



Ref. A09974

PRIME MINISTER

Industrial Affairs: National Health Service Dispute

BACKGROUND

The Secretary of State for Social Services will be seeking the Cabinet's agreement to a package of proposals, covering both a two-year pay offer up to 31 March 1984 and permanent pay arrangements thereafter, in respect of the nurses and certain other NHS groups (midwives, health visitors and some of the professions supplementary to medicine). He wants to table these proposals in advance of a meeting of the Management Side of the Nurses and Midwives Whitley Council on 9 November.

2. Subject to any last minute developments and to any private discussion which he may have with you before Cabinet, we understand that the Secretary of State's proposals will be as follows:

On Permanent Pay Arrangements: A review body on the lines agreed by E(PSP) on 1 November and outlined in the Chancellor of the Exchequer's minute to you of 2 November.

On the Pay Offer: 12.3 per cent from 29 August 1982 (or thereabouts) to cover the two years up to 31 March 1984 (this would be equivalent to an offer of 7½ per cent from 1 April 1982 and 4½ per cent from 1 April 1983).

So far as the other NHS groups are concerned, the Secretary of State's present intention is not to make a new offer but to await developments. Over the last two days the TUC Health Services Committee has been exploring through ACAS the basis on which negotiations might be reopened.

MAIN ISSUES

3. The main issues before the Cabinet are likely to be:
- i. Whether to offer a review body to the nurses and related groups.
 - ii. Whether to make an early pay offer to the nurses and related groups.
 - iii. The shape and presentation of any pay offer.



4. On i. those members of the Cabinet who are also members of E(PSP) have already had an opportunity to consider the proposal for a review body and are prepared to accept it. For the rest of the Cabinet it will, however, be a new proposal on which they will not have seen any papers. On ii. and iii. E(PSP) has not so far reached any conclusions; we understand that the Secretary of State for Employment has considerable misgivings about the proposals.

Review Body

5. The main arguments for and against a review body for the nurses and related groups are set out briefly in the Chancellor's minute of 2 November and at greater length in E(PSP)(82) 22. The key question is how far the Government feels that it has to go in the light of its commitments to the nurses (see Annex B of E(PSP)(82) 22) and in the interests of lessening friction over nurses pay in the future. A minimal response would be to offer only modest improvements on the existing free collective bargaining arrangements, ie systematic data collection and/or arbitration by agreement. But if Ministers consider that this response would be inadequate, the choice lies between two main options: constrained collective bargaining on Megaw lines or a review body.

6. The main disadvantages of the Megaw option are that the Government would have the awkward task of negotiating simultaneously with the nurses and with the Civil Service about similar proposals; that there are some particular practical problems about applying to the nurses the technique of factorial comparisons favoured by Megaw; and that the negotiations with the nurses about a Megaw-type system would be protracted and difficult.

7. The main disadvantage of the review body proposal is that it would more than double the number of those whose remuneration was determined by this kind of machinery; the present review bodies cover some 429,000 (TSRB 1,800, DDRB 93,000, AFPRB 334,000), and to this would be added some 518,000 (nurses 482,000, professions supplementary to medicine 36,000). The review body would cover more than half the NHS employees. There are likely to be problems in reconciling the review body's recommendations with cash limits, bearing in mind the difficulty of overriding recommendations in respect of the nurses, and the high proportion represented by pay within the overall NHS cash limit. The recommendations of such a review body are bound to have an



influence on settlements elsewhere in the public services. E(PSP) fully recognised all these difficulties but nevertheless concluded that the review body was the least unattractive option open to the Government. They hoped to mitigate the difficulties by laying down the conditions summarised in paragraph 5 of the Chancellor's minute; in particular the review body was to be precluded from awarding "catching up" increases in respect of any falling behind in nurses pay before 1 April 1984, and would be required to take account of management needs and affordability. If the Cabinet is unwilling to contemplate a review body for the nurses and related groups, it will need to bear in mind that the Secretary of State for Social Services has already allowed this option to be canvassed informally with the nurses, and the matter will be difficult to handle.

Whether To Make An Early Pay Offer to the Nurses

8. E(PSP) were agreed that the offer of a review body to the nurses and related groups should be conditional on acceptance by them of the Government's pay offer. The Secretary of State for Social Services is keen to put the package on the table by the beginning of next week. He is likely to argue that he cannot delay any longer because his informal exchanges with the Royal College of Nursing and the other professional bodies have arrived at the point where agreement can be reached, and the RCN see tactical advantage in getting the proposals to their Council meeting on 11 November rather than to their Industrial Relations Committee. The Secretary of State for Employment is, however, likely to argue that the Government should not be in a hurry to take an initiative and should be looking for a settlement of the NHS dispute as a whole rather than a separate deal with the RCN and the professional bodies. He will probably point to the change in the atmosphere as a result of the miners' ballot, and increasing evidence of trade union concern that the Day of Action on 8 November will be poorly supported. He may, therefore, suggest that the right course would be to rest on the Government's existing offers made on 16 September for a short while longer in the hope of reaching a negotiated settlement with all the NHS groups.



9. The Cabinet will need to know from the Secretary of State for Social Services how his proposal for an early offer to the nurses fits in with his strategy for settling the NHS dispute as a whole. The effect of an agreement on the lines of the Secretary of State's offer would be to detach the nurses and the professions supplementary to medicine (PSM) from the rest of the NHS, not just for this round but more lastingly. The nurses and the professions would presumably welcome the implications of being lined up with the doctors as "review body" groups. A settlement would weaken the short-term position of the TUC-affiliated members in respect of the other groups so far as the current round was concerned; in the longer term it could be divisive in the NHS, and the consequences of that are difficult to foresee.

10. The scope for any further adjustment of the offer to other unions this time would be much reduced: the intention would be, and the effect might well be, that acceptance of a revised offer by the RCN and other professional bodies would in practice force the affiliated unions to come into line. Apart from the existing differential in favour of the nurses and some other groups, the revised offer made to the nurses would presumably apply throughout the NHS, and the unions would have to take it or leave it. Even if they took it, the affiliated unions and the other NHS groups would be able to argue that they had been betrayed by the RCN and this would store up trouble for the future. In that sense a quick settlement for the NHS as a whole would be preferable; but it may not be attainable. I am not sure that the likelihood that the Day of Action on 8 November will be poorly supported is a good argument for not going ahead as the Secretary of State for Social Services proposes: the combination of a separate settlement for the nurses and the PSM and a poorly supported Day of Action would be a double-barrelled attack on the unions' will to continue the dispute.

11. The Cabinet's view of whether it would be desirable to make an early offer to the nurses and related groups alone is likely to depend crucially on the latest assessment of the attitude of the affiliated unions to reaching a settlement on the kind of basis which the Government can contemplate.



The Offer

12. The existing offers made on 16 September are as follows:

OPTION A: Stage 1 from 1 April 1982 6½ per cent for nurses and PSMs. 5½ per cent for pharmacists and ambulancemen. 5 per cent for other staff.
Stage 2 from 20 January 1983 a further increase of 5 per cent for all staff.

OPTION B: Stage 1 from 1 June 1982 7.5 per cent for nurses and PSMs. 6.5 per cent for ambulancemen and pharmacists. 6 per cent for all staff.
Stage 2 from 3 January 1983 a further increase of 4 per cent for all staff.

13. These offers were constructed on the basis that no more money would be available in respect of 1982-83 than that involved in the Government's offers last June (7½ per cent for the nurses, 6 per cent for the rest from 1 April 1982). The pay offers would, however, cover the two years to 31 March 1984 and the provision for 1983-84 would be 4 per cent.

14. The Secretary of State for Social Services wants to construct a revised offer which would cost the same as the options put forward on 16 September with one marginal improvement: the provision for 1983-84 would be 4½ per cent rather than 4 per cent.

15. The first question for consideration is whether the additional ½ per cent for 1983-84 should be incorporated in a revised offer. It was envisaged in September as a margin for negotiation. The Secretary of State for Social Services appears confident that, in respect of the nurses and related groups, inclusion of the margin in his offer will secure acceptance. E(PSP) was inclined to agree that the extra ½ per cent could be offered.

16. The second question concerns the shape and presentation of the offer. The Secretary of State for Social Services is likely to argue strongly in favour of a single instalment of 12.3 per cent from 29 August 1982 or thereabouts. His argument is that this is what the RCN wants partly because it must look different from previous rejected offers and partly because it is superficially similar to their original claim of 12 per cent for one year from 1 April 1982.



17. The Secretary of State for Employment is likely to argue against this proposal. He considers that 12.3 per cent will be seen publicly as a very high figure and that it will be difficult to get across the message that the settlement covers two years. He is also suspicious that the nurses will not in the end be content to have no pay increase between now and April 1984. Finally he sees it as a major disadvantage that the offer has some superficial resemblance to the original claim.

18. The alternative would be a two-stage offer on similar lines to the proposals of 16 September, but with some revision of the dates and amounts. The Secretary of State for Employment believes, on the basis of the ACAS soundings, that the affiliated unions would prefer a two-stage offer (if so, this is a big change from their previous position). The problem with a two-stage offer is that the second instalment has to be kept low so as to minimise repercussions on the new pay round. This would point to keeping the second instalment at $3\frac{1}{2}$ per cent or 4 per cent, even if this meant that the first instalment had to be around $8\frac{1}{2}$ per cent for the nurses and around $7\frac{1}{2}$ per cent for the rest.

19. If the Cabinet is convinced that the right course is to make an early offer to the nurses and related groups alone, they will probably also wish to be guided by Mr Fowler's judgment about the kind of offer the nurses are most likely to accept. If, however, the Cabinet's preference is for a settlement with all the NHS groups together, this would tend to point to a two-stage settlement, keeping the second instalment as low as possible. Whatever the decision, there will need to be a major presentational effort by the Government to minimise the adverse repercussions on the new pay round.

HANDLING

20. You will wish to invite the Secretary of State for Social Services to put forward his proposals. The Chancellor of the Exchequer will wish to report on E(PSP)'s conclusions about the long-term pay arrangements. The Secretary of State for Employment is likely to be a major contributor on the question of a separate offer for the nurses and the shape and presentation of the offer. The Secretaries of State for Education and Science and for the Environment may comment on the implications for the teachers and local authority employees.



CONCLUSIONS

21. Depending on the discussion, you will wish to reach conclusions on the following matters:

- i. Whether a pay review body should be offered to the nurses and related groups and, if not, what alternative approach should be pursued.
- ii. Whether an early revised pay offer should be made to the nurses and related groups alone.
- iii. What should be the shape of any revised offer (ie level, one instalment or two, and effective date or dates) and how it should be presented.

Lindsay Wilkinson

PP.

ROBERT ARMSTRONG

3 November 1982

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WITH THE COMPLIMENTS OF
THE PARLIAMENTARY CLERK

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28/10*

Not - Health

PRIME MINISTER'S BRIEFING - 28 OCTOBER 1982

MAJOR INDUSTRIAL DISPUTES

NHS Nursing and Ancillary Workers - (COHSE, NUPE and other unions)

1. The next day of organised action involving unions outside the NHS is the 1 day transport strike on 8 November. The TUC's Transport Industries Committee unanimously endorsed a call by the Health Service unions for such a strike. The NUR and ASLEF are reported to have instructed members to take 'maximum industrial action', leaving local and district committees to decide on the form of action; TGWU members have been urged to support the call for a 24 hour stoppage. TSSA has decided not to call its members out on strike.
2. After the 'Day of Action' on September 22nd and the subsequent 'rolling programme' the TUC's Health Services Committee has announced that a 24-hour strike will also take place in the NHS on 8 November; constituent unions are seeking authority from their members for indefinite strike action. NUPE already has such authority from its annual conference. The TUC affiliated Hospital Consultants and Specialists Association has rejected the call for strike action.
3. The TUC's NHS unions have rejected an offer of a long-term pay deal, but talks continue with the Royal College of Nursing and the smaller Health Service unions.
4. The NHS dispute began after the unions rejected offers ranging from 4% for ancillary workers to 6.4% for nurses (later increased to 5% and 7% and then to 6% and 7½%) and, as part of a co-ordinated campaign in support of a common pay claim of 12.5%, embarked on a series of 1-day strikes (later increased to 3 day and 5 day strikes) with varying kinds of local action. Sporadic local action began on 14 April, with COHSE members introducing a ban on the admission of non-emergency cases. Other local action has included working to rule, overtime bans and non-cooperation with management on plans to re-organise hospitals.

Water Services (E&W)(35,300 manual workers - GMWU, NUPE, TGWU)

5. The unions' call for a national strike in the water industry on 18 October 1982 obtained strong support from their members. Some craftsmen refused to cross picket lines whilst "sympathetic" action was taken in Northern Ireland and Scotland even though workers there are not party to the negotiations in dispute. There has been no indication as to what further action is being planned by the unions.

6. The dispute, although now associated with the pay deal to be negotiated from 7 December 1982, is essentially about a clause in the 1981 pay deal which provided, without commitment, that the employers would give careful consideration to union representations that water workers' pay should be higher in relation to the pay of workers generally. [The unions later quantified this informally as being in the upper quartile of published earnings figures.] At a meeting on 21 September 1982, when the unions lodged their annual pay claim, they insisted on an early reply from the employers and rejected the suggestion that they wait until the next scheduled meeting on 11 November to discuss the matter further. The employers have declined to meet the unions before then.

7. Press reports in May this year suggested that the GMWU was ready to use industrial action in connection with this claim.

Coal (NUM 200,000)

8. A special delegate conference of the National Union of Mineworkers rejected a pay offer worth from 8.2% to 9.1% on base rates (an average of 7.2% on base rates plus bonus improvements) and instituted an overtime ban from 11th October. The NUM is seeking increases of up to 31% on base rates and other improvements which in total would be equivalent to some 20% of the NCB's revenue. Support for the overtime ban has been widespread. The problems it causes increase with each weekend, when maintenance work needs to be done during normal shifts, instead of on overtime at weekends.

Coal (NUM 200,000) (continued)

9. Members will vote today and tomorrow on a recommendation that the NUM National Executive Committee be given authority to call industrial action, if necessary, in opposition to pit closures and in the pursuit of a satisfactory wage settlement. The result is expected to be announced on Tuesday.

DHSS Birmingham (400 CPSSA & SCPS)

10. Six DHSS branches are now closed in the city. The dispute concerns reduced staffing levels and began five weeks ago when staff at Erdington office walked out. The DHSS have opened three emergency centres to deal with claimants affected by the closures.

Social Workers - Birmingham (NALGO)

11. Several thousand council workers took part in strike action on 22 October in support of three social workers who were dismissed for refusing to co-operate in a management survey. 600 social workers and some other council staff have been called out on indefinite strike, but it is not known whether this will disrupt polling arrangements for the Northfield bye-election.