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CABINET
MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

NURSES' PAY

Note by the Secretary of State for Social Services

There is an important outstanding question regarding the Government's attitude to methods of settling nurses' pay in the future. Colleagues have recognised (E(80) 23rd Meeting) that we have a commitment to find a more satisfactory set of arrangements than have applied hitherto. There are two distinct aspects: the need to protect nurses against the relative pay erosion which they have frequently suffered in the past; and the question of getting the pay base right. Both matters must be tackled; but they are separable, and need not be dealt with simultaneously.

Protection against Relative Pay Erosion

2. Protection against erosion is the more pressing matter. There has been a long history of pay erosion, with periodic ad hoc corrections, not only in relation to pay levels in the private sector but also in relation to other parts of the public sector. One reason for this is that nurses have not been able to take advantage of the type of "productivity" settlements widely used elsewhere which imply reductions in staff numbers - the Clegg Report (Cmd 7795) concluded (paragraph 66) that there were no indications that nurses were less efficient than other professional employees; indeed, they thought that the contrary was probably the case.

3. The nurses themselves maintain that there is another major factor which has contributed to their relative disadvantage - the knowledge that generally they will not put patients at risk by taking industrial action. There is a widely held belief, throughout the profession, that successive Governments have exploited nurses by accepting the benefits of their dedication while refusing to offer them reasonable salary protection, because it was known that, in the last resort, they would always put the interests of patients first. And it is not merely a question of their being generally unwilling to take industrial action themselves. Their experience has been that, in times of difficulty, they have had to carry considerable additional burdens beyond their normal workloads because of the actions of others. In discussing this, they repeatedly point to the special arrangements which have been made for the police and the armed forces, and argue that nurses have an equally good case for special protection.

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4. The Staff Side have consistently argued for a form of crude indexation to general pay levels by setting the average pay level for nurses at the upper quartile of the whole-time non-manual male employee in the index of average earnings. This clearly is not acceptable. In their recent annual report, the Clegg Commission have acknowledged that it would take a considerable time to construct a proper, formal comparability system and that there could be no guaranteed of a satisfactory outcome. I do not regard this as an acceptable course either.

5. I see three possible options. They are:-

a. To set up a review body. This would probably be acceptable to the professions though not all of the staff interests would necessarily give it a warm welcome. A review body would probably have to be confined to professional grades (55 per cent of the total workforce), with pay for unqualified staff and students being negotiated separately, though taking account of review body conclusions.

b. To identify direct analogues for one or two specific nursing grades. This would establish some fixed points in the nurses' pay structure, and pay for remaining grades would be negotiated within the overall pattern thus set. (For example, the Clegg Report on nurses identified (paragraph 61) a relationship between the duties and responsibilities of a ward sister and a senior house officer.) We would need to seek independent advice from an appropriate body or person on the analogues, which would also have to be reviewed from time to time.

c. To identify the rate of pay movements in a range of other appropriate jobs, possibly within the NHS but arguably more widely, and thus establish a weighted average rate of increase, probably retrospectively but possibly on a prospective basis if that were feasible. The resulting percentage figure would produce a total sum for negotiation as to distribution between different nursing grades. Again, independent advice would be needed both on selecting the basket of analogues and on the method of calculating the average rate of increase. This option differs from (a) and (b) in that it would serve only to prevent pay erosion, and would not make possible the establishment of a correct pay base. It would therefore have to be accompanied by proposals - which we need not necessarily commit ourselves to put into effect immediately - to secure a proper pay base. A possible

approach might be for us to commission an objective assessment of the relevance of levels of pay to the ability of the NHS to recruit and retain nurses and midwives of the required calibre for the various tasks which these professions perform. This is a key question on which the Clegg study was not able to offer any significant guidance. A measure of the market implications would be consistent with our general philosophy, and I am sure would be valuable - though it might not by itself provide the complete answer, having regard to the widespread endorsement of the view of the Halsbury Committee that "the vocational nature of the nurse's job should not lead to undervaluation of it in financial terms" (report, paragraph 60).

6. Any of these options might call for some adjustment to the general NHS cash limit when the basis for determining nurses' pay had been established in each year.

Conclusion

7. Each of these options would involve a degree of special treatment for nurses, and would put them in a position broadly comparable with that of the armed forces and the police. This could be justified by reference to their special position and to the firmly-stated policy of the Royal Colleges of Nurses and Midwives not to resort to industrial action. I believe that the public would be sympathetic to this approach.

8. I seek colleagues' agreement in principle to one of the options outlined in paragraph 5. In the light of their decision, I would make the public statement which the Committee has already authorised. I would propose to invite the Management and Staff Sides of the Nurses and Midwives Whitley Council to give me their views on whatever approach we decide to adopt, and to refer to this consultation in my statement. Subsequently, work will have to be set in hand on whatever approach we decide to adopt, to ensure that the new arrangements will be ready to operate early in 1981 for the next round of nurses' pay negotiations.

PJ

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