

Prime Minister*ck AD
AW
MS 17/12 SV*

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

NURSES' PAY

I have seen Norman Fowler's minute to you of 11 December.

2. I do not see how we can endorse a programme for settling long-term pay arrangements, within the next 4 weeks or so (including the holiday period), without any real idea where it will lead us. If, for example, the nurses are thinking in terms of some kind of standing comparability arrangement, I do not see how we could possibly move in that direction in advance of the Megaw report, if at all. It has to be remembered that since the August 1980 initiative to which Norman refers, the Government has moved decisively away from comparability for its own employees in withdrawing from the pay research arrangements. Our evidence to Megaw emphasises market factors, such as recruitment and retention, and the importance of affordability; and our evidence to the DDRB points out that these considerations are relevant to other public services, including the NHS. Any new pay system for the nurses must be consistent with this approach.

3. I understand that the Treasury will be consulted on your briefing for your meeting with the nurses on 18 December; but I am sure that you will in any case have very much in mind the sort of points which I have made. Looking beyond that meeting, I do not think that we will be able to get much further until Norman is able to let us have a view on the nature of the system (if any) for which we should be aiming in further discussions with the nurses. It would be a mistake to start such discussions without

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being clear on our objectives.

4. I am copying this minute to the other members of E Committee, the Secretaries of State for Scotland and Wales, and to Sir Robert Armstrong.

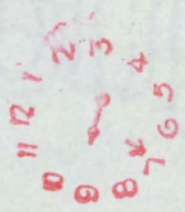
A handwritten signature in black ink, consisting of stylized initials 'G.H.'.

G.H.

16 December 1981

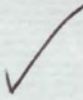


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*National
Health*



MR. SCHOLAR

NURSES PAY

The Prime Minister does not need to respond to the Chancellor's note to her of 16 December. The points the Chancellor has (quite rightly) made have also been made by the Treasury in the discussions among officials about the brief for the Prime Minister's meeting tomorrow with the nurses.

17 December 1981