



22 cc NO

Prime Minister (1)

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

Agree to me

PRIME MINISTER

Yes me

proposal in para 6

(looks fine to me)?

NATIONAL HEALTH SERVICE PAY DETERMINATION

Mes 12/7

The Ministerial Sub-Committee on Public Sector Pay (E(PSP)) met under my chairmanship on 7 July to discuss the arrangements for determining the pay of staff in the National Health Service (NHS) not currently or prospectively the subject of the recommendations of a Review Body. We had before us the memorandum by the Secretary of State for Social Services (E(PSP)(83)11) and your Private Secretary's letter of 5 July.

2. The Sub-Committee were concerned with two main issues:

- i. how far the Government should leave it to the unions to make the running in the discussions;
- ii. what should be the substance of the Government's position.

3. On i., the Sub-Committee agreed that an early meeting was now unavoidable, especially as the TUC Health Services Committee had given notice that they intended to raise the matter next week. We considered whether it would be sufficient to go into the meeting purely on the basis that it was up to the unions to make proposals and that the Government should merely react to them. We concluded that it would be tactically disadvantageous for the Government to place itself in the position of having to reject proposals, however unreasonable, which the unions might put forward, without having something to say in reply. While therefore the Government should not itself put forward proposals for a new pay system and should seek to establish what proposals the unions might wish to bring forward, it should also make clear the principles to which it attached importance in pay determination.

4. On ii., the substance of the Government's position, the Sub-Committee endorsed the principles of pay determination set out in paragraph 7(i)-(viii) of



E(PSP)(83)11. They did not, however, approve the Secretary of State's proposal in the final sentence of that paragraph that the Government should "be prepared to join in working out an arrangement under which agreed factual material would be collected and analysed so as to define the range within which pay negotiations would take place". The Sub-Committee did not consider that Megaw-type arrangements (which these arrangements would in fact be) would be desirable for the NHS. The Government should neither propose nor accept such arrangements in exploratory talks or at any later stage.

5. The Sub-Committee considered whether it would be advantageous for the Government to raise the possibility of decentralised pay bargaining for the NHS. Several members of the Sub-Committee saw dangers in such a proposal, at least in present circumstances, when local management is not strong and might well succumb to leapfrogging tactics by the unions. We concluded therefore that it would not be prudent for the Government to put forward such a proposal in the forthcoming discussions, although it would be kept in mind for later consideration, in the context of the present efforts to improve productivity.

at stage A
6. Subject to your views therefore, the Minister for Health will shortly have a meeting with the trade unions on the basis indicated above, ie he will state the Government's position in terms of the principles listed in paragraph 7(i)-(viii) of E(PSP)(83)11, will hear what the unions have to say and will go no further. The Secretary of State for Social Services will then report back to the Sub-Committee.

7. The Sub-Committee accept that the trade unions may find little or nothing that is attractive to them in the principles to be stated by the Government and the discussions may result in no change in the existing arrangements. The Government will, however, have complied with its undertaking to hold such discussions.

8. I am sending copies of this minute to the other members of E(PSP), the Secretaries of State for Northern Ireland, Scotland and Wales, Mr Sparrow and Sir Robert Armstrong.

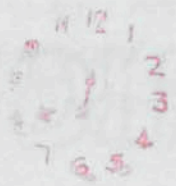
(N.L.)

11 July 1983



NHS pay pt 2

12 JUL 1983



SECRET



FILE

23

RM

Blc; M OWEN

10 DOWNING STREET

From the Private Secretary

13 July, 1983

E(PSP): HMT DHS D.EMP
LPO Chief Sec
DCE CDL

Dear Margaret,

NATIONAL HEALTH SERVICE PAY DETERMINATION

The Prime Minister was grateful for the Chancellor's minute of 11 July, recording the conclusions of the Ministerial Sub-Committee on Public Sector Pay (E(PSP)).

The Prime Minister agrees to E(PSP)'s conclusion that the Minister for Health should shortly meet the trade unions, state the Government's position listed in paragraph 7 (i - viii) of (E(PSP)(83)11), and listen to what the unions have to say, but go no further.

I am sending copies of this letter to the Private Secretaries to the members of E(PSP), John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), Adam Peat (Welsh Office), Gerry Spence (CPRS) and Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

Miss M. O'Mara
HM Treasury

SECRET