



a MASTER

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10 DOWNING STREET

From the Private Secretary

8 May 1985

Dear Rachel.

REVIEW BODY REPORTS

The Prime Minister held a meeting today to discuss the reports of the Review Bodies on the Armed Forces, Doctors and Dentists, Nurses, and Professions Allied to Medicine. Present were the Chancellor of the Exchequer, the Secretary of State for Defence and the Secretary of State for Social Services. Also present were Sir Robert Armstrong, Mr. Gregson and Mr. Wiggins.

The Prime Minister said the recommendations of the Review Bodies presented the Government with a familiar dilemma. The higher the pay awards the less could be afforded for equipment and the smaller the numbers that could be employed. She had made these points strongly to Sir David Orr and Sir Peter Matthews when they had come to see her. On the Armed Forces, she was aware of the reports of low morale. Following the staging of last year's award, she hoped it would be possible this year to make the award in full. On Nurses, she did not feel the salary levels which were proposed for experienced nurses were excessive in relation to pay elsewhere. She hoped that the cost of meeting the awards could be made within existing provision for departmental programmes.

In discussion it was argued that the recommendation for Nurses and Professions Allied to Medicine represented the second stage of a restructuring. The Government could announce that it accepted in principle the large increases for the main career grades (indeed the general shape of the recommendations was a sensible one) but part of the larger increases should be staged. This would help contain the costs within the 5½% increases for the health service provided for 1985-86. While the full award would raise the base line for 1986-87, there would then be the possibility of achieving efficiency savings.

In further discussion the following points were made;

(i) Comparison with teachers and civil servants had to be borne in mind. It was possible to differentiate the awards for nurses as being part of a restructuring, something which the teachers were unwilling at present to discuss.

(ii) Comparisons would also be made between doctors and dentists, for whom no special factors applied, and other public sector groups. It would be difficult, however, to stage the award to doctors and dentists as it was lower than that recommended for the other Review Body groups.

(iii) If staging were adopted it should not be beyond 1 November which would permit the second stage to be paid before Christmas.

Summing up the discussion, the Prime Minister invited the Secretary to the Cabinet, in consultation with departmental Ministers, to prepare a paper setting out the options for the Government in responding to the Review Body recommendations while keeping, as far as possible, the costs within departmental budgets. The paper should include details of both basic pay and earnings including over-time of the various grades discussed. The paper should be considered at a further meeting in a week's time to which the Secretaries of State for Education and Science, Employment and Scotland should be invited. If possible the Review Body reports should be considered by Cabinet on 23 May with decisions to be announced later that day.

I am copying this letter to Richard Mottram (Ministry of Defence), Steve Godber (DHSS) and Richard Hatfield (Cabinet Office).

Your sincerely

Andrew

ANDREW TURNBULL

Mrs Rachel Lomax,
HM Treasury.