses and Midwives Whitley Council on Thursday, 29 May when she pointed out:

a. that, since 1978 the total paybill for nurses had increased by 65½ per cent (including the 1980 settlement) while doctors' total earnings had increased by 66 per cent;

b. For 1980/81, nurses are receiving both a general increase of 14 per cent on the pay bill and an improvement in working hours which costs £116m.

NUPE have now claimed that there was an error in the Clegg report concerning hours. This is not correct. Paragraph 44 of the report dealt with the hours question, and it was the protests resulting from this recommendation which led to the agreement (costing £116m in 1980/81) to which NUPE were a party.

In the 1980 negotiations, the Management Side have proposed an across the board increase of 13%, with various other minor improvements to pay and allowances, within an overall 14% increase. The current basic pay for some specimen grades (following Clegg) and the effect of a 13% increase are:-

	Current			With 13% addition		
	Min		Max	Min		Max
Unqualified Nursing Auxiliary	2,507	-	3,209	2,833	-	3,626
Staff Nurse	3,715	-	4,530	4,198	-	5,119
Ward Sister	4,698	-	6,024	5,309	-	6,807
Senior Nursing Officer I (equiv to Matron of large hospital)	5,972	-	6,942	6,748	-	7,844
Regional Nursing Officer (highest NHS nursing pay level)	13,133	-	16,815	14,840	-	19,000

Paymaster General's Office
68 Whitehall, SW1

cc HMT
DEMP
CO

National Health.

10 DOWNING STREET

From the Private Secretary

29 May 1980

I enclose a copy of the record of this morning's meeting between the Prime Minister and the Nurses and Midwives Whitley Council.

I am sending a copy of this letter and enclosure to Martin Hall (HM Treasury), Richard Dykes (Department of Employment) and David Wright (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.
Department of Health and Social Security.

RESTRICTED

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SUBJECT.

cc. Master set.

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE NURSES AND MIDWIVES WHITLEY COUNCIL AT 0930 ON THURSDAY 29 MAY 1980 AT NO. 10

Present:

Prime Minister
Secretary of State for Social Services
Minister of State, Health and Social Security
Miss Whitehead
Mr. Harrison
Mr. Brereton
Mr. Wolfson
Mr. Ingham
Mr. Whitmore
Mr. Lankester
Mr. Williams
Miss Cowie
Miss Hall
Miss Clague
Mr. Johnson
Mr. Jones
Mr. McKenzie
Mrs. Hardie
Miss Castle
Mr. Donnet
Mr. Rowden
Mrs. Wyndham Kaye

* * * * * * * * * *

Mr. Williams thanked the Prime Minister for agreeing to see the delegation so quickly. But it was almost two months since the nurses' due settlement date and a political decision was needed to remove the existing fetters on the management side's negotiating position. The background to the present conjuncture was as follows. In April 1978 the nurses had settled at the "going rate", and as a result of this and the previous years' incomes policies they had fallen up to 20% short of the earnings of comparable groups. At that time, they - like other groups - had been told that they could negotiate for additional amounts in return for improved productivity. But the nurses had decided that it would not be right to enter into negotiations of this kind. Instead, they had asked the Secretary of State (Mr. Ennals) whether any special consideration could be given in return for not entering into productivity bargaining. A "special treatment" exercise had then been embarked on to see whether nurses could be given special treatment of the kind accorded to the firemen, the police and the doctors. But nothing had come out of this exercise. The nurses did not begrudge the fact that other groups doing difficult jobs had been given "special treatment"; they simply felt that they deserved similar treatment because they were doing a difficult job too.

/ Mr. Williams

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Mr. Williams went on to say that the staff side had been disappointed by the Clegg Report. They had invited the Commission to take into account fully the responsibility and educational requirements of nursing, and to ignore the fact that it was traditionally a "female profession". They had argued that the average pay for nurses should be the same as the average for non-manuals (male and female). Although they had reluctantly accepted the Clegg recommendations, the latter had fallen short of their expectations; and it was against this background that they had put in a claim for 30% in all for 1980. For it was only with a percentage figure of roughly this size that it would be possible to put right the structural deficiencies which Clegg had failed to take into account. However they had been told that no more than 14% was on offer. After meeting with Dr. Vaughan, they had reluctantly agreed to continue negotiations on the basis that other groups in the health service would not be getting more than 14%. But the subsequent decision on doctors' and dentists' pay had made it impossible for them to continue to negotiate. The staff side understood that the total of 31% for the doctors and dentists was composed of 10% for the final staging of the 1978 award and 18.7% for 1980 uprating. But their members still thought that the award was patently unjust. In particular, it was unfair that the doctors were being given an uprating of 18.7% while the nurses were being offered an extra 14% for 1980. It seemed to them that, as soon as they achieved a reasonable degree of parity following a reference to a third party such as Halsbury or Clegg, they immediately fell behind again. This was inconsistent with the view expressed in paragraphs 93 and 94 of the Clegg Report - that the relative pay of nurses should not be allowed to decline again. It would be difficult to find a permanent mechanism to ensure that nurses' pay did "keep up" if it was allowed to fall behind in 1980. In contrast to other groups in the public service, there was no possibility of bargaining for higher pay in return for a slimming of the work force. Finally, Mr. Williams referred to the Prime Minister's remark in the House on 22 May that "the rate of increase that one is entitled to have is the rate of increase that is earned". The nurses felt that they had "earned" a bigger increase than 14%.

/ Miss Hall

Miss Hall said that the nursing profession were disillusioned by the Clegg award and were angry that they were now being asked to settle within the 14% cash limit. They had accepted Clegg only on the basis that some of the inequities and anomalies which he had ignored could be put right in the 1980 settlement. But this was impossible within the 14% constraint. The doctors' and dentists' award had been announced while the Royal College of Nursing were having their annual congress, and it had therefore been particularly resented. They could not understand why they were being offered 14% while the doctors were getting 18.7% for the equivalent period. Nurses had been grossly underpaid historically, and what had happened would only add to the increasing bitterness in the profession.

Mr. Johnson made three points. First, the staff side had asked Clegg to establish a clear link between nurses' pay and the National Earnings Survey. This was already done in the case of doctors and dentists, but Clegg had failed to deliver. Secondly, as Miss Hall had said, there was no chance of dealing with the structural problems within the 14% cash limit. Thirdly, in so far as the Clegg report included doctors and dentists as one of the nurses' comparators, its recommendations were already being undermined by the differential treatment in 1980.

Mr. Jones said that the nurses were having to carry the burden of the higher cost of doctors' and dentists' pay than had been allowed for in the cash limit. Miss Hardie said that there was an increasing shortage of midwives because of inadequate pay levels. Mrs. Wyndham Kaye said that very few health visitors would benefit from the shorter working week which was being provided for; their car allowances were inadequate; and in so far as they worked closely with General Practitioners, and helped them to earn their living, they were particularly sensitive to the large settlement for doctors. Miss Clague said that the pay structure for nurses was very flat, and as a result, at top levels responsibility was not adequately compensated. It was unfair that top nurses were paid less than hospital managers with comparable responsibilities.

/ The Prime Minister

The Prime Minister said that, on coming in to office, the Government had been pledged to bring doctors' and dentists' pay up to date in accordance with the recommendations of the Doctors' and Dentists' Review Body, and to implement the recommendations of the Clegg Commission on nurses' pay - whatever the figures they came up with. Inspite of the difficult economic circumstances, with little or no extra output in the economy, the Government had honoured both pledges. They had done this even though it meant reducing expenditure elsewhere. As regards nurses, the Government had in fact done considerably more than honour the Clegg recommendations. First, they had provided an additional £2 million to meet some of the recommendations in the Speakman Report on comparative responsibilities of top post holders. Second, they had provided £2 million to protect some nursing staff from suffering short-term pay cuts which would otherwise have resulted from the direct application of the Clegg recommendations. Third, they had provided an extra £116 million to pay for the reduction in the working week from 40 hours to 37½ hours. Taken together, this meant that the increase currently on offer was not 14% but over 20% - in addition to what had been paid following Clegg. Since the election, there had been a 50% or £800 million increase in the cash resources devoted to nurses. All but £60 million of this was for increased pay. The Government had set out to be fair and honourable to both doctors and nurses, and they believed they had been. It had to be remembered that there were some groups in the public sector and others in the private sector that had received less than 14% and had not benefited from reduced working hours. Taking together the Clegg award, the additions that had been paid, and the 14% on offer, she felt that the Government's record on nurses' pay was very reasonable. She recognised the Staff Side's concern about maintaining the relative pay of the nursing profession and their concern that there should be a permanent mechanism to achieve this. The Government were currently considering the whole question of public sector pay, and Dr. Vaughan had offered talks on the specific question of future arrangements for nurses' pay. The Government wanted its public servants to be paid well, but the nation's ability to pay had to be taken into account. She hoped that the nurses would look at all the improvements which had been made in nurses' pay and working conditions over the past year, and accept the 14% that was on offer.

/ The

The Secretary of State for Social Services said that it had been made clear before the election that a repeat of the "four year ratchet" on nurses' pay must be avoided; and that was why a permanent solution, on the lines indicated in paragraph 94 of the Clegg Report, was needed. In comparing doctors' and nurses' pay, he hoped that the Staff Side would take into account the fact that since April 1978 the respective paybills had increased by almost an identical amount - 65½% for nurses (including the 14% offer) and 66% for the doctors. He hoped that they would also give the Government credit for the extra £116 million or 6.7% accounted for by the shorter working hours. As regards the point raised by Mr. Jones, it was not correct that the nurses would have to pay for the doctors' and dentists' award. The original cash limit for the health services, although it assumed some improved efficiency and cutting-down of waste, was adequate to cover the doctors' and dentists' award. Dr. Vaughan added that he hoped the Staff Side understood that the Government were sympathetic to their general case that their relative pay position should be maintained. He had already had a helpful meeting with the Staff Side, and he hoped that they could now accept the 14% on offer and then start discussions on future arrangements.

Mr. Williams said that, while they had had a useful meeting with the Minister, the situation was now changed by the doctors' and dentists' award. Notwithstanding the 65½%/66% figures quoted, if 1 April 1980 was regarded as the end of catching up for both groups, the nurses could not understand why they were now being offered 14% while the doctors were being given 18.7%. Mr. Jones said he still could not accept that the nurses would not be paying for part of the doctors' settlement: on his understanding, the doctors' and dentists' award would cost £50 million more than allowed for in the cash limit.

Miss Hall said the nurses could not accept that the extra £116 million was a bonus on top of the 14%. The Clegg Report was based on a 37½ hour week; the nurses therefore felt that they should be paid the recommended amounts for a 37½ hour week as a matter of natural right. The Prime Minister responded that the £116 million was still real money and had to be found by economising elsewhere in the public sector. She

/ thought

thought the nurses really ought to take it into account.

Mr. Williams said that they had come hoping for some indication that there might be a little flexibility on the 14%. He did not think that the explanations provided of how the Government was honouring its commitments would satisfy the nurses. Mr. Jones added that he and his colleagues had spelt out all the figures to their respective conferences, and there was no way of persuading their members that the 14% was enough.

The Prime Minister said that she had made it clear that she was not in the business of negotiating; but she was equally clear that the Government could not provide any further funding for the 1980 settlement. But the Government would certainly be considering the points in paragraphs 93-94 of the Clegg Report about future arrangements for nurses' pay.

Mr. Williams thanked the Prime Minister for the meeting but said that he and his colleagues were disappointed by the Prime Minister's response; he believed this would be shared by nurses generally. The Prime Minister said once again that the increase in the nurses' paybill since the election was very large indeed; in briefing the Press, the Government would bring this out.

TL.

29 May 1980

P.M.

THERE IS GREAT DANGER IN PUSHING "THE NURSES GOT 20%" LINE.

X THE REST OF NHS EMPLOYEES WHO ARE ON 14% WILL THEN BE AGGRIEVED, AND SO ON THROUGH EVERYONE ON 14% CASH LIMITS!

ARE WE NOT PREPARED TO INDICATE THAT (1) LOOKED AT OVER 2 YEARS, AND BEARING IN MIND HOURS REDUCTIONS, DOCTORS + NURSES NOW [POST PRESENT AWARDS] SEEM FAIR. [65-66% INCREASE FOR BOTH]

Y. (2) DOCTORS + DENTISTS + NURSES WILL, FOR FUTURE, BE TREATED THE SAME. ISN'T THAT WHAT THEY WANT?

D. WOLFSON
29.5.80.

I am sure Dennis is right about X|. But I doubt whether we can say Y|: the doctors and dentists have a vested body but nurses of course do not.

PRESS LINE TO BE TAKEN FOLLOWING THE PRIME MINISTER'S MEETING WITH REPRESENTATIVES OF NURSES:

The Prime Minister met 12 representatives of the nursing profession for nearly an hour and a half this morning at their request.

The nurses' representatives were led by Mr. D. O. Williams, Assistant General Secretary of COHSE, Chairman of the staff side of the Nurses and Midwives Whitley Council, and Miss C. M. Hall, Vice Chairman of the staff side and General Secretary of the Royal College of Nursing.

The Prime Minister was accompanied by the Secretary of State for Health and Social Security, Mr. Patrick Jenkin and the Minister of State, Dr. Gerard Vaughan.

Eight of the twelve representatives of the nurses spoke to explain their point of view. When they had done so, the Prime Minister made it clear that this was not a negotiating meeting.

When the Government came into office it was asked to make a number of pledges and it had honoured both its pledges to honour the Doctors' and Dentists' Review Board's Report involving catching up over three stages and the Clegg Award to the Nurses involving two stages.

The Government had done this in a very difficult period when no extra output had been achieved. That meant that some people had to be given extra at the expense of others.

In the case of nurses, however, it had not simply been a case of honouring Clegg. They had tried to do a little more in three respects, the main one of which was to fund in 1980/81 a reduction from 40 to a 37½ hour week at a cost of £116 million. Nurses had, in fact, got more than the 14 per cent award by Clegg for 1980/81.

/The

The Prime Minister also pointed out that since the Government came to office there had been a 50 per cent increase in resources devoted to nurses - representing a increase of £800 million; from £1,600 million in total to £2,400 million. All bar £60 million of this - i.e.£740 million - had been devoted to changes in pay.

All things considered, the Prime Minister said that this was not a bad record. Others,both in the public and private sectors, would get less than 14 per cent in 1980/81 and also would not get a reduction in the working week.

The Prime Minister stressed that the Government felt that it had more than honoured its undertaking to nurses. So far as the future was concerned, the Government was currently examining the whole question of public sector pay but she was unable to go beyond that.

NOTE

If a settlement for 1980 is reached within the 14 per cent limit, the total nursing paybill (Great Britain) will have increased since April 1978 by 65.5 per cent (from £1,450 million to £2,400 million). There is a slight element in this reflecting some modest increase in staff numbers, but most of the increase represents improvements in pay, allowances and working conditions. The effect for particular grades or individuals will vary with circumstances. In the same period, the total earnings of doctors have increased by some 66 per cent.

BI
29 May, 1980

Nat Health

PRIME MINISTER'S MEETING WITH THE NURSES AND MIDWIVES WHITLEY COUNCIL AT 0930 HOURS, THURSDAY 29 MAY

Mr. Williams
Miss Cowie
Miss Hall
Miss Clague
Mr. Johnson
Mr. Jones
Mr. McKenzie
Mrs. Hardie
Miss Castle
Mr. Donnet
Miss Mowat
Mr. Rowden

c. Front Door
Duty Clerk

RC

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

Clive Whitmore Esq
Principal Private Secretary
10 Downing Street

28 May 1980

Dear Clive,

NURSES' PAY NEGOTIATIONS

I attach a brief for the Prime Minister's meeting with the Staff Side of the Nurses and Midwives Whitley Council tomorrow morning. Appendix 3 to the brief is a copy of the speaking note for Conservative Members of Parliament which was provided to the Government Whips at the end of last week. The Secretary of State and the Minister for Health together with two officials, Mr B A Harrison (Assistant Secretary) and Miss J G Whitehead OBE (Deputy Chief Nursing Officer) will attend for the briefing meeting arranged for 9.00 am. Copies of the briefing have been sent to Treasury and the Department of Employment.

Yours ever

D

D BRERETON

ENC

NURSES' PAY: DEPUTATION TO PRIME MINISTER, 29 MAY 1980

1. The deputation will be led by Mr D O Williams, Assistant General Secretary of the Confederation of Health Service Employees (COHSE), who is the Chairman of the Staff Side of the Nurses and Midwives Whitley Council. He will be accompanied by the Vice-Chairman of the Staff Side, Miss C M Hall, General Secretary of the Royal College of Nursing (RCN) and other members of the Staff Side Negotiating Committee. Fuller details of the Staff Side representation are in the Background Note at Appendix 1.

2. Following implementation of the Clegg award and agreement to reduce the working week (see Background Note), negotiations for the 1980 pay settlement opened on 25 March. The Management Side offered a general increase of 13% on all salaries, plus various minor improvements. They said the cost of the offer had to be contained within the 14 per cent limit set out in the Chief Secretary's announcement of 14 March (Hansard, Col 760). The Staff Side objected to this limit and asked for a meeting with Ministers. Dr Vaughan saw them on 3 April and wrote to Mr Williams later that day (copy at Appendix 2), confirming that the settlement must be within 14 per cent.

3. At three subsequent Council meetings, progress was made towards a package settlement which might prove acceptable both to NHS management and to the various interests represented on the Staff Side. The announcement of the Government's decision on the Review Body (DDRB) report for doctors and dentists was, however, criticised by various nursing organisations and, when the Whitley Council met to resume negotiations on 27 May, the Staff Side said they were not prepared to continue discussion of a settlement within 14 per cent, but intended to seek a meeting with the Prime Minister. Although much of their public comment has compared figures of 14 per cent for nurses and 30 per cent for doctors, the Staff Side made it clear at the 27 May meeting that their concern was with the disparity between their 14 per cent and the 18.7 per cent component in the doctors' award for the period April 1979 to April 1980.

4. The doctors' and nurses' pay situations are not analogous. In both cases, the Government undertook to give effect to catching up exercises which were set in hand subsequent to 1978, following a period of incomes policy. The undertaking for nurses was to implement the Clegg Commission award in two equal stages. For doctors, catching up was to be spread over a longer period, to bring their pay fully up to date by 1 April 1980. What the Government has done has been to discharge these two separate undertakings, both of which had been inherited from their predecessors.

5. There have been other favourable decisions by the present Government on nurses' pay, besides the implementation of the Clegg award:-

a. An award late in 1979 to the top nursing postholders at each level of NHS management, following the Speakman Report on comparative responsibilities of

top postholders in different disciplines. This award was accepted by the Clegg Commission as the appropriate pay rates for these grades.

b. An addition of £2m to the Clegg award to protect some nursing staff from suffering short-term pay cuts, which would have resulted from a strict application of the Whitley Council agreement to the Clegg award.

c. An agreement to reduce the working week for all nurses from 40 to 37½ hours from April 1981, and to make additional payments from April 1980 for any hours over 37½ (GB cost £116m, which was a 6.7% addition to the total paybill).

6. If a settlement for 1980 is reached within the 14 per cent limit, the total nursing paybill (Great Britain) will have increased since April 1978 by 65.5 per cent (from £1,450m to £2,400m). There is a slight element in this reflecting some modest increase in staff numbers, but most of the increase represents improvements in pay, allowances and working conditions. The effect for particular grades or individuals will vary with circumstances. In the same period, the total earnings of doctors have increased by some 66 per cent.

Summary

7. Points which might be made in discussion are:-

a. The general 14% pay element in cash limit increases is a key feature in the Government's economic strategy. Nurses are precisely the sort of group who will stand to benefit in the long term from the success of the strategy. The essential need is to bring down the rate of inflation, which is what causes pay erosion.

b. At a time of necessary restraint on public spending, the National Health Service has generally been treated favourably by the Government.

c. The Government has fairly discharged its undertakings to both doctors and nurses. Taken overall, there has not been disparity of treatment. It is not helpful to isolate a particular feature for comparison, ignoring the overall picture or other particular features which might point to different conclusions if taken in isolation.

d. The Government has particularly shown its goodwill to nurses by agreeing to fund fully a reduction in the working week from April 1980 in addition to the general pay settlement for this year.

e. The Government recognises that there are problems regarding protection of nursing pay levels in the longer term. Departmental Ministers have made clear their willingness to enter into discussions with the profession to try to find solutions to these and other problems which may be troubling nurses and midwives (Dr Vaughan's letter of 3 April - Appendix 2 - and his speech on 19 May to the RCN conference).

Appendix 1

BACKGROUND NOTE

Nursing Workforce

1. The total size of the nursing and midwifery workforce in Great Britain is a little over 490,000. About 180,000 of these are part-timers. The workforce in whole-time equivalent terms is about 420,000 and consists broadly of 55% qualified staff, 20% learners in training and 25% unqualified staff. The numbers are large because it is essentially the nursing staff who provide the 24-hour, 7 days-a-week cover in the NHS. A consequence of this, however, is that improvements in their pay or conditions of service are very expensive.

Whitley Council

2. The Nurses and Midwives Whitley Council is a Great Britain body. The Management Side consists mainly of representatives of NHS authorities, plus 5 Departmental representatives. Twelve different organisations have seats on the Staff Side, which is represented in negotiations by a smaller group of 12 people, drawn from 8 organisations. This negotiating group forms the deputation to the Prime Minister. In addition to COHSE and the RCN, the organisations represented are NUPE, NALGO, GMWU (Managerial and Technical sub-group), Royal College of Midwives, Association of Nurse Administrators and Health Visitors' Association.

3. While the Staff Side maintain a high degree of unity on general issues, there is keen competition between the various organisations for membership recruitment (with some dual membership of professional and trade union organisations). Conflicts of interest between members of different organisations are reflected from time to time in Whitley Council negotiations, when the main problem is sometimes to find a consensus position, or a clear majority, on the Staff Side.

4. Different Staff Side organisations have different attitudes to industrial action. Traditionally, this has been eschewed by the Royal Colleges. The RCN conference decided recently to ballot members about a rule change to provide for industrial action, but a similar proposal was heavily defeated in a membership ballot last year. Trade union members - particularly in long-stay psychiatric hospitals-have taken industrial action in the past, usually on the basis that "emergency cover" was provided. In the 1978/79 winter, however, many nurse members of trade unions declined to take industrial action.

Pay

5. There has been a long history of dissatisfaction among nurses about pay. Over the years, there have been a number of catching-up exercises, usually followed by a period of erosion of their relative pay position. The exercise which met with the most widespread approval was the award by the Committee chaired by Lord Halsbury, which reported in 1974.

6. In 1978, the Nurses' Staff Side submitted a claim for "special case" treatment. This was not accepted, but in 1979, they were awarded a 9% increase from 1 April, with a reference to the Standing Commission, which produced an overall additional increase of some 20%, paid in two equal stages, from 1 August 1979 and 1 April 1980. This award, which provided the best increases for qualified staff involved in direct patient care, met with considerable criticism, mainly on the following grounds:-

a. The award was appropriate to a general 37½ hour week worked by comparators, although nurses were still working a 40-hour week and were expected to do so until April, 1981.

b. Nursing staff at the top and bottom ends of the pay range received little or nothing from the award.

c. Some middle and senior management grades had relativities disturbed in a way that displeased them.

d. Several less substantial issues - some of long standing - were simply referred back to the Whitley Council by the Commission.

7. The Government responded to the profession's complaints about hours by authorising negotiations which resulted in an agreement to reduce hours generally to 37½ from 1 April 1981, while allowing the reduction to be introduced earlier, where local circumstances permitted. Nurses whose hours are reduced to 37½ during 1980/81 will receive their full basic salary. Those who continue to work 40 hours are receiving additional payment (at plain-time rates) for hours in excess of 37½.

8. The extent to which the pay of particular grades has improved recently is mainly a reflection of the relative priorities in the Standing Commission award. The earnings of individual nurses are also affected by the extent to which they qualify for various allowances, particularly "special duty" premium payments (for working unsocial hours) which were also increased by the Standing Commission award. No reliable (post-Clegg) figures are available on earnings, but the basic pay of some specimen grades, following the Clegg award but before the 1980 settlement are as follows:-

Current Specimen Basic Salary Levels (ie before 1980 settlement)

£.

Student Nurse 2747 (1st Year) 2862 (2nd Year) 3,000 (3rd year

	MINIMUM		MAXIMUM
Unqualified Nursing Auxiliary	2507	-	3209
Staff Nurse	3715	-	4530
Ward Sister	4698	-	6024
Senior Nursing Officer I (equivalent to Matron of large hospital)	5972	-	6942
Regional Nursing Officer (maximum population)	13133	-	16815

9. As indicated in the briefing notes, the Great Britain paybill at the end of March 1979 was £1,450m. The 9% increase from 1 April 1979 lifted this to £1,580m, rounded to £1,600m for the purposes of the speaking note for Government supporters issued on 22 May (Appendix 3), to show that the total paybill will - after the 1980 settlement - have increased by 50% since the Government arrived in office. The overall increase of 65.5% in the paybill since April 1978 is, in part, due to the effect of compounding of various individual improvements. A paybill on this scale consists of many individual components (including, as indicated in the briefing notes, some slight increase in staff). For simplicity in briefing, round numbers have been used. There is no argument about the start and finish figures of £1,450m and £2,400m, which produce the overall movement of 65.5% and which are known to the Staff Side.

Significance of Pay for NHS Spending

10. Staff costs account for some 75% of all NHS current spending. Nurses account for 38% of all staff costs and 28.5% of all NHS current expenditure.

£1,450m £2,400 65.5%

APPENDIX 2

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Minister for Health

D O Williams Esq
Staff Side Chairman
Nurses and Midwives Whitley Council
Glen House
Hight Street
Banstead
Surrey

3rd April 1980

Dear Mr Williams

I thought I should write to you following my meeting with you and your Staff Side colleagues on 3 April.

As I told you at the meeting, I am not in a position to offer any higher basis than the 14 per cent cash limit increase for the 1980 pay negotiations. This cash limit is an important element in the Government's economic strategy, which is aimed at reducing inflation, the essential cause of pay erosion problems.

While I had to tell you that I was not in a position to offer any increase in the amount available for the 1980 settlement, I hope I did not leave you in any doubt as to my view that we must, for the longer term, find a suitable means of ensuring that nurses pay is set at a satisfactory level and keeps pace with remuneration levels generally. As I am sure you will recognise, this is an issue which needs time to resolve. It is obviously something - as I told you at our meeting - that I would have to discuss with colleagues in Government. You pointed to the comments made in the Standing Commission's Report No. 3 about arrangements for the future, and we shall clearly need to take account of the general report on future arrangements which the Commission intend to produce by the late Spring or early Summer.

It is not possible for me at the present time to offer you any more explicit indication of the sort of arrangement that we might arrive at for the future, but I hope that what I have said will serve to reassure the Staff Side of my concern to find a lasting solution to the longer term problems, and of my readiness to take part in discussions aimed at resolving these problems as soon as we are in a position to do so. I hoped that, in the light of this assurance of good intent for the longer term, you would be willing to proceed to a settlement of the 1980 negotiations within the limits which the Government have decided are necessary at this stage.

E.R.

I am copying this letter to Mr Wallace, the Management Side Chairman, as his Side of the Council will be equally interested in the outcome of our discussions.

Yours sincerely

Gerard Vaughan

DR GERARD VAUGHAN

APPENDIX 3

NURSES PAY: A SPEAKING NOTE

Since the Government took office in May 1979 nurses have received a very considerable increase in pay. The total paybill in May was about £1600m - after implementation of the 1980 settlement it is expected to have risen to £2400m. In terms of actual pay increases - rather than increases in staff - this amounts to 46 per cent. The Government's acceptance of the Doctors and Dentists Review Body report has to be seen in this context.

The fact is, that nurses had their catching up exercise in 1979, through the (Clegg) Standing Commission on Pay Comparability. In that year, they received a nine per cent increase from April, followed by a reference to the Standing Commission. The Commission's award was estimated to add a further 19.6 per cent to the total pay bill, to which the Government added £2m, to avoid having any nurses suffer pay cuts which would otherwise have resulted from simply implementing the terms of the Whitley Council's agreement and the Commission's award. The Government had also agreed, shortly before the Commission reported, to significant pay increases for the holders of the top nursing posts in the NHS.

Following the Clegg report there were strong representations from the nursing profession seeking an early reduction in their working week, in the light of comments made in the Commission's report. So that the standard working week for nurses could be reduced from 40 hours to 37½ hours a week, a further 6.7 per cent (£116m) was added to the pay bill for 1980/81.

Currently, negotiations are in progress for the main 1980 pay settlement for nurses. When they are completed, the increase will be back-dated to 1 April. The Government have made it clear that these negotiations must be undertaken within the Government's general 14 per cent cash limit increase for the public sector.

To obtain a true comparison of the relative treatment of doctors and nurses, one needs to look at what has been happening between 1978 and the completion of the current pay round. During this period, the total pay bill for nurses (including the 14 per cent now on offer) will have gone up by some 65½ per cent. A very small portion of this reflects some slight increase in the nursing workforce but, in the main, the increase is made up of increases in pay and various allowances, together with the cost of reducing the working week. The calcualtion over the same period shows that doctors' pay will have increased by 66 per cent. Thus, when a valid comparison is made, the charge that this Government has grossly discriminated against nurses just does not stick.

RESTRICTED

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

28 May 1980

T Lankester Esq
Private Secretary to the
Prime Minister

Dear Tim,

NURSES' PAY NEGOTIATIONS

Clive Whitmore's letter of 27 May to Bernie Merkel asked DHSS for a brief for the Prime Minister's meeting with the Staff Side of the Nurses and Midwives Whitley Council tomorrow. Our officials have seen lengthy DHSS internal briefing, but we are not at all sure that we have seen the briefing actually supplied to the Prime Minister. Since time is so short, I thought it worth setting out the main points which the Treasury would like to bring to the Prime Minister's attention. If these merely duplicate DHSS briefing, please disregard this letter.

i. The reactions of NUPE and the nursing profession to the DDRB Report raises a serious problem for the Government on the pay front, both in the rest of the Health Service and elsewhere;

ii. The sums at stake are very large in relation to the NHS budget. There are therefore major implications for public expenditure, cash limits and the standard of health care which the NHS is able to provide within its cash limit, which there can be no question of increasing;

iii. Professor Clegg has already reported on the pay of the nursing profession. The nurses will also benefit from Clegg's implied recommendation to reduce the working week [confidential, not for use: the Chancellor has told Mr Jenkin that the additional cost of this last element could be separately financed];

/iv. The issues raised

iv. The issues raised are of sufficient importance to merit collective consideration by Ministers;

v. We assume that the Prime Minister will merely note the views of the Staff Side without commitment.

I am copying this letter to Bernie Merkel.

Yours ever,

MAH

M A HALL
Private Secretary

2.

10 DOWNING STREET

Prime Minister.

I attach the letter from the Staff Side of the Nurses and Midwives Whitley Council asking for a meeting with you.

I also attach a telegram from NUPE urging you to see the Staff Side.

KBW
27.v.

cc Press Office

NURSES AND MIDWIVES COUNCIL

OF THE WHITLEY COUNCILS FOR THE HEALTH SERVICES (Gt. Britain)

ROYAL COLLEGE OF NURSING OF
THE UNITED KINGDOM
HENRIETTA PLACE
LONDON W1M 0AB
Telephone: 01-636 3866

Staff Side and Joint Secretary:
Miss A. V. COWIE

27th May, 1980

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
10, Downing Street,
London, W.1.

Dear Mrs. Thatcher,

As Chairman of the Staff Side of the Nurses and Midwives Whitley Council I am writing to advise you that it was the unanimous decision of the Negotiating Committee, at its meeting today, that an immediate approach be made to you asking that you should meet with the Negotiating Committee at an early date.

You will be aware that from the outset of the 1980/81 pay negotiations, the Negotiating Committee has made clear that a settlement within the limit of 14% will be totally unacceptable to nurses and midwives. Representations were made to the Secretary of State for Social Services as a result of which the Minister of Health met with the Negotiating Committee. He endorsed the stand of the Management Side that no more money in excess of the 14% offered could be made available during the present financial year and implied that this constraint would apply to the pay settlements of all NHS employees. In these circumstances, and with extreme reluctance, the Staff Side negotiators commenced discussions with the Management Side on a "package" which the organisations would be prepared to put out to their respective memberships for consideration.

Discussions were still on-going when it was announced that the Government had approved the recommendations of the Doctors and Dentists Review Body, awarding increases to doctors totalling some 31%. The reaction of nurses and midwives was immediate and predictable. They were incensed that the Government was prepared to treat doctors so much more generously than themselves. While recognising that the total increase to doctors includes the final stage of an earlier award the fact remains that in the present financial year doctors are to receive an average 18.7% while nurses and midwives have been limited to 14%; this is wholly unacceptable to them and this they have made clear to their negotiators.

Accordingly the negotiators find it impossible to continue negotiations within the 14% limit and, recognising that a decision to accord nurses and midwives comparable treatment to doctors would need to be taken at the highest level, agreed unanimously, as I have already indicated, that you be asked to receive them urgently to discuss this issue.

continued ....

As you are aware, nurses and midwives have a strong sense of commitment to the service they give but they believe increasingly that this is taken for granted by government and they now look to you to redress the most recent injustice to which they have been subjected. The negotiators have been encouraged by the personal interest you have shown, both in opposition and in government, in the pay and conditions of nurses and midwives and look forward to the opportunity of elaborating to you the just claims of those they represent for improved treatment in the current pay negotiations.

Yours sincerely

David Williams
Chairman, Staff Side,
Nurses and Midwives Whitley
Council

TEXT OF A TELEGRAM DICTATED OVER THE TELEPHONE FROM THE N.U.P.E. CONFERENCE, EASTBOURNE:

The National Union of Public Employees, National Health Service National Conference urges on you the need to respond speedily to the call for a meeting between yourself and the staff side of the nurses and midwives Whitley Council. We claim for nurses and midwives in their 1980-81 pay settlement parity of treatment with doctors and full funding by the Government of the costs of such a settlement.

To the Prime Minister

27 May 1980

Nat. Health

MBRy

R

15/3

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Great George Street
LONDON SW1P 3AG

10 March 1980

Dear Geoffrey

STANDING COMMISSION REPORT ON NURSES' PAY

I was a little surprised to see your letter of ~~20~~ February to Patrick Jenkin both because of the expensive concession proposed and because I had thought that the tricky issue of nurses's hours was to have been discussed in E(EA).

As I explained in my letter to Patrick Jenkin of 14 February, I consider that an evident willingness on the Government's part to provide additional cash to finance an improvement on a binding award by the Commission will be dangerously repercussive on other groups referred to them. The forthcoming negotiations for the teachers are an example. Nor am I convinced that there are compelling industrial relations reasons which would justify the concession.

However if you and Patrick Jenkin consider that the concession is politically necessary, and subject to the views of colleagues, I would not want to press my objections further; and on this basis am content that the issue should not be put to E(EA).

One last point. I would be surprised if Clegg's recommendations were based on a false premise; and I think we shall need to be very careful about using this argument to justify the concession.

Copies of this letter go to the Prime Minister, to Patrick Jenkin, to the other recipients of your letter, and to Mark Carlisle.

Yours

Jim

Prime Minister Nat Health

The Chancellor has now reluctantly agreed to find the extra money for the nurses' settlement.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

29 February, 1980

Dear Patrick

TL 3/3

STANDING COMMISSION REPORT ON NURSES' PAY

At our meeting on 26th February, we considered the problem of the working hours of nurses and midwives which you had set out in your paper E(EA)(~~80~~)12.

As you know from my letter of ~~18~~th February, I consider it most regrettable that Clegg's recommendation should have been based on a false premise, presumably because the NHS management side failed to make the position wholly clear to him.

There is however no doubt that the Standing Commission's report on the pay of nurses and midwives has left us with a serious difficulty, having effectively recommended rates of pay appropriate to a 37½ hour week, against the reality of a 40 hour week, and a commitment only to gradual introduction of a 37½ hour week. I accept that Clegg's recommendation would certainly have been tailored to a 40 hour week had all the facts been available to him.

Against this background, I recognise, with considerable reluctance, that it would be politically extremely difficult to refuse to find additional resources to pay the nurses an appropriate rate for the hours they will in fact be working, given both our Manifesto commitments on the NHS, and the strong public sympathy the nurses command. The least damaging way of doing this implies our accepting that there had been a misapprehension underlying the Clegg report (without imputing any blame for this to Clegg), and stating that, exceptionally, extra money is being found to deal with this specific confusion. Unless we are careful to isolate this case, the repercussive effects on our cash limits policy of providing extra money could be severe.

/In these

The Rt. Hon. Patrick Jenkin, MP

In these circumstances, I am driven to the conclusion that, so long as our colleagues are content, I have to agree to find the money necessary to fund the final stage of the Clegg recommendations from 1st April 1980, grossed up to the equivalent rates for a 40 hour week. I understand that this would imply additions of £116 million (£76 million at 1979 Survey prices) to your cash limit, with corresponding additions in Scotland and Wales. There would also be the standard provision in the cash limit for new settlements in the present pay round. The NHS Management Side would be free to negotiate a settlement involving some reduction in hours and a correspondingly smaller increase in pay (they would be free to use all or part of the £116 million for this purpose if they so wish). There would, however, be no further money available, and any settlement would have to be reached within the cash limits set on this basis.

Ther can be no question of any further money being available for backdating any upward revision of the Clegg recommended rates for 1979-80, since the award for that year was quite clearly on the assumption that nurses would be working a 40 hour week.

As to the longer term, I can give no undertaking to provide any money in 1981-82 or any later year specifically to finance a reduction in the working week.

I am sending copies of this letter to the Prime Minister, Keith Joseph, Paul Channon, George Younger, Nicholas Edwards, other Members of E(EA) Committee and Sir Robert Armstrong. Unless colleagues object, you will no doubt want to authorise negotiations on this basis.

(GEOFFREY HOWE)

CONFIDENTIAL

Prime Minister Nat Health

The Chancellor mentioned this problem. I am sure his line is right.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

18 February 1980

MT 18/2

Dear Patrick

NURSES' PAY: IMPLEMENTATION OF THE STANDING COMMISSION AWARD

Thank you for your letter of 15 February.

I think we have to approach this question from the premise that pay bargaining in the Health Service, as with other public sector groups, should be the responsibility of the Management Side, within the cash limits which we have set. We all recognise that the employers' negotiators will face difficulties, and that these may well be severe. But there can be no hope of achieving our objectives if we lead management (or unions) to believe that the Government will if necessary bale them out.

The problem to which your letter relates arose because the Management Side held out to the Staff Side the prospect of a reduction in hours from 40 to 37½ by April 1981, without the wherewithal to finance it. At that point we quite rightly said that there was no prospect of additional funds for this purpose. The decision to refer the case to Clegg gave the Management Side the opportunity to make it clear that there was no prospect of the reduction actually being implemented. Clegg would then have adjusted his recommendations to a 40 hour basis. But in fact, either explicitly or tacitly, they indicated that they still regarded the hours reduction as a firm commitment, and Clegg made his recommendations accordingly. Thus in my view Clegg has changed nothing - except to precipitate a claim from the Staff Side for the hours reduction to take effect from April 1980.

The problem therefore arose from an ill-advised commitment by the Management Side, and this remains the crux of the present difficulties. It is not for the Government to suggest ways of resolving it, or to remove

/the problem

The Rt. Hon. Patrick Jenkin MP.

CONFIDENTIAL

the problem by increasing the cash limit: apart from anything else, this would make a mockery of our declared policy in handling the steel dispute. I think you must therefore tell the Management Side that there is no question of any increase in cash limits to finance an hours reduction, and that it is for them to take a view on how to handle the problem. I am well aware of the difficulties they will face in doing so without reducing patient services: but if management do not learn to accept responsibility, then there is no prospect of our policies succeeding.

I am sending copies of this letter to the recipients of yours.

GEOFFREY HOWE

file VE

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10 DOWNING STREET

From the Private Secretary

8 February 1980

You wrote to me yesterday about the Chancellor's paper on the Clegg Commission Report on Nurses and Midwives' pay. The Prime Minister is content for this to be taken off the agenda for E.

I am sending copies of this letter to the Private Secretaries to members of E Committee, and to the Secretaries of State for Social Services, Scotland and Education and to David Wright (Cabinet Office).

T. P. LANKESTER

M.A. Hall, Esq., MVO,
H.M. Treasury.

RESTRICTED

Prime Minister
Agree this should be taken off the E agenda? Yes
TL 7/2

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

7 February 1980

Dear Tim,

STANDING COMMISSION ON PAY COMPARABILITY:
NURSES AND MIDWIVES

Flag A

As you will have seen, the Chancellor's paper on this subject E(80)6, which has now been circulated, simply invites colleagues to note what is said. Accordingly we have been asked by the Cabinet Office to consider whether the paper needs to be placed on an 'E' Committee agenda (it is provisionally on next Wednesday's agenda). The Chancellor would not press for inclusion, if the Prime Minister and other colleagues are content that it should not be discussed. Could I therefore ask you to let me know by lunch-time tomorrow if the Prime Minister thinks the paper should be discussed. Otherwise I will arrange for it to be removed from the agenda.

I am sending copies of this letter to the Private Secretaries to members of 'E' Committee, and to the Secretaries of State for Social Services, Scotland and Education, with a similar request to let me know if their Ministers wish to press for inclusion on an 'E' agenda. Nil returns are not required. A copy goes to David Wright for information.

Yours ever,

Martin

M.A. HALL
(Private Secretary)

T. Lankester Esq.
10 Downing Street
LONDON
SW1

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cc A Duguid

Nat Health

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 Sir Geoffrey Howe, QC MP
Chancellor of the Exchequer
Treasury Chambers
Great George Street
LONDON SW1

5/2

5 February 1980

Dear Geoffrey,

NURSES' PAY: IMPLEMENTATION OF THE STANDING COMMISSION AWARD

We have, with the agreement of colleagues, gone ahead with implementation of the Standing Commission's award to nurses and midwives. As you recognised in your minute of 31 December to the Prime Minister, however, there are a number of problems which arise from the Commission's report. The particular question on which I now need to seek the views of colleagues concerns the implications of the Commissions decision to base the recommended salary scales on a working week of 37½ hours.

You will recall that, in paragraph 44 of their report, the Commission said their award, which was appropriate to 1 April 1979, was based on a 37½ hour week - the most common figure found among comparators - although it was acknowledged that nurses work 40 hours. The reason given for this was that the Whitley Council have an agreement in principle to aim to achieve a 37½ hour week by April 1981, or earlier, and there would thus be no need for salaries to be adjusted downwards when their working week was shortened.

At first sight, this approach had some attractions, in that it reduced the immediate award below the level which could reasonably have been expected, so that the cost of the award as set out in the Report was well below the provisional upper limit which we had been prepared to assume for cash limit purposes. The effect, as regards the Government's commitment to implementing the award, was to space the cost of the award out into 3 stages, instead of the 2 originally proposed, the final tranche - clearly part of the Government's commitment - becoming due in April 1981. By this means, there would be a saving (in the period up to April 1981) of at least £115m per annum, the estimated current annual cost of paying by normal PRU methods for the difference between the nurses' working week and that of their comparators.

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I am afraid, however, that, given the form of the Commission's recommendations, it is impossible to contemplate postponing to 1981 our meeting of this final part of the cost of the Commission's award. The nurses' reaction to the proposition on hours is one of genuine outrage. They maintain that what is proposed is wholly inconsistent with the comparability they had been promised, and argue that nurses cannot be expected "to work a million hours a week free for the NHS." We are faced here with a pretty serious industrial relations problem. If we were to insist on holding to the line advanced by the Commission, this would be almost certain to result in industrial action. We would be put in a very difficult position if pockets of nurses began unilaterally to work a 37½ hour week on the grounds that they were under no obligation to work more hours than they were being paid for. They would be able to argue that their employers were attempting to cheat them out of their just entitlement. Nurses, with good reason, enjoy a very high level of public sympathy; we could expect little support either in Parliament, or in the media, or among the public at large if we were to adopt a tough stance on the approach adopted by the Standing Commission.

I made it clear to the Management Side of the Nurses and Midwives Whitley Council last Summer, when the Staff Side were pressing hard for a firm commitment to the introduction of a 37½ hour week in April 1981, that there was no prospect of the Government providing additional funds for this purpose. Any negotiation for a reduction would have to be on the basis that the financial effect was offset by reductions elsewhere in the paybill or by economies within the service. The Management Side accepted this line and stuck to it firmly in their negotiations. Their Chairman has now written to me, however, pointing out that the position has been changed completely by the terms of the Commission's award and the climate it has created, particularly in that there is no longer any basis for reservations by the Management Side about committing themselves formally to a reduction to 37½ hours in April 1981 or earlier. He has asked for my advice on what line the Government would expect the Management Side to adopt in negotiations with the Staff Side which are to begin very soon.

If the Commission's award had been, as everyone expected, the full amount due for a 40 hour week, there might have been some possibility - I put it no higher than that - of our getting a postponement beyond 1981 of the reduced working week (which the Halsbury report of 1974 said should be achieved as soon as possible). Given the terms of the award, I do not any longer see any prospect of that. My starting point therefore is that a move to a 37½ hour week is now inevitable, and the sooner we give formal recognition to that, the better. Nurses are clearly - and understandably - not going to be prepared to go on working 2½ hours a week for no pay, and I have been considering how best we can resolve this problem, both tactically and from a cost standpoint.

The simple approach would be to gross up the figures in the Commission's award to the equivalent amounts for a 40 hour week. We would then, however, face the problem, which the Commission have sought to avoid, of having to reduce basic scales downwards when a shorter week is introduced. Moreover, since the award is appropriate to April 1979, this would give rise to logical claims for retrospective application to 1979/80, as well as covering the whole of 1980/81. As I have pointed out, the estimated annual cost of grossing up at present prices is some £115m. The alternative, and in my judgement this is the more satisfactory

E.R.

CONFIDENTIAL

approach, is to introduce a 37½ hour week from April 1980. This would put the cost up in the first year - to about £170m for which additional Cost Limit provision will be needed - because there would be no prospect on such a short timescale of recruiting and training the extra nurses needed, so that in the first year, most of the shortfall would have to be made good by many nurses continuing to work the extra 2½ hours as overtime. But costs would then return to a 'normal' level from 1981/82 onwards.

I hope that you and colleagues will agree that the approach I suggest is the right one. It has several advantages: arguments about retrospection can be strongly resisted; there would be a lower overall cost; we would avoid the downward adjustment of scales; NHS authorities would be put under pressure to come to terms quickly, in their working arrangements, with a shorter working week for nurses, which is now inevitable; and, finally, we could be seen to be dealing reasonably and in a practical fashion, with a problem which will not go away and which could store up all kinds of difficulties for us if we were seen to be prevaricating or seeking to avoid the issue. I recognise that the figures involved are large ones, but this is inevitable given the size of the nursing workforce (very nearly half a million in Great Britain).

I am copying this letter to the Prime Minister, members of E(EA), the Secretary of State for Education and Science, the Minister of State (CSD), the Paymaster General and to Sir Robert Armstrong.

Yours ever

Patrick

CONFIDENTIAL

CONFIDENTIAL file BK

Copied to:
Elon PU: Comparability
Pt 2

Nat Health

10 DOWNING STREET

From the Private Secretary

4 January 1980

Thank you for your letter of 3 January, regarding the Chancellor's response to the Prime Minister's concerns about the cost of the latest Clegg Commission Report.

The Prime Minister has noted that the Chancellor has set in hand a review by officials of the quality of the latest report. She looks forward to receiving his further advice on the matter when this is to hand.

I am sending copies of this letter to the Private Secretaries to the members of E(EA), and to Don Brereton (Department of Health and Social Security), Richard Prescott (Paymaster General's Office) and Martin Vile (Cabinet Office).

M. A. PATTISON

Martin Hall, Esq.
HM Treasury

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PRESS NOTICE

STANDING COMMISSION ON PAY COMPARABILITY

The Commission's third report (Cmnd 7795) is published today (Friday, 4 January 1980). It covers all nurses and midwives employed in the National Health Service in England, Scotland and Wales - a total of nearly ½ million nurses.

The first two reports (published on 1 August 1979 - Cmnds 7641 and 7640) covered local authority and university manual workers, National Health Service ancillary staffs, ambulancemen and university technicians. Later references still before the Commission include professions supplementary to medicine, teachers and local authority craftsmen.

The Commission's recommendations on nurses complete a pay settlement which was effective from 1 April 1979. This settlement provided for increases to salary scales of around 9 per cent and, for full-time staff, for a payment of £2.50 a week (£2 for unqualified staff) in anticipation of the Commission's findings. In addition, senior nursing managers received increases at the end of last year following a review of top posts in the NHS (the Speakman Report). Those increases were backdated to 1 April 1979.

The parties to the settlement agreed that any increases resulting from the Commission's findings should be paid in two equal stages, from 1 August 1979 and 1 April 1980. The Commission has made comparisons appropriate to 1 April 1979 (paragraph 42 of the report).

The report recommends increases rangingfrom 25 per cent for Sister II to nil for senior nursing managers on 1 April 1979 salary scales (an overall average increase of 19.6 per cent for the main pay grades). The Commission estimates that the costs of implementing its recommendations will be £311m in a full year, an increase of 19.3 per cent of the current paybill (after deduction of payments on account).

Both Sides of the Whitley Council have undertaken to accept the Commission's recommendations.

A summary of the main points of the report is attached.

OFFICE OF MANPOWER ECONOMICS
4 January 1980

NOTES TO EDITORS

STANDING COMMISSION ON PAY COMPARABILITY

1. The appointment of the Standing Commission on Pay Comparability was announced by the Prime Minister in the House of Commons on 7 March 1979. The Commission was appointed by the Prime Minister who asked the Secretary of State for Employment to take day-to-day responsibility, under his overall direction, for the establishment and servicing of the Commission.

TERMS OF REFERENCE

2. These are as set out in the Prime Minister's statement

"To examine the terms and conditions of employment of particular groups of workers referred to it by the Government in agreement with the employers and unions concerned, and to report in each case on the possibility of establishing acceptable bases of comparison, including comparisons with terms and conditions for other comparable work and of maintaining appropriate internal relativities".

MEMBERSHIP

3. The Chairman of the Commission is Professor Hugh Clegg, Professor at Warwick University. The other members are Sir Leslie Williams, Sir William Ryland, Mr Peter Gibson, Mr Harry Urwin and Professor Joan Mitchell. The Chairman and members serve in their individual capacities, not as representatives of particular organisations.

SECRETARIAT

4. The Commission is serviced by the Office of Manpower Economics (OME), 22 Kingsway, London WC2. The OME is also responsible for servicing the three Review Bodies which deal with top salaries and the pay of doctors and dentists and the Armed Forces. The Review Bodies are, however, separate from the Commission. The Director of the OME is Miss J F H Orr and the Secretary to the Commission is Mr David Brown, an assistant secretary at the OME.

WORK

5. The work of the Commission arises from specific references made to it by the Government. It cannot initiate work other than that which necessarily arises in connection with Government references. The Commission is, however, independent of Government. Its method of work is described in Report No 1.

STANDING COMMISSION ON PAY COMPARABILITY

Report No 3 : Nurses and Midwives - Cmnd 7795

Background

para 2

1. The Commission refers to the last major pay review of nurses and midwives effective from 23 May 1974 (undertaken by the Halsbury Committee) and gives the background to the present claim which was the result of a submission from the Staff Side for special treatment for nurses under the pay policy prevailing in 1978.

The Evidence

paras 8-12

2. The evidence put forward by the unions and employees is summarised. The main Staff Side evidence was in two parts. The first submission sought an interim recommendation on the basis of a document submitted to the Secretary of State for Social Services in October 1978. This argued for restoration of nurses' earnings to a level that the Staff Side considered the Halsbury Committee had established. For various reasons, this claim for an interim payment could not be accepted by the Commission. In their second submission, the Staff Side developed these arguments and suggested that the level of nurses' salaries should ensure that average nurses' earnings would not be less than that of the average for male non-manual employees. The Commission took the view however that it was necessary to establish by comparisons the appropriate level of pay. The Management Side emphasised the need to ensure fair pay for nurses and also that their pay should be kept up-to-date.

paras 21-30

The Approach

paras 13-19

3. Approaches based on job-for-job comparison (comparing similar whole jobs) and factor analysis (breaking jobs down into their constituent parts) are examined fully in the Commission's first Report. The Commission regards job-for-job comparisons as the most satisfactory in principle. However, factor analysis was the only practicable approach for this reference because virtually all nurses are employed in the NHS.

paras 31-39 Appendices 3 and 7

4. The Commission says that to have devised a special factor plan for nurses would have taken too long. For this reason consultants were commissioned who operated the most appropriate scheme. The method used, and its application by the Commission, is explained fully in the Report.

paras 40-55

5. In addition to salary comparisons, the Commission took account of other conditions of employment and fringe benefits. They found that weekly hours of 37½ were the most common in the comparator organisations, whereas 40 hours was normal for nurses. The Commission says that normally such a difference would be taken into account, but they have made no allowance on this occasion as the Nurses and Midwives Whitley Council have agreed in principle to a phased reduction to 37½ hours by 1 April 1981. A specific allowance has been made for differences such as bonus payments, holidays and pensions (details are given in Appendix 8). For other benefits - sick pay, canteen facilities, discounts, cheap mortgage facilities and company cars - no specific allowance has been made, but the Commission has had regard to them in recommending a workable salary structure.

paras 64-67

6. The Commission accepted in Report No 1 that pay comparisons should have regard to factors such as labour supply, efficiency and job security. However, the Commission is not yet able to say how they should be quantified, but suggeststhat for nurses any allowance for the first two factors would be on the plus side and that the significance of job security was questionable where, as in the case of nurses, there was a high labour turnover.

The Results of the Comparisons

paras 56-63

Table 2

8. The consultants' findings, adjusted for differences in holidays, bonus and pensions indicate a wide variation in percentage adjustments for the main grades. However, the Commission suggests that there are reasonable explanations for these variations. In particular, at the top levels substantial increases have recently been awarded following the Speakman Report and the results quoted relate to those newly increased rates. At the lower level of Sister II, the Commission explains that they were convinced by the evidence, and by their own experience, that the increases indicated by the consultants' findings were not enough and that the job of ward sister could not be valued at much less than that of the senior house officer grade of hospital doctor.

The Recommendations

paras 68-77, Table 3 and Appendix 9

9. In coming to their conclusions, the Commission points out that job evaluation cannot be an infallible guide and that it is no surprise to find a divergence for some grades between the consultants' results and the other evidence. Confidence in a particular result varies with the number of observations on which it rests and the Commission believes that the overall findings command greater confidence than do scores for individual grades. The Commission has therefore followed closely the general percentage adjustment indicated by the consultants, but not those indicated for individual grades where they conflict with other evidence (e.g. for Sister II mentioned above).

10. The pay recommendations are set out in full in paragraphs 68-77, table 3 and Appendix 9 of the report.

11. In addition to suggesting certain issues for further negotiation, the Commission makes a number of other recommendations:

(i) The settlement date for a small number of nursing staff employed in day nurseries is 1 July. It should be brought forward to 1 April (paragraph 77);

(ii) The psychiatric and geriatric leads should, for the time being, stay at their present level (paragraph 79);

(iii) Special duty payments should be increased (paragraph 82);

(iv) The Commission will make recommendations on on-call and standby payments when they report on the professions supplementary to medicine (paragraph 83);

(v) Registered nurses training as midwives should continue to receive increments in the normal way (paragraph 84);

(vi) Cash proficiency payments to student and pupil nurses should be terminated (paragraph 88);

(vii) Initial expenses allowance should be doubled (paragraph 89).

The Future

12. In their evidence, both sides asked the Commission to make proposals for ensuring that nurses' pay did not slip in future years. The Commission says that this question affects other references and they are not yet in a position to make a general recommendation. They intend to consider this in the course of 1980. However, they emphasise their view that nurses' pay should not be allowed to fall behind as it has in the past.

C1B
(see E2 for set of Clegg papers)

PRESS NOTICE

PAY COMPARABILITY COMMISSION REPORTS

The Government today published the first reports of the Standing Commission on Pay Comparability, chaired by Professor Hugh Clegg. The reports cover the results of the Commission's pay comparability studies on local authority and university manual workers, National Health Service ancillary staffs, ambulancemen and university technicians. These cases were referred to the Commission by the last Government, which undertook, with the parties to the references, to accept the recommendations for rates of pay which the Commission was asked to make for these groups.

The Government has undertaken to honour this commitment and the rates of pay recommended will be implemented on the agreed dates. The Government has, however, made it clear that it will be necessary to consider reductions in public expenditure to off-set the cost of implementing these awards.

10 Downing Street
Whitehall, SW1

1 August 1979

NOTES FOR EDITORS

1. The Standing Commission on Pay Comparability was set up in March 1979 to examine the terms and conditions of employment of groups of workers referred to it by the Government, and to report in each case on the possibility of establishing acceptable bases of comparison. In the cases on which the Commission has now reported, it was asked to make recommendations on how the pay of the groups concerned should reflect the results of the comparisons.

2. The Government has already agreed that the Commission should complete its work on other cases referred to it. These include nurses, teachers, local authority craftsmen and other smaller groups.

3. Questions about the content of the reports should be addressed to Mr D Roberts, Office of Manpower Economics (tel: 405 5944 ext 346).

CONFIDENTIAL

Copied to
Econ Pol: Comparability
PT 2.

PRIME MINISTER

The Chancellor has already set in hand further work on Clegg, which could prepare the grounds for Ministers to reconsider the Commission's future.

MAP 3/1.

Treasury Chambers, Parliament Street, SWIP 3AG
01-233 3000

3rd January 1980

Dear Tim,

CLEGG COMMISSION: REPORT ON NURSES' AND MIDWIVES' PAY

The Chancellor has seen your letter of 28 December to Ian Fair. He shares the worry the Prime Minister has expressed about the cost of the latest Clegg Commission report.

As the Chancellor understands it, the remainder of the present work programme of the Clegg Commission - mainly the group of references on teachers - represents the completion of the series of reviews for 1979 to which the present Government was already virtually committed on taking office. For the present, no enthusiasm is being shown in any quarter for extensions of the work of the Commission on a regular basis - with the possible exception of some areas of the National Health Service, where management may see attractions in a regular process of outside review, but the views of unions are still unclear. It does not seem likely that the latest report on nurses and midwives will provoke enthusiasm.

In these circumstances the Chancellor thinks it would be valuable for officials to prepare quickly and present to Ministers a review of the quality of the latest report, up-dating the comments made on the first two reports (local authority manuals, Health Service ancillaries, etc.) and paying particular attention to the extent to which the latest report reflects the important points urged on the Commission in the Government evidence presented to them a couple of months ago. He has asked Treasury officials to arrange for this to be done.

I am copying this letter to the Private Secretaries to members of E(EA); to Don Brereton and Richard Prescott; and to Martin Vile.

Yours ever,

MAH

M.A. HALL
(Private Secretary)

T. Lankester Esq.

CONFIDENTIAL

cc Master Sett
Econ Pol Pt 2 Budget
Extract - Miss Porter.

10 DOWNING STREET

From the Principal Private Secretary

3 January 1980

Dear Tony,

When the Prime Minister saw the Chancellor of the Exchequer at 1430 this afternoon they discussed the following subjects.

Appointments at the Bank of England

The Prime Minister said that she had given careful consideration to the Chancellor of the Exchequer's minute of 31 December, 1979. She had told the Governor in December that she agreed very reluctantly to the proposal to appoint Mr. McMahon to be Deputy Governor in succession to Sir Jasper Hollom, but since then she had seen much more of the individuals concerned in connection with the question of Iranian assets. In that context Sir Jasper Hollom had stood head and shoulders above all the other representatives of the Bank, including Mr. McMahon. He had shown himself to be both steady and decisive in a difficult situation. She had been surprised to learn that he was only 62, and she did not believe that we could afford to let him go. She would much prefer that rather than appoint Mr. McMahon, Sir Jasper Hollom should continue as Deputy Governor.

The Chancellor of the Exchequer said that, following his talk with the Prime Minister, the Governor was now planning a number of staff appointments on the assumption that Mr. McMahon would become Deputy Governor, and it was likely that it would cause considerable difficulty if the earlier decision that Mr. McMahon should succeed Sir Jasper Hollom was now reversed. Personally, he thought better of Mr. McMahon than did the Prime Minister. Nonetheless, he would now see the Governor to let him know that the Prime Minister wished Sir Jasper Hollom to be kept on. It might be necessary for the Prime Minister to see Mr. Richardson herself. The Prime Minister said that she was very reacy to do this.

Clegg: Nurses' Pay

The Prime Minister and the Chancellor of the Exchequer agreed that the Press announcement about the Clegg award on nurses' pay should not contain any mention of increasing cash limits in order to accommodate the cost of the pay award, lest this should have repercussions on the present steel dispute. They agreed the lines of a form of words to be used, and we in this office are now pursuing the matter in separate correspondence.

/Date of the Budget

Date of the Budget

The Chancellor of the Exchequer said that he wished to confirm that 25 March was still acceptable to the Prime Minister as the date for the Budget. The Prime Minister said that it was.

Senior Appointments in the Treasury

I have recorded the discussion on this subject in a separate letter to you.

Yours ever,

Alex Whitmore.

A.M.W. Battishill, Esq.

FILE

MFG

cc DM

10 DOWNING STREET

THE PRIME MINISTER

3 January 1980

Dear Professor Clegg,

I am writing to thank you for your letter of 20 December enclosing the Commission's report on the pay of nurses and midwives. As you know arrangements have been made for the report to be published on 4 January.

I am grateful to you and to the members of the Commission for your work on this reference.

Yours sincerely

Margaret Thatcher

Professor Hugh Clegg

RH.

CONFIDENTIAL

File BK

10 DOWNING STREET

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Ch Sec
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Paymaster General
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From the Private Secretary

3 January 1980

Dear Ian

Clegg Commission: Report on Nurses' and Midwives' Pay

There has been further discussion in the course of today about the press release enclosed with the letter I wrote to you yesterday.

We have now agreed that the press release should be issued from No. 10. We will be putting it out at 2.30 pm tomorrow, 4 January.

I enclose a further revision of the press release, taking account of both discussions between the Chancellor and the Prime Minister about the references to financial provision, and of our conversations about the complementary press release from OME.

In the course of the day, there has also been further discussion about the point raised in Don Brereton's letter to John Anderson of 31 December. I am also enclosing a copy of a note to Government Press Officers on this point. Our Press Office will be sending copies of this separately to your Press Office, and to those at the Treasury and the Department of Health and Social Security.

I am sending copies of this letter and enclosures to Martin Hall (HM Treasury), Don Brereton (Department of Health and Social Security), Richard Prescott (Paymaster General's Office) and to the Private Secretaries to other members of E(EA) and Martin Vile (Cabinet Office).

Yours sincerely

Mike Pattison

Ian Fair, Esq.,
Department of Employment

CONFIDENTIAL

BK

PRESS NOTICE

PAY COMPARABILITY COMMISSION REPORT

The Government today published the report on nurses' and midwives' pay of the Standing Commission on Pay Comparability, chaired by Professor Hugh Clegg. Nurses and midwives were referred to the Commission by the last Government which undertook, with the parties to the reference, to accept the recommendations for rates of pay which the Commission was asked to make, to be implemented in two stages with effect from 1 August 1979 and 1 April 1980. The Government has undertaken to honour this commitment, and the rates of pay recommended will be implemented on the agreed dates.

10 Downing Street,
SW1.

4 January, 1980.

NOTES FOR EDITORS

1. The Standing Commission on Pay Comparability was set up in March 1979 to examine the terms and conditions of employment of groups of workers referred to it by the Government, and to report in each case on the possibility of establishing acceptable bases of comparison. In the case of nurses and midwives, it was asked to make recommendations on how the pay of this group should reflect the results of the comparisons.

2. The Commission's recommendations will give the main grades of nurses and midwives an average pay increase (depending on grade) of 19.6%, against which must be set the payments on account which nurses and midwives have been receiving since 1 April 1979. The total cost of the award is calculated to be £311m. in a full year. (Fuller details of the report's recommendations can be found in the press notice released today by the Office of Manpower Economics.)

/ 3.

3,. The Government confirmed in May its intention to honour the previous administration's commitment to accept these Clegg pay recommendations. Provision has accordingly been made to meet the costs of this pay award.

4. Other groups which the Government has referred to the Commission include teachers, some groups of local authority craftsmen and other smaller groups.

5. Questions about the content of the reports should be addressed to:

Mr. M. Peaks, Office of Manpower Economics. (Tel. 405 5944 Ext 312)

NOTE TO GOVERNMENT PRESS OFFICERS

The Government is conscious of the problems of future pay relativities (to which the Clegg Commission draws attention in paragraph 94 of its report). It will of course be for the management and staff sides to consider together how future pay arrangements can best be handled, taking account of the further views on the issue which the Commission may express, and the Government will be ready to discuss these matters with them if they wish.

file,

BK

Nat Health

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10 DOWNING STREET

From the Private Secretary

2 January 1980

Clegg Commission: Report on nurses' and midwives' pay

Tim Lankester wrote to you on 28 December about publication of the Clegg Commission's Report on nurses' and midwives' pay.

Since then, there has been further discussion between the press offices of the departments most concerned about the terms of the press notice.

The Prime Minister has agreed that it would be useful to include some more specific information about the scale and cost of the Report's recommendations in the notes for editors. I am therefore enclosing a new version of the press notice which includes the revised notes for editors agreed between departments. Unless there are any further comments in the course of tomorrow, you will be issuing a revised press notice ~~for~~ on January 4.

I am sending a copy of this letter and enclosure to the Private Secretaries to members of E(EA), to Don Brereton (Department of Health and Social Security), Richard Prescott (Paymaster General's Office) and Martin Vile (Cabinet Office).

MAP

Ian Fair, Esq.,
Department of Employment

REVISED PRESS NOTICE

PAY COMPARABILITY COMMISSION REPORT

The Government today published the report on nurses' and midwives' pay of the Standing Commission on Pay Comparability, chaired by Professor Hugh Clegg. Nurses and midwives were referred to the Commission by the last Government which undertook, with the parties to the reference, to accept the recommendations for rates of pay which the Commission was asked to make, to be implemented in two stages with effect from 1 August 1979 and 1 April 1980. The Government has undertaken to honour this commitment, and the rates of pay recommended will be implemented on the agreed dates.

4 January 1980

NOTES FOR EDITORS

1. The Standing Commission on Pay Comparability was set up in March 1979 to examine the terms and conditions of employment of groups of workers referred to it by the Government, and to report in each case on the possibility of establishing acceptable bases of comparison. In the case of nurses and midwives, it was asked to make recommendations on how the pay of this group should reflect the results of the comparisons.

2. The Commission's recommendations will give nurses and midwives an average pay increase (depending on grade) of 19.3%, against which must be set the payments on account which nurses and midwives have been receiving since 1 April 1979. The total cost of the award is calculated to be £311m. in a full year.

3. The Government has undertaken to honour the previous administration's commitment on cash limits to the Health Authorities. As a result the cash limits for 1979-80 will be increased to meet the cost of the recommended increase in pay. The full year cost will be reflected in the cash limits set for 1980-81.

/4. ...

4. Other groups which the Government has referred to the Commission include teachers, some groups of local authority craftsmen and other smaller groups.

5. Questions about the content of the reports should be addressed to Mr. M. Peaks, Office of Manpower Economics (Tel: 405 5944 Ext 312).

vk

2 PP

Caxton House Tothill Street London SW1H 9NA
Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

Type for PM to sign ~~ll~~ MAP.

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

2 January 1980

Dear Tim

CLEGG REPORT ON NURSES AND MIDWIVES

In your letter of 28 December you asked for a draft letter for the Prime Minister to send to Professor Clegg. Such a draft is attached.

Yours sincerely
Ian Fair

I A W FAIR
Princial Private
Secretary

Draft letter for the Prime Minister to send to Professor Clegg

Professor Hugh Clegg
Chairman
Standing Commission on Pay Comparability
Office of Manpower Economics
22 Kingsway
London WC2B 6JY

I am writing to thank you for your letter of 20 December enclosing the Commission's report on the pay of nurses and midwives. As you know arrangements have been made for the report to be published on 4 January [~~or As you know the report was published on 4 January~~].

I am grateful to you and to the members of the Commission for ~~carrying out~~ your work on this reference.

PRIME MINISTER

1.

As you agreed, we have revised the Clegg press notice to cover the Chancellor's point in paras 2-5. – See A. Await Mr Jenkin's comments on the tactical questions?

MAP
2/1

Do we need to say the cash limits will be increased. Can we say – adequate provision has been made? I am terrified for the consequences on the steel cash limit. MT.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

STANDING COMMISSION ON PAY COMPARABILITY :
REPORT ON NURSES' AND MIDWIVES' PAY

The Standing Commission presented their report on nurses' and midwives' pay just before Christmas. Jim Prior proposes that we should publish it on 4th January with a brief press notice.

2. I am content for the report to be published as proposed. However, I believe we should make the position regarding cash limits absolutely clear, and stress that the commitments to the nurses which we are now honouring were made by the previous Government.

3. Some of the increases recommended by the Commission are large (up to 25 per cent, on top of the 9 per cent interim increase implemented from April 1979). For other groups much smaller increases are indicated, and the Commission's own assessment of the average percentage addition to the pay bill (19.3 per cent) is slightly lower than we have been assuming for the purposes of the economic forecasts, and lower than the 20-25 per cent range which Cabinet agreed should be incorporated in the 1980-81 cash limits if Clegg did not report in time for the actual figures to be used.

4. I recommend that we announce that the 1979-80 cash limits will be increased to allow in full for the cost of the award in the current financial year. For the 1980-81 cash limit we will

/allow for

allow for the full year cost of the Clegg award. The further pay increase due in April will, of course, have to be covered by the general cash limit revaluation for prices and new pay awards which Cabinet agreed on 13th December. We should also consider whether there should be any offset for savings resulting from the review of the structure of the nursing hierarchy which the Commission indicate (in paragraph 62 of the report) may be necessary.

5. I suggest the following might be added to the end of the proposed press notice:-

> "The Government also undertook to honour the previous Administration's commitment on cash limits to the health authorities. As a result the cash limits for 1979-80 will be increased to meet the costs of the recommended increase in pay. The full year cost will be reflected in the cash limits set for 1980-81."

6. Although I should not wish to mention it in the press notice, we need to be clear on our attitude to the shorter working week, which is referred to in paragraph 44 of the report. It appears that the Commission have misunderstood the position reached in the Whitley Council. There is no commitment to reduce nurses' hours, and we should certainly not make any commitment to making available additional finance to meet the cost of the introduction of a shorter working week. This aspect of the report also raises much wider questions concerning the Government's attitude to proposed reductions in the working week.

7. Finally, there are a few other points to note. First, we must not commit ourselves at this stage to referring the nurses (or any other group) to the Standing Commission next year, as Professor Clegg and the members of the Commission seem to expect (paragraph 94). Second, we need to be very careful that the argument, at the close of the paragraph, that nurses should not again be allowed to fall behind in the relativity stakes is not

/misinterpreted

misinterpreted as a commitment to any form of indexation. Third, Clegg continues the existing method of rating index linked pensions (paragraphs 46 and 47), which as he notes is under study; our acceptance of the Report should not imply that we accept the present method. Finally, I find the discussion about job security (paragraph 67) feeble; and in any future exercise of this nature I hope it can be more thoroughly tackled.

8. Patrick Jenkin will no doubt be letting you know how he proposes to handle the tactical questions arising out of the problems discussed above.

9. I am sending copies to members of E(EA), to the Secretary of State for Social Services, the Secretary of State for Education and Science, the Minister of State (CSD), the Paymaster General and Sir Robert Armstrong.

(G.H.)

31st December, 1979

LMS

CONFIDENTIAL

Nd Health
MS

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

J Anderson Esq
Private Secretary
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NA

31 December 1979

Dear John,

STANDING COMMISSION ON PAY COMPARABILITY : REPORT ON NURSES' AND MIDWIVES' PAY

I am sorry to be late in responding to Ian Fair's letter of 21 December about the publication of the report on nurses' and midwives' pay. Due to an oversight here the Secretary of State did not see the letter and report until last Friday.

My Secretary of State believes that the Government must be seen to take the issue of future pay relativities seriously - paragraphs 93 and 94 of the report. Accordingly he suggests that the following be added to the supplementary notes for Government Press Officers.

> "The Government is very conscious of the problem (ie. future relative pay levels); it is one that Ministers addressed themselves to in Opposition. The Government will want to look carefully at the question of what kind of arrangements should be made in future to review the pay of nurses and midwives".

Copies of this letter go to Tim Lankaster at No. 10, the Private Secretaries to the members of E(EA), Richard Prescott (Paymaster General's Office) and Martin Vile (Cabinet Office).

Yours sincerely

Dan Brereton

D BRERETON
Private Secretary

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Press Office HS

10 DOWNING STREET

From the Private Secretary

28 December 1979

BF 8.1.80

Clegg Commission: Report on nurses' and midwives' pay

The Prime Minister has read your letter of 21 December, and she has seen the Clegg Commission's Report on nurses' and midwives' pay. She agrees that the Report should be published on 4 January, and - subject to colleagues' views - with the draft press notice which it is intended should be put out.

The Prime Minister has, however, noted the high cost of the Commission's pay recommendations, and has commented that - in the light of these recommendations and other costly recommendations in the pipeline - Ministers will need to consider the whole future of the Clegg Commission once again.

I would be grateful if you could let us have a draft letter for the Prime Minister to send to Professor Clegg acknowledging receipt of the Report; (I enclose a copy of his letter to the Prime Minister of 20 December).

I am sending a copy of this letter without enclosure to the Private Secretaries to the members of E(EA), to Don Brereton (Department of Health and Social Security), Richard Prescott (Paymaster General's Office) and Martin Vile (Cabinet Office).

T. P. LANKESTER

Ian Fair, Esq.,
Department of Employment.

CONFIDENTIAL

National Health

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State
Department of Health and Social Security
Alexander Fleming House
Elephant & Castle
London SE1 8BY

22 November 1979

Dear Secretary of State,

PAY OF TOP NURSES IN THE NHS

Thank you for your letter of 15 November.

As you will recall, my objection to the proposal was based on the apparent conflict between the need for the NHS to absorb a further £1 million as a result of the Management Side's action and our policies on not cutting patient services. I entirely agree that it would be wrong to interfere with detailed pay negotiations, and I hoped that I had made this absolutely clear. I therefore regard arguments based on the pay negotiating background as irrelevant to my objection.

I must confess that I do not find entirely convincing your arguments that patient care will not be affected. I fully accept that nursing services must be well managed. But, as I understand it, in the proposed restructuring of the NHS you are contemplating cutting out some of these top nursing posts and giving a different role to most of the others. This reflects doubts about the effectiveness of present management arrangements, and I am very sceptical about your arguments that those top nursing posts have a significant impact on the efficient use of nursing resources. The case for paying them substantially higher salaries is certainly not proven. Further, I am now not sure of the likely cost of your proposals; you say that the figure of £1 million plus is a maximum, but give no estimate of the likely actual figure.

However, given that there is no question of any cash limit increases to cover the proposed increases, I would be prepared for you to go ahead as you propose providing you are absolutely satisfied that the increases will not be paid at the expense of patient case services, and would be prepared if necessary to defend that view publicly. If the savings can be made by

cutting out further surplus bureaucracy and ineffective "management" this would accord more satisfactorily with our priorities. I hope that you are right that such savings can be made in the current financial year to accommodate these extra costs which the Management Side has landed on the NHS, but time is fast running out. There certainly can be no question of the 1500 second-tier nurses receiving increases on the same basis as the top nurses - they must wait for Clegg. I was therefore pleased to note the firm line being taken by NHS management on the repercussions.

I am copying this letter to the recipients of the previous correspondence.

Yours sincerely,

pp JOHN BIFFEN

[Approved by the Chief Secretary
and signed in his absence]

SW

CONFIDENTIAL

Prime Minister

Clegg recommends an average increase of 19%. (over and above the 9% paid last April). But nurses at the top get much less than those at the bottom. (See table at Flag A).

We really must reconsider the future of the S.C. I doubt whether there is – what for – a responsible commission.

Agree – ~~that~~ i) report be published on 4 Jan?

ii) draft press notice, subject to colleagues' comments?

Yes

Yes

TL 27/12

SECRETARY OF STATE FOR EMPLOYMENT
Caxton House Tothill Street London SW1H 9NA
Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

Tim Lankester Esq
Private Secretary
10 Downing Street
LONDON SW1

21 December 1979

Dear Tim

STANDING COMMISSION ON PAY COMPARABILITY: REPORT ON NURSES' AND MIDWIVES' PAY

The Prime Minister will have received from the Office of Manpower Economics a copy of the report on nurses' and midwives' pay by the Standing Commission on Pay Comparability. Subject to her agreement, this Department will arrange for it to be published as a Command paper; publication is planned for 4 January.

The Government is committed to honouring the undertakings made to nurses and midwives concerning the Commission's recommendations, ie

i) to implement the recommedations on pay in two stages, with effect from 1 August 1979 to 1 April 1980;

ii) to adjust cash limits for 1979-80 to meet the cost of the recommendations in full.

The Chancellor's paper on cash limits for 1980-81 (C(79)60, Annex A, para iiia), which Cabinet approved on 13 December, envisaged making allowance in the NHS cash limit for 1980-81 also for the figure recommended by the Commission for nurses, and there is nothing in the report's recommendations which seems to require further consideration of that course.

Cabinet agreed this. TL

It would be consistent with the Government's previous decisions on other groups for the recommended rates of pay to count in full for superannuation purposes with effect from 1 April 1979 (assuming the rules of the superannuation scheme allow that).

... I am attaching a draft press notice and notes for editors, which follow lines which have been discussed with officials of the Treasury and other Departments concerned. If there are any comments on these, we should be grateful to have them by Monday 31 December.

The Commission calculate that the cost in a full year of their pay recommendations is £311m, equivalent to 19.3% of the current pay bill excluding payments on account. Clearly the cost in 1979-80 will be very much less.

Ministers may also wish to be aware that the Professions Supplementary to Medicine pay group (PSMs) agreed as part of their 1979 settlement that, pending completion of their own comparability study, an interim award would be made from 1 August 1979 applying the nurses' and midwives' first stage award on an agreed point-for-point basis. Therefore when the nurses' report is published it is likely that the PSMs' Whitley Council will seek the same first stage.

I am copying this, with copies of the report, to the private secretaries of members of E(EA), the Secretaries of State for Social Services and for Education, the Minister of State (CSD), the Paymaster General and Sir Robert Armstrong.

Yours sincerely

Ian Fair

I A W FAIR
Principal Private Secretary

PRESS NOTICE

PAY COMPARABILITY COMMISSION REPORT

The Government today published the report on nurses' and midwives' pay of the Standing Commission on Pay Comparability, chaired by Professor Hugh Clegg. Nurses and midwives were referred to the Commission by the last Government which undertook, with the parties to the reference, to accept the recommendations for rates of pay which the Commission was asked to make, to be implemented in two stages with effect from 1 August 1979 and 1 April 1980. The Government has undertaken to honour this commitment, and the rates of pay recommended will be implemented on the agreed dates.

NOTES FOR EDITORS

1. The Standing Commission on Pay Comparability was set up in March 1979 to examine the terms and conditions of employment of groups of workers referred to it by the Government, and to report in each case on the possibility of establishing acceptable bases of comparison. In the case of nurses and midwives, it was asked to make recommendations on how the pay of this group should reflect the results of the comparisons.

2. Other groups which the Government has referred to the Commission include teachers, some groups of local authority craftsmen and other smaller groups.

3. Questions about the content of the reports should be addressed to

Mr M Peaks
Office of Manpower Economics
(Tel: 405 5944 Ext 312).

SUPPLEMENTARY ANSWER FOR GOVERNMENT PRESS OFFICERS

Are cash limits to be adjusted to meet the cost of the recommendations?

The NHS cash limits for 1979-80 and for 1980-81 will be adjusted to meet the full cost of the pay recommendations.

From Professor Hugh Clegg, Chairman, Standing Commission on Pay Comparability

OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

20 December 1979

The Rt Hon Margaret Thatcher MP
10 Downing Street
London
SW1A 2AL

Dear Mrs Thatcher,

STANDING COMMISSION ON PAY COMPARABILITY

We have now completed work on the nurses and midwives reference and I have pleasure therefore in submitting the attached report.

Yours sincerely

Hugh Clegg

H.A. CLEGG

National Health

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

12

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Treasury Chambers
Great George Street
London SW1

15 November 1979

Dear John,

PAY OF TOP NURSES IN THE NHS

Thank you for your letter of 12 November, replying to mine of 17 October.

You suggested that the appropriate first step should be to take the whole question back to the Management Side of the Whitley Council at their meeting on 13 November. Quite apart from any other considerations, that meeting had already finished before your letter reached me. There were, however, developments in the course of the Management Side and full Whitley Council meetings on 13 November which bear on this question.

In the first place, the full Council recorded its serious concern at the considerable delay that had occurred in dealing with the agreement which they had reached regarding top nurses on 9 October. They asked that Ministers should be requested to deal very urgently with this question, which had been outstanding much longer than was normal for Whitley Council decisions.

Secondly, the Staff Side tabled a detailed claim for the 1,500 second-in-line nurses referred to in my letter of 17 October. You will recall that I had hoped to scotch any further claim of this kind in dealing with the top nurses' agreement. The Management Side, however, firmly rejected this further claim, on the basis that these second-in-line staff were not covered by the Speakman review; that the special considerations which had attached to the holders of the top posts did not apply equally to them; and that their pay should be dealt with entirely by the Standing Commission. The Staff Side apparently reacted very strongly, and later in the evening asked me to receive a deputation to protest at the Management Side's decision, but I did not of course agree to this.

I am afraid that I cannot agree to adopt the approach suggested in your letter, which seems to be based on a number of misunderstandings and to fail to take any account of the background circumstances which have given rise to the whole problem. I do not propose to rehearse again all the points made in my letter of 17 October. But, as the Halsbury Committee noted in their report of September 1974, the top nurses had been given an undertaking that a review of their salaries would take place "not later than 1 April 1975"; I understand this undertaking was given by Keith Joseph early in 1974. Not only was the undertaking

not fulfilled (there had been a change of Government in the meantime), but by the time the Speakman report was finally produced, in June 1979, the top nurses were conscious that other top people in all parts of public service and public life generally had, meanwhile, been awarded further substantial increases, to redress the disadvantages suffered under successive incomes policies. The nurses felt, with some justice, that they had been seriously underpaid since 1974 (a claim now confirmed by an independent review), and that their relative position had been made even worse by the more recent developments elsewhere. It was essentially for these reasons that the Management Side took their decision on 9 October. I am told that they had an intensive and wide-ranging debate on all aspects of this question before reaching that decision. As I have already said, it is unfortunate that this should have come to a head at a time when nurses' pay stands referred to the Commission, but the circumstances in which the Management Side reached their decision about this one small group were most unusual.

On the particular points you make, I think, first, there is no doubt, in view of the very firm stand which they took on 13 November, that the Management Side are well seized of the possible repercussions of their earlier decision and are prepared to face them. I am also assured that they have been left in no doubt regarding the prospects of additional funds being made available for the top posts award - I have no reason to suppose that they have not fully grasped this. They have asked for more money, but I believe they cannot be in any doubt as to the reply they will receive.

The notion that acceptance of the Whitley Council agreement would mean lopping more than £1 million a year off patient services simply to provide pay increases to senior administrative staff is wholly misconceived. As I pointed out in my letter of 17 October, the top nurses, like all others, are due for an award from August 1979. The figure of a little over £1 million is, as I explained, the estimated full-year cost of the Whitley Council agreement if all those concerned were on the maximum of their scales. Moreover, patient services and patient care are not abstract concepts unrelated to human activity. These are the true realities. In the NHS, patient services in their most common form take the shape of nurses providing patient care. It is vital that these wide-ranging nursing services should be well managed, to ensure both that our nursing resources are efficiently used for the benefit of patients and that good professional standards are maintained. Responsibility for this falls on the top nurses.

Against this background, I really do not feel that we should in this case depart from our policy of standing back and avoiding involvement in detailed pay negotiations. There are likely to be many issues of greater substance affecting the various NHS staff groups in the months and years ahead. Ministerial veto of NHS Whitley Council decisions is extremely rare - I believe it has been exercised only once in over thirty years. It would seem to me extremely odd, to put it no higher, if this Government were to choose a small group of nurses - and a group which can claim to have been seriously underpaid for several years - as the target for what would undoubtedly be seen by the public at large as a tough interference in the pay negotiating process. If you want us to set off on that course, I could hardly think of a more inappropriate target!

As it is now more than five weeks since the Whitley Council took their decision, I really do need to bring this matter to a conclusion very soon. In view of what I have said above, I should be grateful to have your confirmation - if possible within a day or two - that you would now be agreeable to my confirming the Whitley Council agreement on the basis suggested in my letter of 17 October,

E.R.

although the need to warn against any similar claims for other groups has been overtaken by events. I take the points made by Jim Prior and George Younger on the superannuation question, and I feel it would be right, when writing to the Whitley Council Chairmen, to make clear that no concession will be made on that point.

I am copying this to the recipients of my earlier letter.

Yours ever

Peter

with compliments

MINISTER OF STATE

CIVIL SERVICE DEPARTMENT
Whitehall London SW1A 2AZ

Telephone 01-273 5563/4086

Nat Health

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

Minister of State

The Rt Hon Sir Keith Joseph MP
Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

P 14/-

13th November 1979

Dear Keith,

PAY OF TOP NURSES IN THE NHS

I have seen a copy of Patrick Jenkin's letter to you of 17 October about implementing the recommendations of the Speakman Report to Top Nurses in the NHS.

I have also seen Jim Prior's reply of 8 November and I fully support his view. It is regrettable that the Management Side of the Whitley Council offered these increases in advance of the Standing Commission report. I believe, however, that we must reluctantly accept the situation, particularly as the increases have now been given press publicity.

As far as superannuation is concerned, and the counting of notional salaries for pension purposes from April 1976, I again support fully Jim Prior's views; there would be serious repercussions for other groups if any concessions were made.

I am sending copies of this to the recipients of Patrick Jenkin's letter.

Yours

Paul

PAUL CHANNON

National Health

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State
Department of Health and
Social Security
Alexander Fleming House
Elephant and Castle
London SE1 6BY

12 November 1979

Dear Patrick,

PAY OF TOP NURSES IN THE NHS

Thank you for sending me a copy of your letter of 17 October. I have also seen copies of the various replies, including Jim Prior's.

So far as pay is concerned, I entirely agree with Jim Prior. The agreement is inept and foolish in the extreme, and shows a reluctance to the management side to come to grips with reality. Further, they have shown no awareness of the repercussions. Nevertheless, given that Clegg is unlikely to be offended, I would not wish to intervene on pay grounds: the right response would be to leave the management side to stew in their own juice.

But there is a more serious problem. Your officials have made clear, quite rightly, that there can be no question of meeting the cost of the settlement by increasing the cash limit (though whether the management side have fully grasped this is another matter). Consequently, if the proposed increase were allowed, more than £1 million/year is likely to be lopped off patient services in order to pay increased salaries to a group of senior administrative personnel. This would go right against our objectives of making more resources available for patient care by pruning NHS bureaucracy and would add fuel to the fire in relation to the effects of adhering to cash limits in the current year. Accordingly we would be open to the most severe criticism if the settlement were allowed to go ahead.

I think the first step is to challenge the NHS management side using the kind of argument in the previous paragraph. This might usefully be done at the Whitley Council meeting which I understand will take place on Tuesday. It may be that they will back down: if not, it will be interesting to see how they justify cutting patient services

CONFIDENTIAL

in this way. But if they do not back down, I think you will need, in order to protect the Government's policies, to exercise your veto.

I am sending copies of this letter to the recipients of yours.

Yours

John Biffen

JOHN BIFFEN

Confidential

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

P 14/4

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Industry
Department of Industry
123 Victoria Street
London SW1

8 November 1979

Dear Keith

PAY OF TOP NURSES IN THE NHS

I have seen a copy of Patrick Jenkin's letter to you of 17 October about implementation of the recommendations of the Speakman report.

It is unfortunate that this report has been received at a time when, at the Government's invitation, the Standing Commission is carrying out a comparability study covering all nurses, including those in top posts. I understand that the Commission is aware that the report has been made to the parties concerned and has expressed regret at the prospect of implementation of Speakman's recommendations during the currency of its own study on which a report should be available by the end of this year. I am also concerned because it is not difficult to envisage a situation in which the Commission's recommendations fell short of those of Speakman and it was necessary for the top nurses concerned to be put on mark-time salaries. The proposed reorganisation of the Health Service could well compound such difficulties.

I recognise, however, that in view of our intention to minimise intervention in pay negotiations it would be extremely difficult to veto the Whitley Council's agreement, and I do not think the Commission's feelings on this matter are so strong as to oblige us to consider such action. In the circumstances, therefore, I am prepared to agree to Patrick's proposal. But we need to take care that we do not appear to be endorsing Speakman's recommendations; we (and the Whitley Council) are of course committed to accepting the recommendations of the Standing Commission. It is therefore important that Patrick should, as he suggests, make clear to the Whitley Council that authorisation is given with some reluctance, and that pay increases will not be approved for any other group of nursing staff (eg second-in-line) before the Commission reports.

As far as the proposals on superannuation are concerned, I could not agree to the counting of notional salaries for pension purposes from April 1976. It is established precedent that such backdating for pension purposes is acceptable if the pay levels were appropriate to

that date, but in this case implementation of Speakman would have been precluded by the incomes policy prevailing at the time and the pay levels cannot therefore be regarded as appropriate. A concession on pensions of this order for the group would have extensive repercussions for other groups in the public sector who have been affected by the impact of pay policy.

I am sending copies of this to the recipients of Patrick Jenkin's letter.

Yours

Jim

Nat Health

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Sir Keith Joseph MP
Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON
SW1E 6RB

6 November 1979

Dear Keith,

PAY OFFER TO TOP NURSES

Patrick Jenkin wrote to you on 17 October about the agreement in the Nurses and Midwives Whitley Council for a pay increase to top nurses in the National Health Service. I support the line he proposes. It would, of course, have been better if we had been able to wait until the Standing Commission had reported on all grades of nurses, but given the long history of the way these nurses have been treated in relation to pay - and I know from representations made to me how strongly they feel about it - I think it would be wrong of us to step in at this stage with a Ministerial veto on an agreement reached in the appropriate negotiating forum. If Patrick Jenkin writes as he proposes spelling out the understanding on which approval is given and indicating that there will be no extra finance, that should, in my view, adequately cover the matter.

The superannuation question is, however, a different matter, and I think we should tell the Whitley Council at the same time that there is no question of adjusting superannuation retrospectively. The situation covered by the NHS superannuation regulations is one where an award is made and then withheld or deferred (in whole or in part) in the national interest ie there are quantified salary rates appropriat to a specific date. Here we are dealing with a statement by Management Side that superannuation should be based retrospectively on salary rates which <u>might</u> have been awarded 3 years ago. Quite apart from the dangers of retrospection the proposal is inconsistent with all previous decisions to base superannuation on full revised pay rates from the dates these rates were awarded but not paid in full. If, however, the matter of superannuation requires further consideration, we should deal with that separately, since it is important that there is as little delay as possible between the agreement on pay being reached in the Whitley Council and Ministerial decisions being announced as to its approval.

I am copying this letter to the recipients of Patrick Jenkin's.

Yours ever,

George

Nat Health

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 7691
SWITCHBOARD 01-212 7676

From the
Minister of State
Lord Trenchard

1 November 1979

Private Secretary to
The Rt Hon Patrick Jenkins MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London SE1 6BY

R 7/11

Dear Private Secretary,

PAY OF TOP NURSES IN THE NHS

I refer to your Secretary of State's letter of 17 October to the Secretary of State for Industry regarding the pay of senior nursing staff. The Department of Industry has no comments to make on the approach proposed by your Department.

Copies of this letter go to the recipients of yours.

Yours sincerely

Heather Archer

MISS H ARCHER
Private Secretary

SW CONFIDENTIAL

National Health

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/16165/79

Your ref:

30 OCT 1979

Dear Patrick

PAY OF TOP NURSES IN THE NHS

Thank you for sending me a copy of your letter of 17 October to Keith Joseph.

I can see no objection to what you have in mind, especially in view of the principles on back-dating of pensions set out in the letter of 24 October from John Biffen to Mark Carlisle.

I am copying this letter to the recipients of yours.

Yours ever

MICHAEL HESELTINE

The Rt Hon Patrick Jenkin MP

Y SWYDDFA GYMREIG
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WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
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From The Secretary of State for Wales

National Health

The Rt Hon Nicholas Edwards MP

CONFIDENTIAL

29 October 1979

Dear Keith

PAY OF TOP NURSES IN THE NHS

I have seen a copy of Patrick Jenkin's letter of 17 October concerning the pay of senior nurse managers in the NHS. The letter gives the background to the Staff Side's claim and describes fully the problems with which the Management Side of the Nurses and Midwives Whitley Council were faced. They had to consider, firstly, whether to make any offer at all at this time in response to the strong Staff Side claim and, secondly, to decide what the offer should be. There is no need for me to rehearse the arguments in this letter.

I should, though, like to say that I share fully Patrick Jenkin's view that we should approve this pay settlement whilst at the same time making it perfectly clear to the Chairmen of both sides of the Council that our approval is given exceptionally because of the special circumstances. There can be no possibility of an award for any other nurse group until after the Standing Commission have reported.

The Management Side should be told, in my view, that there can be no prospect of any additional cash being made available to fund the award and that they must themselves face the consequences of their decision by meeting the cost from within existing financial allocations.

I am copying this letter to the Prime Minister, to members of E(EA), to Christopher Soames and Mark Carlisle and to Sir John Hunt.

Yours ever

Nick

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Industry
Department of Industry
Ashdown House
123 Victoria Street
LONDON
SW1

National Health

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 Sir Keith Joseph Bt MP
Secretary of State for Industry
Department of Industry
Ashdown House
123 Victoria Street
London SW1

17 October 1979

Dear Keith,

PAY OF TOP NURSES IN THE NHS

A problem has arisen regarding the pay of the holders of the most senior nursing posts at each level in the National Health Service, on which I need to seek your views and those of colleagues. There are some 340 of these top nurses in Great Britain and they are included, along with all other nurses and midwives, in the reference to the Standing Commission.

A feature of the NHS reorganisation in 1974 was the establishment of consensus management teams at each level, including doctors, nurses, administrators and finance officers (plus a works officer in the Regional team). The nurse members, whose pay was below that of the other disciplines, claimed that all team members should have the same pay. The claim was not accepted, but an undertaking was then given that there would be an independent review in 1975 to establish what were the respective functions and relative responsibilities of these top-post-holders in the various disciplines (other than the medical team members, who are covered by the Doctors and Dentists Review Body). In the event, the review did not begin until 1976, when Mr J Speakman (who had previously worked in the D of E Manpower Productivity Service) was appointed to undertake it. His report was to be made to the three NHS Whitley Councils concerned, who would use it as a basis for negotiation.

For various reasons, Mr Speakman's final report was not produced until June 1979. In the intervening years, the top nurses concerned had received "non-negotiated" salaries, determined by Ministers, a source of much resentment, which has been aggravated by the fact that their administrative and financial team colleagues have benefited from settlements consequent on the TSRB award and the general Civil Service pay settlement. On team relativities, the essential feature of Mr Speakman's recommendations was that the pay of the top nurses should be closer to, and at Districts on a par with, the pay of their team colleagues. He said he had not found any logical reason to justify the existing disparity.

The Staff Side of the Nurses and Midwives Whitley Council (NMC) then submitted a claim, based on the Speakman recommendations. This sought pay increases with full retrospection to April 1974 and carried forward to reflect the increases which administrative and financial staff were to receive in August 1979 and January and April 1980. The Management Side did not accept this claim, but they

felt they were under an obligation, despite the reference to the Standing Commission, to make an offer in the light of the Speakman recommendations. Their reason was that the promise of a review had pre-dated the Standing Commission reference by several years and that, in the absence of an offer by them, the top nurses alone would be seriously disadvantaged by the delays which had occurred and for which they did not bear any responsibility.

The Management Side offered an increase as at 1 April 1979 which was broadly in line with the Speakman recommendations, but with a reservation on the size of increase for District Nursing Officers. They refused to offer any retrospective payments for earlier years and said the question whether there should be any further increases beyond the April 1979 level should be left for decision by the Standing Commission. The Staff Side have sought improvements to this offer, but none have been made, and the Whitley Council have now concluded an agreement on the basis of the Management Side's offer. The cost of this offer, assuming scale maxima in all cases, is estimated at a little over £1 million in a full year but, in fact, some part of this will be absorbed by the Standing Commission's award for two-thirds of the year. I enclose a schedule showing the effects of the agreement at various points in the range of grades affected. The NMC Management Side intend to give details of the agreement to the Standing Commission and to explain why they felt they were under an obligation to agree to a limited implementation of the Speakman recommendations despite the reference of nurses' pay to the Commission.

The Whitley Council's agreement has now been referred to me and to colleagues in Scotland and Wales, as our approval is required before NHS employers may be authorised to implement such agreements. It would clearly have been preferable if we could have avoided this problem and had all aspects of nurses' pay dealt with by the Standing Commission. But I understand that the representatives of NHS authorities, who make up the bulk of the Management Side, feel very strongly that they should, even in a limited way, discharge what they regard as their obligation to the top nurses and not seek to avoid this on account of the reference to the Commission. Given the background - particularly the considerable delay in bringing this matter to a conclusion - my view is that implementation of the agreement should now be authorised. I would, however, propose exceptionally to write to the Chairmen of both Sides of the Whitley Council emphasising that authorisation had been given with some reluctance, in view of the Standing Commission reference, and making it clear that the special considerations attaching to the top post holders, in view of the long-delayed Speakman report, did not apply to any other group of nursing staff, and no other pay increases would be approved before the Commission reports. This point needs to be made as I understand the Staff Side have it in mind to present a related claim for some 1,500 second-in-line senior nurses who also receive "non-negotiated" salaries but who were not covered by the Speakman review. Further to this, I would propose to inform the Management Side, who apparently intend to ask for additional finance to fund this settlement, that no more cash will be provided and they must accept the consequence of the decision they have taken by meeting the cost from within their existing allocations. They have, in fact, already been warned that they must expect such a response if they ask for extra cash.

Finally, in making their offer, the Management Side said that, while they were not prepared to make any retrospective payments to earlier years, they were conscious of the implications of that decision for superannuation. For this purpose, therefore, they wished to record their view that, if considerations resulting from incomes policy had not applied, a settlement based on the Speakman recommendations could, on merits, have had effect from 1 April 1976, but not any earlier. This is, in effect, a recommendation that the Secretary of State's

E.R.

discretion should be exercised to allow notional salaries at an appropriate level for superannuation purposes from April 1976. While this is a separate point from the pay agreement, it would be convenient if I were able to deal with the two issues at the same time. I recognise, however, that there may be implications in this for groups elsewhere in the public sector, and I should not want to allow consideration of that question to give rise to any delay in dealing with the pay issue.

I should be glad to have your agreement, and that of colleagues, to the approach I propose to adopt with regard to the pay agreement, and would welcome comments on the notional salary question. I am copying this letter to the Prime Minister, to members of E(EA), to Christopher Soames and Mark Carlisle, and to Sir John Hunt.

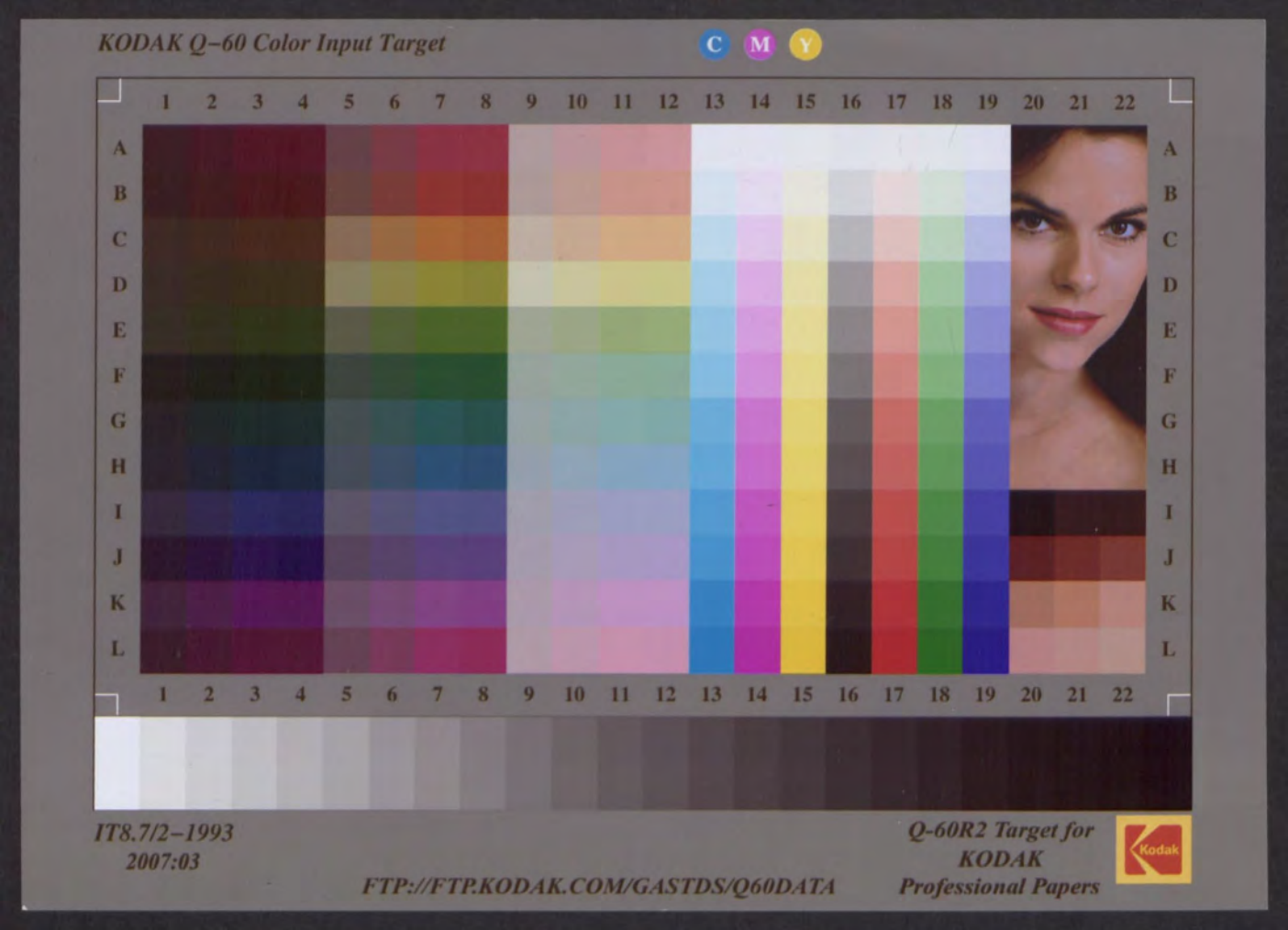
Yours ever

Patrick

PAY OF TOP NURSES: SPEAKMAN REPORT

ILLUSTRATIVE EFFECTS OF THE WHITLEY COUNCIL AGREEMENT

	Existing Maximum	Settlement	Increase
	£	£	£
Regional Nursing Officer (in a Region with 3.5 million population or more)	12,094	16,815	4,721
Area Nursing Officer (ANO) (Multi-District, non-teaching Area with 450,000 to 799,000 population)	10,540	14,275	3,735
ANO (Single District, non-teaching Area with 175,000 to 300,000 population)	10,325	13,961	3,636
District Nursing Officer (DNO) (Teaching District - any population size)	11,075	14,670	3,595
DNO (District with 100,000 to 150,000 population)	9,339	12,065	2,726
DNO (District with under 100,000 population)	8,520	9,928	1,408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