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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

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ms 29/7

Robin Butler Esq
10 Downing Street

15 September 1982

Dear Robin

HEALTH SERVICE DISPUTE

I am writing as promised to bring you up to date.

First, on procedures, following last night's meeting, Mr Spanswick (the Chairman) will be convening a meeting of the TUC Co-ordinating Committee (in effect the negotiating sub-committee of the TUC Health Services Committee) tomorrow lunchtime. That meeting will receive and consider a proposal which the Secretary of State negotiated with Mr Spanswick and Mr Jacques of the TUC. The intention is that the Co-ordinating Committee will ask to meet the Secretary of State immediately to discuss the proposal. Our aim will then be to reach agreement with the Committee tomorrow afternoon, on the basis that they would recommend that industrial action in the NHS should cease and negotiations be resumed in the Whitley Councils on the basis of revised offers. We shall be having concurrent discussions with the Royal College of Nursing.

As to the substance of the negotiated proposal, the critical issue is the amount of money we are prepared to make available for 1983/84. My Secretary of State has negotiated with them on the basis that he would be prepared to fund resources at 4 per cent over 1982/83 pay levels. Mr Spanswick was clearly hoping for 5 per cent more but was firmly told that this is not possible. They accept that the differential for staff providing direct patient care, especially nurses, will remain although, as you know, the TUC regarded this as divisive. Since it can be afforded within this kind of settlement my Secretary of State regards it as valuable that he has negotiated its acceptance.

On staging, it was agreed at the Prime Minister's meeting on 9 September that my Secretary of State should conduct discussions with the union leaders designed to secure a flat increase of 10.3 per cent from September 1982. It is clear that a flat increase will not be acceptable to the staff in the NHS because they are anxious to secure substantial back pay. Spanswick and Jacques would therefore prefer a two-stage settlement, and my Secretary of State has indicated that this would be acceptable to him.

The proposals which will be put to the Co-ordinating Committee tomorrow will thus be based on a figure of 4 per cent for 1983/84 and will include two options for staging: 5 per cent from 1 April 1982 and 5 per cent from 20 January 1983; or 6 per cent from 1 June 1982 and 4 per cent from 3 January 1983. My Secretary of State will be prepared to move a further 0.5 per cent on the second stage in negotiations, but he does not envisage going up to the 11 per cent overall figure which was discussed on 9 September as a possible fallback. On present expectations of inflation, our existing PESC provision would allow us to fund up to 4.5 per cent for 1983/84 without reducing resources for patient services.

The Chief Secretary has been kept fully informed, and I am copying this letter to John Gieve on a personal basis.

My Secretary of State would be happy to have a word over the telephone with the Prime Minister this afternoon if that would be helpful.

Yours ever,

David

D J Clark
Private Secretary

National Health

Dispute

Pt 2

CONFIDENTIAL

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15 SEP 1982



cc JV
Bm

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

Telephone 01-407 5522 ext 6981

From the Permanent Secretary

Sir Kenneth Stowe KCB CVO

(1) mainly strongly
then as proposed

(2) until Apr 84?

(3) on 11/11/84?

Peter Jacques Esq
Trades Union Congress
Congress House
Great Russell Street
LONDON
WC1B 3LS

16 September 1982

Dear Mr. Jacques,

Following the discussion with the Secretary of State, I am sending you the attached note setting out proposals which might form the basis for a settlement of the current pay issues in the NHS.

The Secretary of State has asked me to say that the Government would be prepared to commit the resources necessary for a settlement within this framework provided that the industrial action in the National Health Service was brought to an end and provided that negotiations on this agreed basis were resumed in the Whitley Councils.

It is, of course, clearly understood that the proposals are made without prejudice.

The Secretary of State is, as you know, available to discuss it with you and your colleagues as soon as you wish.

Yours sincerely
Kenneth Stowe

PROPOSALS ON NHS PAY FOR THE PERIOD UP TO 1 APRIL 1984

1. A common objective is to establish better permanent arrangements for determining the levels of pay for non-medical staff in the National Health Service.
2. Discussions are under way on the form of new arrangements for determining the pay of nurses and midwives. Similar discussions will soon begin for the professions supplementary to medicine. Consultations are now proposed on the establishment of tripartite discussions between representatives of the TUC Health Services Committee and of the non-affiliated bodies, of health service management and of the Department about new permanent pay arrangements for other non-medical staff in the National Health Service.
3. The objective would be to complete these discussions in time for negotiations to take place under the agreed arrangements and come into effect on 1 April 1984.
4. As a bridge leading to a pay agreement effective from 1 April 1984, negotiations would begin forthwith in the Whitley Councils and other relevant bodies to determine NHS pay for non-medical staff for the period up to 31 March 1984 on the following basis:
 - (1) The existing offers for pay increases from 1 April 1982 would be withdrawn.
 - (2) New offers will be tabled from resources for the two year period amounting in the aggregate to £1,095 million (ie £418 million for 1982/83; £418 million for 1983/84 plus a further £259 million in 1983/84).

- (3) The offers would be constructed so as to provide from within these sums average percentage increases in pay provision as follows. (Costs shown relate to 1982/83.)

EITHER

OPTION A: Stage 1 from 1 April 1982 6½ per cent (£217 million) for nurses and PSMS. 5½ per cent (£10 million) for pharmacists and ambulancemen. 5 per cent (£129 million) for other staff.

Stage 2 from 20 January 1983 a further increase of 5 per cent (£62 million) for all staff.

OPTION B: Stage 1 from 1 June 1982 7.5 per cent (£214 million) for nurses and PSMS. 6.5 per cent (£10 million) for ambulancemen and pharmacists. 6 per cent (£129 million) for other staff.

Stage 2 from 3 January 1983 a further increase of 4 per cent (£65 million) for all staff.

5. The Government has brought forward pay provision for 1983/84, and the above proposals are made on the basis that changes in any relevant factors, internal or external, in the period up to 1 April 1984 will fall to be considered in the negotiations for pay effective from that date under the arrangements resulting from the tripartite discussions.