



PRIME MINISTER

PUBLIC SERVICE PAY: THE HEALTH SERVICE

Geoffrey Howe will be reporting to you our discussion today on the implications of the proposed handling of the recommendations of the Top Salaries Review Body, the Armed Forces Review Body and the Civil Service Arbitration Tribunal for the National Health Service and in particular for our handling of the Doctors and Dentists Review Body report.

I met the TUC Health Services Committee yesterday and they expressed very strongly their rejection of the present offer and warned that industrial action would escalate unless a better offer was forthcoming. I reiterated the Government's case and in particular the additional funds made available already to give certain groups directly concerned with patient care more than originally provided for in the 4 per cent cash limit.

It is not yet clear whether we face a major and prolonged dispute nor how the views expressed yesterday and reported in the Press will affect the ballot of members by the major nursing organisations on their current offer of 6.4 per cent. The Conference of the Royal College of Nursing will debate tomorrow afternoon whether there should continue to be a bar to industrial action by their members. We hope that the outcome of the debate will be the continued rejection of industrial action.

I am copying this letter to all Members of the Cabinet, the Chief Whip and Sir Robert Armstrong. I will continue to keep colleagues informed of developments.

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28 April 1982