

SECRET

Prime Minister

MCS 1/3

PRIME MINISTER

cc: Mr. Hoskyns

NHS PAY

We have arranged that the Ministers concerned will stay behind after your meeting tomorrow morning on the Civil Service dispute to discuss Mr. Fowler's latest note to you about NHS pay.

Mr. Fowler's original proposal to the Ministerial Committee on Pay covered five groups: Nurses and Midwives, Professions Supplementary to Medicine (PSMs), Ambulancemen, Doctors and Dentists, and Hospital Pharmacists. I attach a copy of his original proposal, showing the percentage increases, numbers and costs.

After all this had been referred to you, Mr. Fowler was told that he could have 6.4% for the nurses, midwives and PSMs, apart from those in the most senior grades; but that the other NHS groups should be held to 4%; and that Mr. Fowler ought to consider offering some of the ancillary workers less than 4%. Mr. Fowler has accepted your ruling on the doctors and dentists (at least for the moment) and on structuring the offer to the nurses. But he has not accepted your ruling on the ambulancemen, hospital pharmacists and ancillary workers. I offer the following comments on these groups:

(i) The Ambulancemen

I see no reason why the extra 1% proposed will make the negotiations with the ambulancemen any less difficult than they always are, given their aspirations to be treated like policemen. The proposed new type of contract ought not to be bought from them in this way.

(ii) Hospital Pharmacists

The amount involved is trivial - £300,000 - but might make it a little harder to hold the other groups to 4%.

/ (iii)

SECRET

(iii) The Ancillary Workers

NUPE are already making threatening noises, and the ancillary workers are a potentially difficult group. If Mr. Fowler's judgement is that there is a chance of settling at 4%, and that opening the bidding at less than 4% would make that chance smaller, then I think we ought to let Mr. Fowler have his way.

✓

1 March 1982

1. The table below sets out my proposals for the NHS staff groups which should receive pay increases in excess of four per cent.

Staff Group	Estimated Paybill at 30.9.1982(GB) £m	Number of Staff WTEs 30.9.82(GB)	Possible Addition to Pay Factor of Group Paybill	
			£m(GB)	% increase
Nurses and Midwives	2609	466,000	63.6	2.4
Professions Supplementary to Medicine	200	30,250	4.9	2.4
Ambulancemen	121	17,000	1.2	1.0
Doctors and Dentists Hospital and CHS	776	51,000	16.5	2.1
(G.P.) Independent Contractors	664	45,000	14.2	2.1
Hospital Pharmacists	30	3,500	0.3	1.0
Sub-total			<u>£100.7</u>	
Employers Superannuation and NIC			<u>16.9</u>	
			<u>£117.6</u>	

2. The basis of my proposals for the inclusion of staff groups other than nurses and midwives is as follows:

a. Doctors and Dentists: The Doctors and Dentists Review Body last year recommended a nine per cent increase, which we cut back to six per cent. The best hope of maintaining satisfactory relations with the professions and, as I believe to be desirable, of securing the continuance of the review body system, lies in having available some money in excess of the four per cent pay factor. A confrontation with the doctors and dentists would otherwise be in prospect.