

Prime Minister

Duty Clerk
22/4

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I reported to the Cabinet this morning about the present position in relation to NHS pay and the possibility of industrial action.

I have just heard the good news that the Royal College of Nursing have decided to ballot all their members on the 6.4 per cent pay offer which has been made to them. They take the view that, since it is clear that there is no prospect of their securing any increase in the offer, it would be sensible to seek to reach an early agreement so that the Staff Side can turn their attention to working out the improved permanent pay determination arrangements, on which we for our part are anxious to push ahead with discussions.

This might prove to be a first step towards a solution of the present serious difficulties over NHS pay. It is important not to prejudice this opportunity. From this point-of-view, it is unfortunate that the outcome of arbitration on civil service pay, perhaps recommending increases equal to, or exceeding, the 6.4 per cent offered to nurses, is likely to become known very shortly. The belief that civil servants were to receive increases of this order could well have a damaging effect on the outcome of the ballot, which, though it will take some days to complete, is likely to begin very soon. I hope therefore that in our public statements - certainly in advance of your meeting on Tuesday - we shall be able to indicate that the findings of the arbitrators have to be considered by the Government, and avoid giving the impression that civil servants will inevitably be receiving whatever pay increases are recommended by the arbitrators.

I am sending copies of this minute to other Cabinet colleagues and to Sir Robert Armstrong.



NORMAN FOWLER

22 April 1982