



File
bc J. Vanebo

10 DOWNING STREET

From the Private Secretary

8 November 1982

Dear David,

NHS ANCILLARIES PAY

Your Secretary of State brought the Prime Minister up-to-date this evening with the latest developments in the discussion with the TUC Health Service Unions Committee about NHS pay. The Chancellor of the Exchequer was also present.

Your Secretary of State said that the unions had today accepted in their discussions that no more money was available for 1982/3, and that there could be no erosion of the 1½% differential between what was on offer to their members and to the nurses. The talks were covering, as had the earlier talks with the nurses, a range of issues, but it seemed clear that their success would soon depend on whether the Government was willing to add a further ½% to its 4% pay offer for 1983/4. This would cost about £12 million and would be a fig-leaf for the union leaders. Furthermore, there must be a risk, if the extra ½% were denied to this group of workers, that the agreement reached with the nurses and the other professions might be upset. His recommendation was that the Government should now be prepared to deploy this extra ½%. In discussion it was noted that 4½% for these workers would make it more difficult to hold to the 3½% pay factor for the public services, notwithstanding that the September 16th package had been devised before the Cabinet's conclusion about the 3½% pay factor. The public expenditure plans announced by the Chancellor today allowed for 4½%, on the basis that this was within your Secretary of State's negotiating authority. It would be desirable to secure a no-strike agreement with the unions for an extra ½%; but there seemed very little likelihood of the unions agreeing to this.

The Prime Minister said that it was agreed that your Secretary of State could increase the offer to NHS ancillary workers in respect of 1983/4 to 4½%, on the understanding that this offer was made without prejudice, and that if it were not accepted it would be entirely withdrawn. The Prime Minister said that if the offer were not accepted the negotiations should begin again at 3½%. In presenting the increased offer your Secretary of State should refer to the Inquiry on NHS Manpower which he launched at the Party Conference, so as to get over the message that manpower reductions were necessary, and so as to underline the link between pay and jobs.

I am giving this letter the same restricted circulation as was given to the limited circulation annex to the Cabinet minutes of Thursday 4 November. It is thus copied to John Kerr (HM Treasury), Barnaby Shaw (Employment) and Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

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