

SECRET

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Pt 2

Confidential Filing

Doctors and Dentists' Pay.
NHS. Consultants' Contracts.

NATIONAL

HEALTH

Pt 1: May 1979

Pt 2: Sept 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date	
15.10.79		13.5.81						
17.10.79		PART 2 ENDS						
7.11.79		15.11.79						
8.11.79		18.5.81						
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PART 2 ends:-

Unstayed P.W. E. Du Canna

PART 3 begins:-

Mtg between BMA & P.M. by TL

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. Review Body on Doctors' and Dentists' Remuneration; Supplement to Ninth Report, 1979; Cmd. 7723, HMSO

2. Review Body on Doctors' and Dentists' Remuneration; Second Supplement to Ninth Report 1979; Cmd. 7790, HMSO

3. Review Body on Doctors' and Dentists' Remuneration Tenth Report 1980; Cmd. 7903, HMSO

4. House of Commons Hansard, 19 May 1980 column 2
"Written Answers: Doctors' and Dentists' Review Body"

Signed Wayland Date 26 May 2011

PREM Records Team

Friday 15 May 1981

not health

(Answered by the Prime Minister on Friday 15 May 1981)

UNSTARRED Mr du Cann: To ask the Prime Minister, whether she will
NO. now publish the latest reports from the Review Bodies on
Armed Forces Pay, Doctors and Dentists Remuneration and
Top Salaries; and if she will make a statement.

I have received Reports from the Review Body on Armed Forces Pay, the Review Body on Doctors' and Dentists' Remuneration, and from the Review Body on Top Salaries both on top salaries and on the remuneration of Ministers and Members of Parliament. All these Reports are being published today, and copies are available in the Vote Office. The Government is extremely grateful to the members of the Review Bodies for these Reports, and for the time and care which they have put into their preparation.

I should like to inform the House of the Government's decisions and proposals on the Review Bodies' recommendations.

The Armed Forces

The Review Body on Armed Forces Pay, which covers all ranks (other than medical ranks) up to and including Brigadier, has made its recommendations against a background of constraints on public expenditure, but also in the light of the Government's confirmed commitment to keep the pay of members of the Armed Forces at levels comparable with those of their civilian counterparts. The Government stands by that commitment, and will

and will accordingly implement the Review Body's recommendations. These represent an increase of 10.3 per cent, or 9.4 per cent net, after taking account of increases in food and accommodation charges. The relevant cash limits will be adjusted to accommodate this increase.

NHS Doctors and Dentists

The pay of NHS doctors and dentists was brought fully up to date last year, when the Government implemented the Review Body's recommendations in full. The recommendations which the Review Body have made this year would add some 9 per cent to the present level of expenditure on doctors' and dentists' remuneration, though because the Review Body propose a deferred implementation date for the new level of target average net income for general dental practitioners the net cost in 1981-82 would be 8.3 per cent. The Government considers that, when most groups of public servants other than the police and the Armed Forces are being expected to accept increases in the cost of their remuneration within a cash limit of 6 per cent, it is bound to ask the doctors and dentists to accept a similar limitation. The Review Body's recommendations could be accommodated within cash limits only at the cost of significant compensating reductions in the expenditure on the National Health Service which would entail an unacceptable reduction in the standards of health care. Accordingly it will implement increases for NHS doctors and dentists within an average of 6 per cent. The scales and rates recommended by the Review Body will be scaled down accordingly: proposals will be put to the representatives of the medical and dental professions.

Top Salaries

Last year the Government decided not to implement in full the Top Salaries Review Body's recommendations on the salaries of the judiciary, the higher Civil Service and senior officers of the Armed Forces. In view of that decision the Review Body has reached the conclusion that no useful purpose would be served by its recommending this year new salary levels beyond that which still remain to be implemented from last year. Instead, it has produced an interim report which urges the Government to implement its last recommendations in full and as soon as possible; and has given notice of its intention to submit a comprehensive report by 1 April 1982, containing recommendations on the salary levels which are appropriate at that date.

The Review Body points out that to implement last year's recommendations in full from 1 April 1981 would add about 12 per cent to the salary bill of the groups concerned for 1981-82. The Government believes that it would not be right to increase the salaries of these senior people by more than the amount which has been offered for the non-industrial Civil Service as a whole. The salaries of these groups will accordingly be increased by 7 per cent. This increase will, so far as the higher Civil Service is concerned and others affected by the 6 per cent cash limit are concerned, be accommodated within that limit. The salaries and rates to be implemented are set out in a schedule below; so far as the judiciary is concerned, the distribution of the increases has been designed, in consultation with the Review Body, to move towards

towards the relativities recommended by the Review Body's Sub-Committee which has examined those matters. The Review Body will be giving further consideration to the Sub-Committee's findings in its comprehensive report next year.

Ministers and Members of Parliament

Ministers and Members of Parliament are unique in that they still have to receive the third and final stage of the increases recommended for them by the Top Salaries Review Body in 1979. Last year the Government felt compelled to propose, and the House approved, second stage increases which fell short of those recommended by the Review Body; the House also approved revised rates for the third stage, to come into effect in June 1981, which were less than the rates which had been recommended by the Review Body. These were embodied in a Resolution of this House and an Order in Council approved by each House. But my right hon. Friend the Member for Chelmsford, then the Leader of the House, undertook that the Review Body would be asked to review the third stage increase due in 1981, and he said that the Government would implement the results of the third stage review unless there were clear and compelling reasons not to do so.

In the event the Review Body has taken the same course with the pay of Ministers and Members of Parliament as with the other groups which come within their remit: it has not recommended new rates for this year, but has urged the implementation in full and as soon as possible of their recommendations for the third stage. It has, however, advised on the increase of the various Parliamentary allowances which are within its remit.

The Government proposes that the abated salary rates approved by the House last year to come into effect on 13 June 1981 - which reflected last year's circumstances - should be increased by 6 per cent. This would bring the Parliamentary salary up to £13,950 with effect from 13 June next. The proposed new rates of Ministerial salaries are set out in a schedule below;

For Members of Parliament and all Ministers that are outside the Cabinet these increases will just overtake the salary levels recommended by the Top Salaries Review Body in 1980 to come into effect in June 1981. The salaries of Cabinet Ministers and of the Attorney General will still be marginally below, and those for the Prime Minister and the Lord Chancellor still significantly below, those levels. My right Hon Friend the Lord Chancellor and I will draw the same salaries as other Cabinet Ministers, but this is without prejudice to the position that the rates recommended by the Review Body for the Prime Minister, the Lord Chancellor, Cabinet Ministers and the Attorney General are appropriate for their respective offices and will be brought into effect when circumstances permit.

Parliamentary Allowances

The Government accepts the Review Body's recommendation that supplementary provision, pro rata to the secretarial and research allowance, should if necessary be made available where an Honourable Member continues to pay his secretary or research assistant for a period of absence of more than four

/ weeks

and needs to secure temporary help; and the recommendation that the secretarial allowance should continue to be available during periods of dissolution. As to the amounts of the Parliamentary allowances, the Government considers that, at a time when pay increases for other groups of public servants are being held within cash limits of 6 per cent, and Honourable Members themselves are being asked to limit to 6 per cent the amount by which the rates approved last year are increased, increases in Parliamentary allowances should be kept within the same limit. The Government will accordingly invite the House to approve the following new rates for the allowances, in place of those recommended by the Review Body:

MPs' secretarial and research allowance	8,480
Peers' secretarial allowance	1,250
Peers' expense allowances (per diem)	
Overnight subsistence	24.40
Day subsistence and incidental travel	11.65
Secretarial costs, postage and certain additional expenses	10.60

Junior Ministers in the House of Lords

In announcing last year's increases in Ministerial salaries, I drew attention to the special problem which arises for Ministers of State, Parliamentary Secretaries and other office holders in the House of Lords from the fact that they do not receive any salary specifically in respect of their Parliamentary duties, and I told the House that the Government proposed to consider how the arrangements for their remuneration should be revised to take account of this problem.

The Government now proposes to make arrangements for the Ministerial salaries of Ministers of State, Parliamentary Secretaries and other office holders in the House of Lords to be increased by £3,500 over and above the general increases which I have already described. This addition to their remuneration, in lieu of a Parliamentary salary, is rather less than half the amount of the Parliamentary salary payable to Ministers in the House of Commons. In the case of Ministers of State, this will be achieved by my exercising my discretion, under paragraph 1(1) of Part V of Schedule 1 of the Ministerial and Other Salaries Act 1975, to secure that Ministers of State in the House of Lords are paid at the top of the new range of salaries for Ministers of State, which from 13 June will run from £19,775 to £23,275. Ministers of State in the House of Commons will continue to be paid at the bottom of this range. In the case of Parliamentary Secretaries a similar result will be achieved by increasing the maximum salary prescribed under the Act to £18,600; that will be the rate paid to Parliamentary Secretaries in the House of Lords, while under the discretion given by Section 4(2) of the 1975 Act Parliamentary Secretaries in the House of Commons will receive £15,100. The salaries of Law Officers and Whips in the House of Lords, of the Leader of the Opposition in that House and of the Chairman and Principal Deputy Chairman of Committees will be set £3,500 above the third stage levels as approved last year and increased by 6 per cent.

Implementation

The new rates for the Armed Forces (including senior officers), NHS doctors and dentists, the judiciary, and the higher Civil Service will be implemented with effect from

/ 1 April

1 April 1981. The House will be invited to approve Resolutions and an Order in Council to implement the proposals for Members of Parliament, Peers and Ministers.

Following are the schedules:

TOP SALARIES

	Salary implemented at 1 April 1980	Suggested Salary payable from 1 April 1981
	£	£
Circuit Judge)		
Chief Metropolitan Magistrate)		
Member, Lands Tribunal (England)		
and Wales and Scotland))		
Social Security Commissioner)		
(England and Wales and Scotland))		
Judge Advocate General)		
Sheriff A (Scotland))		
County Court Judge (Northern Ireland))		
Master of the Court of Protection)	22,000	23,250
Senior and Chief Masters and)		
Registrars of the Supreme Court)		
Registrar of the Court of Criminal)		
Appeal)		
President, Industrial Tribunal)		
(Northern Ireland) ¹)		
Member, Lands Tribunal (Northern)		
Ireland) ¹)		
Social Security Commissioner)		
(Northern Ireland) ¹)		
 Sheriff B (Scotland))	 21,500	 23,250
 Regional Chairmen, Industrial)		
Tribunals (England and Wales and)		
Scotland))	21,500	22,750
Chairman, Foreign Compensation)		
Commission)		
 Vice-Judge Advocate General)	 19,500	 22,000
 Masters and Registrars of the Supreme)		
Court)		
Metropolitan Magistrate)		
Chairmen, Industrial Tribunals)		
(England and Wales and Scotland))		
Provincial Stipendiary Magistrate)	19,500	20,750
Resident Magistrate (Northern Ireland))		
Chairman, Industrial Tribunal)		
(Northern Ireland) ¹)		
Master, Supreme Court (Northern)		
Ireland) ¹)		
 County Court Registrars and District)	 19,250	 20,500
Registrars of the High Court)		

Note: ¹ These appointments have been added to the remit since Report No. 14

	Salary implemented at 1 April 1980	Suggested Salary payable from 1 April 1981
	£	£
Lord Chief Justice	) 40,000	44,500
Master of the Rolls)	
Lord of Appeal)	
Lord President of the Court of Session (Scotland)	) 37,000	41,000
Lord Chief Justice (Northern Ireland))	
President of the Family Division	) 35,500	39,000
Lord Justice of Appeal)	
Lord Justice Clerk (Scotland))	
Lord Justice of Appeal (Northern Ireland)	) 33,500	37,500
Vice-Chancellor	) 33,000	37,500
High Court Judge)	
Judge of the Court of Session (Scotland)	) 32,000	35,000
Puisne Judge (Northern Ireland))	
President, Lands Tribunal (England and Wales))	
President, Transport Tribunal)	
Chief Social Security Commissioner (England and Wales and Scotland)	) 24,000	25,500
President, Industrial Tribunals (England and Wales))	
President, Industrial Tribunals (Scotland))	
Sheriff Principal (Scotland)	) 23,250	24,750
Chairman, Scottish Land Court)	
President, Lands Tribunal (Scotland))	
Official Referee (London))	
Vice-Chancellor of the County Palatine of Lancaster)	
Recorder of Liverpool)	
Recorder of Manchester)	
Senior Circuit Judge, Newington Causeway	) 22,500	24,500
Recorder of Belfast (Northern Ireland))	
President of the Lands Tribunal (Northern Ireland) ¹)	
Chief Social Security Commissioner (Northern Ireland) ¹)	

SENIOR GRADES OF THE HIGHER CIVIL SERVICE

New Salary rates

£

Head of Home Civil Service)	
Permanent Secretary to the Treasury	)	35,845
Secretary of the Cabinet)	
Permanent Secretary		33,170
Second Permanent Secretary		30,495
Deputy Secretary		26,215
Under Secretary		21,935

SENIOR OFFICERS IN THE ARMED FORCES

Admiral of the Fleet)	
Field Marshal	)	35,845
Marshal of the Royal Air Force)	
Admiral)	
General	)	33,170
Air Chief Marshal)	
Vice Admiral)	
Lieutenant General	)	26,215
Air Marshal)	
Rear Admiral)	
Major General	)*	21,935
Air Vice Marshal)	

* The rate for the Medical equivalents of these officers will be decided in the light of the recommendations awaited in the Supplementary Report of the AFPRB on the pay of Service Medical and Dental officers.

MINISTERIAL SALARIESProposed New Rates

<u>Ministers and other Office Holders</u>	£
Prime Minister	27,825
Lord Chancellor	27,825
Mr Speaker	29,150
Cabinet Ministers	27,825
Ministers of State (Commons)	19,775
Ministers of State (Lords)	23,275
Parliamentary Secretaries (Commons)	15,100
Parliamentary Secretaries (Lords)	18,600
Attorney General	29,525
Solicitor General	24,375
Lord Advocate	27,875
Solicitor General for Scotland	20,925
<u>House of Commons</u>	
Leader of the Opposition	25,550
Parliamentary Secretary to The Treasury (Chief Whip)	23,225
Deputy Chief Whip	19,775
Opposition Chief Whip	19,775
Government Whips	12,775
Opposition Deputy Chief Whip	12,775
Chairman, Ways and Means	19,775
Deputy Chairman, Ways and Means	17,425

/House of Lords

Proposed New Rates

House of Lords

£

Chief Whip	23,275
Deputy Chief Whip	18,600
Government Whips	16,275
Opposition Chief Whip	16,275
Chairman of Committees	23,275
Principal Deputy Chairman of Committees	20,925
Leader of the Opposition in the House of Lords	18,600

MINISTERS PARLIAMENTARY SALARY

8,130



✓: AHS S
Press

THP

10 DOWNING STREET

THE PRIME MINISTER

14 May 1981

Dear Sir Robert,

Thank you very much for your letter of 8 May.

You may like to know that the Eleventh Report of the Doctors' and Dentists' Review Body will be published on Friday, 15 May 1981. This provides an appropriate opportunity for me to thank you and your colleagues formally for the time and effort which you have put into preparing this Report. I appreciate that this is an arduous and complex task, and it has been undertaken most efficiently.

On the same day, I shall announce the Government's response: as I explained at our recent meeting, we are unable to accept your recommendations in full. I do, indeed, appreciate the difficulties this will cause you and I am particularly grateful for your constructive and helpful response to our decision.

Like you, we attach a very high priority to preserving the Review Body system and the independence of the Review Body, and I fully understand why you do not wish to be associated with the Government's decision. Any request to you for further advice in connection with this year's pay settlement will therefore be made only after publication and only if the professions feel this is the best way to proceed. As I believe Patrick Jenkin has indicated to you, this possibility seems most likely to arise in connection with the recalculation of fees and allowances for general medical practitioners.

Yours sincerely
Margaret Thatcher

Sir Robert Clark, DSC

ds.



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Tim Lankester Esq
Private Secretary
10 Downing Street
LONDON SW1

14 May 1981

Dear Tim

DOCTORS AND DENTISTS REVIEW BODY (DDRB)

I attach briefing for the Prime Minister's meeting with representatives of the British Medical Association (BMA) and the British Dental Association (BDA) on Friday 15 May 1981 at 9.30 am.

You ought to know that we have provided the BMA and the BDA with advance copies of the DDRB Report on an "in confidence" basis. They will therefore be informed about the recommendations.

Yours ever
Mary McVerry

MARY McVERRY (MRS)
Private Secretary



DOCTORS AND DENTISTS REVIEW BODY

Meeting between the Prime Minister and the BMA and BDA

1. A note on those attending is attached at Annex A.

Background

2. At an informal meeting with the Secretary of State for Social Services, the professions suggested that if the DDRB Report was not to be accepted in full, it would be politic if the Prime Minister met the professions to explain the reasons personally. They did not see this as an opportunity for the professions to make representations against the Government's decision (though the representatives of the junior doctors, in particular, may try to do so); rather it is meant as an acknowledgement of the seriousness of the step being taken. The profession attach great importance to the independent element in fixing their pay, and will be nearly as concerned about the principle of rejection as about the actual loss of money. The Prime Minister is therefore advised to stress that she recognises this is a highly unusual decision and one not taken lightly.

3. The profession are sensitive about suggestions that their pay should be held down as an example to other groups - particularly nurses. The reasons given for not accepting the Report should therefore be the need to keep within cash limits generally, and the fact that others have already settled within these limits rather than the possible consequences for other groups of a large settlement.

4. Although the professions will not be surprised that the Review Body recommendations are to be cut back, they are probably expecting a revised offer comparable to the 7.5 per cent settlement for local authority manuals and NHS ancillaries or to the 7 per cent offer to the Civil Service. An explanation of the different treatment will be expected: see notes below.

Speaking Notes

5. The Prime Minister might make the following points:
- a. the over-riding importance of limiting public expenditure to what the country can afford.
 - b. an acknowledgement that the Review Body have taken account of national economic circumstances in reaching their recommendations; the Government, however, must look at these matters from a wider perspective.
 - c. Last year's recommendations were paid in full; this caused great difficulty with other groups of staff. The criticisms were largely unfounded, in that they did not recognise the substantial "catching up" element in the award, but as a result the Government's reaction to this year's Report is being watched very carefully as a key test of their determination to keep spending within cash limits.
 - d. Nearly 2m public service workers have settled within cash limits already - and look to the Government not to give more favoured treatment elsewhere.
 - e. The Government has therefore decided it cannot accept the main recommendations and can offer no more than a 6 per cent increase overall. Those recommendations not directly related to overall remuneration will, of course, be accepted - eg a survey of workload, payment of the Miscellaneous Expenses Grant as recommended, an additional week's leave for house officers [these last points are of particular concern to the junior doctors].
 - f. The Government has looked carefully to see if a larger offer could be made consistent with cash limits - as has been possible for other groups - but there seems to be no scope for this.



g. So far as the details of a revised offer are concerned, in the case of salaried doctors and dentists the Government's inclination would be to scale down all the recommendations in the Report pro rata. If the professions think some other approach would be preferable, the Government will certainly consider it. In the case of general medical practitioners, the Review Body's recommendations on expenses will, of course, be accepted. Converting these, plus a 6 per cent increase on average net remuneration into a schedule of fees and allowances is not totally straightforward, however, and the profession might like to consider whether the Review Body itself should be invited to undertake this purely technical task.

6. The BDA will know that the Report recommends a clawback of previous over-payments of dentists expenses. The Prime Minister may wish to say that the Government recognise they cannot ask the profession to accept a clawback of the full amount recommended by the Review Body, but that a smaller amount will have to be recouped. The amount and how the clawback should be handled are matters which the Government will wish to discuss with the profession when they have had a chance to study the Report.

Supplementaries1. Why not offer 7 per cent, as in the case of the Civil Service?

The Civil Service offer is consistent with cash limits because of planned manpower reductions: in the case of the professions, not only are there no reductions planned, but the experience of recent years suggests the numbers of doctors and dentists working the NHS will almost certainly increase this year. This makes it impossible to fund an offer over 6 per cent within cash limits: a larger offer would involve less job opportunities for the professions in the NHS. Moreover, the 7 per cent offer to the higher Civil Service - with whom the professions might compare themselves - follows rejection of the TSRB Report last year, whereas the professions start from the base recommended by the DDRB as appropriate.

2. How about delaying implementation, but paying the full recommended rates from some later date?

This would solve the problem with this year's cash limits, but it introduces a commitment to increase spending on NHS pay next year by a significant factor even without a further increase in rates. There would thus be difficulty with next year's cash limits. This approach was strongly criticised by the Select Committee on the Treasury and the Civil Service, and the Chancellor gave them an undertaking that phasing would no longer be used to fit large settlements within cash limits.

3. Could the full recommended rates be used for pension purposes?

Pensions should normally be based on rates actually paid: the only exception is where a rate has been agreed and promulgated as the proper rate for the job, but payment has been deferred in the national interest. This is not the case this year, and there is no provision in the rules of the NHS pension scheme for using a figure other than actual salary in the present circumstances.



4. Could the settlement be higher if it was to last for a longer period?

The ancillary workers settled for 7½ per cent over 15 months. This was consistent with cash limits because their pay year did not co-incide with the financial year, so that this year's cash limit contains provision for increases both in December 1980 and December 1981. In essence, the cost in excess of that for a 6 per cent settlement all fell in the financial year 1980/81 (when the cash limit was higher than 6 per cent). There is no way that a similar arrangement could be applied to doctors pay. A longer settlement might cost no more in the long run, but would cost more in this financial year, and the amount of money available is limited year by year.

5. Should the clawback of past over-payment of dentists expenses be referred back to the Review Body?

If the profession thinks this would be the best way to proceed, the Government would be prepared to join them in a joint approach to the Review Body.

6. Should the clawback of dentists expenses be considered by the Dental Rates Study Group?

The DRSG is a technical body, not a negotiating forum and the amount of the clawback would not be a matter for them. Any discussion on the amount must be between the DHSS and the profession.

7. How are the details of a revised settlement to be agreed?

DHSS will get in touch with the professions with formal offers; any discussion of these would be in the normal negotiating forums.

8. What about next year?

The Government remains committed to the Review Body system. This year has revealed difficulties in reconciling a system of this type with a strict cash limit, and these will have to be considered carefully over the next few months.



9. What does the Government expect the response of the Review Body to be?

The Prime Minister has written to Sir Robert Clark to tell him of the Government's decision and to stress the importance the Government attaches to maintaining the Review Body system for future years. She hopes, of course, that they will understand the reasons for the Government's decision.

10. Why are the professions to get worse treatment than the Armed Forces?

The Government came into office with a specific and firm commitment to the Armed Forces. Their commitment in relation to the professions was to give full implementation to the recommendations in the Eighth Report of the DDRB (1978); this undertaking was discharged last year. Difference of treatment could also be justified on the argument that recruitment to the Forces could be difficult if the AFRB Report was not implemented, while there is no shortage of recruits to the professions. The BMA and BDA would probably find this argument provocative rather than mollifying, however.7



Background Factual Material

1. Recommended Settlement

The DDRB recommend increases averaging 9 per cent, and ranging from 8.1 per cent for the highest paid (consultants with A+ merit awards) to 9.4 per cent for the junior grades.

2. Cost

A 9 per cent settlement adds £121m to the pay bill in a full year. Full implementation of the Report would cost only £110m (an 8.3 per cent increase) because of the recommended clawback of dentists expenses. The cost of implementation would be £45m in excess of that for a 6 per cent settlement.

3. Previous settlements in comparison with Armed Forces

Settlements over the last three years have been

<u>Years</u>	<u>Professions</u>	<u>Armed Forces</u>
	%	%
1978/79	10	12.8
1979/80	26	32.5
1980/81	31	16.8

Since 1 April 1979 the professions pay has increased by 65 per cent (though this includes a fair element of "catching up"). Armed Forces pay has increased by 55 per cent.

4. Medical unemployment

Junior doctors have been concerned by an apparent doubling in the number of unemployed doctors to 600. This is still less than one per cent of the total number of doctors; a high proportion of those registered as unemployed are almost certainly junior doctors between hospital jobs, or retired doctors supplementing their pensions.

5. Remuneration of General Medical Practitioners

The Review Body set gross fees and allowances for GMPs so as to produce an intended net average remuneration plus a contribution to practice expenses (certain expenses are reimbursed directly). Their estimate of expenses to be reimbursed by fees in 1981/82 is £8,500: an increase of 24 per cent. We understand that this is partly to cover under-



payment in estimated expenses over the last four years, though this is not stated explicitly in the Report.

6. Remuneration of General Dental Practitioners

In the case of general dental practitioners on the other hand, the Review Body only recommend net remuneration (referred to as "Target Average Net Income" or TANI). Expenses are estimated by a separate body - the Dental Rates Study Group. This year, however, the Review Body recommended that the increase in TANI should be deferred until 1 October 1981, to recover £9m of an estimated £23m overpayment of expenses in 1977/78 and 1978/79.

CONQUEROR



BRITISH MEDICAL ASSOCIATION

Mr Anthony Grabham

Chairman of the Council

Dr John Havard

Secretary to the
British Medical Association

BRITISH DENTAL ASSOCIATION

Mr Gil Daley

Chairman of the Council

Mr Stanley Richardson

Assistant Secretary to the
British Dental Association



Mal Health

C.R. - Mr. G.M.

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

and put in

with

from 3

with

Clark's

Tim Lancaster Esq
Private Secretary
10 Downing Street
London SW1

13 May 1981

letter

TJ

Dear Tim

DOCTORS' AND DENTISTS' REVIEW BODY

I attach as requested a draft letter to Sir Robert Clark which the Prime Minister may care to send.

Yours ever

Mary McVerry

MARY MCVERRY (MRS)
Private Secretary

// Thank you very much for your letter of 8 May.

DRAFT LETTER TO SIR ROBERT CLARK

// You may like to know that the Eleventh Report of the Doctors and Dentists Review Body will be published on Friday 15 May 1981. This provides an appropriate opportunity for me to thank you and your colleagues formally for the time and effort which you have put into preparing this Report. I appreciate that this is an arduous and complex task, and it has been undertaken most efficiently.

On the same day, I shall announce the Government's response: as I explained at our recent meeting, we are unable to accept your recommendations in full. I do, indeed, appreciate the difficulties this will cause you and I am particularly grateful for your constructive and helpful response to our decision.

Like you, we attach a very high priority to preserving the Review Body system and the independence of the Review Body, and I fully understand why you do not wish to be associated with the Government's decision. Any request to you for further advice in connection with this year's pay settlement will therefore be made only after publication and only if the professions feel this is the best way to proceed. As I believe Patrick Jenkin has indicated to you, this possibility seems most likely to arise in connection with the recalculation of fees and allowances for general medical practitioners.

SIR ROBERT CLARK

cc Mr Wright (LO)

Prime Minister 2
We will let you have a draft reply.
100, WOOD STREET,
LONDON, EC2P 2AJ
01-628 8011 *R*

Confidential

8th May, 1981.

Dear Prime Minister,

Review Body on Doctors' and Dentists' Remuneration

When we met on 5th May you told me of the Government's intention to restrict the increases recommended in our Eleventh Report. I indicated my own immediate reactions but undertook to consult my colleagues and let you have our considered views.

I have now discussed the matter with my fellow members of the Review Body. Although we continue to believe that the recommendations in our Eleventh Report indicate appropriate levels of remuneration for doctors and dentists at 1st April, 1981, we recognise that final decisions on our recommendations are a matter for Government.

The difficulties arising for us from the decisions which the Government intends to announce are self-evident and, I know, well appreciated by you. However, we believe that the best interests of all concerned lie with our continuing to carry on with our work as an independent Review Body.

As you know, we feel that it is essential that our independence should be seen to remain intact and, as I indicated, we do not wish to be associated in any way with the Government's decision. We believe we should not be involved in any questions relating to the application of the Government's decision in advance of the publication of our report and the Government's statement on it.

I am grateful to you for the advance warning of the Government's decisions, and feel sure you will understand our position. I am sending a copy of this letter to Patrick Jenkin.

Yours sincerely
Robert Clark

Chairman, Review Body on Doctors' and Dentists' Remuneration

The Rt.Hon.Margaret Thatcher MP
10 Downing Street
London
SW1

21/5

cc Ingham
Wolfe
Vesicles
Daguid



Prime Minister ² ^{Not Ind}
he will discuss with you
next week precisely when you
should meet the doctors.

May 7, 1981

Prime Minister

DDRB REPORT

[Handwritten signature]

Primarily Thursday p.m.
or early Friday am.

As I told you, I met representatives of the BMA and the BDA last night to hear their reaction to the possibility of the Report not being accepted in full. They were helpful and forthcoming, and were obviously prepared for rejection of the Report (though they may be expecting a more generous revised offer than we have in mind). They stressed, however, that less generous treatment for them than for the Civil Service could lead to difficulties.

DL
..
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They emphasised that presentation was all important, and suggested that if you explained the decision to them personally, and acknowledged the seriousness of the step being taken, it would reassure their members that future Reports would not be dismissed lightly. They are keen to preserve the Review Body system and hoped that the Review Body would not resign in protest. For the same reason they were strongly opposed to asking the Review Body itself to rework their Report in any way that would change the relativities between different groups. They would not, however, object to the Review Body being asked to undertake the technical exercise of recalculating the fees and allowances for general medical practitioners alone, if the GPs negotiators agree. On the question of dentists' expenses, the BDA were reluctant to commit themselves to anything before seeing the Report itself.

You agreed you would meet the professions shortly before the formal announcement of our decision. For my part, I have written to Sir Robert Clark outlining the professions' views on further advice from the Review Body, and suggesting that for the present we would not wish to ask them to do more than the recalculation of general medical practitioners' fees.

I am copying this to members of E Committee, George Younger, Nick Edwards and Sir Robert Armstrong.

PS



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE
LONDON S.E.1

TELEPHONE: 01-407 5522

Sir Robert Clark
Chairman
Review Body on Doctors' and Dentists'
Remuneration
Office of Manpower Economics
22 Kingsway
London WC2B 6JY

7 May 1981

Dear Sir Robert,

When you met the Prime Minister this week you raised the possibility that, in the event of the Government seeing clear and compelling reasons not to accept the recommendations of your eleventh Report, the Review Body might itself be invited to make revised recommendations within some specified limit.

Without revealing either what is in the Report or what the Government's response might be, I have now taken informal soundings of the professions as to their likely response if the Report was not accepted. These suggest that any involvement of the Review Body in producing revised scales for salaried doctors and dentists could well be controversial and might damage the standing of the Review Body in the eyes of the profession. I therefore feel it would be wise to leave this suggestion in abeyance until we can consult the professions formally after publication of the Report. I gather they would probably prefer a straight pro rata reduction in the rates recommended in the Report, and we would obviously wish to take them along with us as far as possible.

So far as general practitioners are concerned, I gather there would be equal sensitivity about involving you in recommending revised levels of net remuneration. The profession recognises, however, that converting agreed figures for average net remuneration and the average practice expenses of general medical practitioners into a schedule of fees and allowances is a task that cannot easily be undertaken by anyone other than the Review Body, and might well support an approach to you to this end. I hope you would be prepared to undertake this task if asked to do so jointly by the Government and the profession. If so, it would be extremely helpful if you could start to think about the details, on the provisional basis that the maximum increase in net remuneration which could be afforded would be six per cent.

Your ever

Ratcliffe



DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522 ext 6981

From the Permanent Secretary

Sir Patrick Nairne KCB MC

Sir Robert Armstrong KCB CVO
Cabinet Office
Whitehall
LONDON SW1A 2AS

7 May 1981

Dear Robert,

NHS DOCTORS AND DENTISTS

You copied to me your letter to Ian Bancroft about the preparation of the announcement of the Cabinet's decisions on the Review Bodies' reports.

I need to comment on only two points:-

a. In your sub-paragraph (f) you made clear that you are leaving it to "sponsoring" Departments to prepare schedules for the groups with which they are concerned. This will not be practicable in relation to doctors and dentists. It is not technically possible for the Department to produce revised rates of fees and allowances for general medical practitioners without the help of the Review Body (or at any rate of OME). There is no prospect of revised figures being available by the time of the Government announcement. Secondly, it would, I think, greatly add to the offence given to the professions if, in addition to not accepting the Review Body's recommendations, the Government substituted figures of their own without any form of consultation with the professions. For the last sentence of paragraph 4 I shall be grateful if you will substitute:-

"Proposals for revised payments will be put to the medical and dental professions."

b. The point at a. above, is reinforced by the fact that Sir Robert Clark, when he saw the Prime Minister on Tuesday, appeared to be quite keen on the idea that the Review Body should look again at the whole of its recommendations on the basis of limiting the overall increase to the 6% cash limit. We would need to carry the professions with us if we were to invite the Review Body to take another look in the way that Sir Robert had had in mind. Whatever the final decision may be about seeking further work from the DDRB, we might want the Review Body to advise on an amended settlement for general dental practitioners - in addition to assisting with revised rates of fees and allowances for general medical practitioners.

I therefore think that it would also be best to omit altogether the penultimate sentence of paragraph 4. Thus the revised sentence at a. above would follow immediately after the sentence to the effect that the Government will implement "increases for NHS doctors and dentists within an average of 6%."

Copies go to Ian Bancroft, Douglas Wass, Frank Cooper, Wilfrid Bourne, and, for information, to David Heyhoe and Clive Whitmore.

yours ever,
Pat
(PATRICK NAIRIE)

CONFIDENTIAL

SUBJECT



file 111
cc Messrs. Ingham
Wolpan
Verker
Duguid
Mester

10 DOWNING STREET

From the Private Secretary

5 May 1981

As you know, the Chairman of the Doctors' and Dentists' Review Body, Sir Robert Clark, called on the Prime Minister this afternoon. Your Secretary of State was also present.

The Prime Minister began by thanking Sir Robert Clark for all the work that had been done in the preparation of the Review Body's recent report. She accepted that they had tried to take fully into account the overall economic circumstances in putting forward their recommendations. However, in considering them, she and her colleagues had had to consider their likely repercussions on other pay groups - principally the nurses and other NHS staffs. They also had to ensure that the public expenditure sums added up. Over the previous two years, the Review Body's recommendations had been implemented in full, and the increases had been extremely generous. The nurses had taken a good deal less than the doctors in 1980, and they and the other NHS groups were now watching the doctors' settlement closely. The nurses had in fact refused to enter into negotiations pending the doctors' settlement. If the Government were now to implement the Review Body's recommendations, there would be no prospect of holding the nurses and other NHS groups to 6%. The extra cost of their settling at around 9% - that is, the figure recommended by the Review Body for the doctors - would be approximately £200 million. There was no chance of finding this amount from the contingency reserve; the only alternative would be to cut the health provision, but this would be unacceptable. Against this background, the Government had decided that it had no alternative but to reduce the increases recommended by the Review Body so as to produce a 6% increase in the doctors' and dentists' pay bill. In contrast to the non-industrial Civil Service, which had been offered 7% against a 6% pay cash limit, there did not seem any scope for manpower reductions; therefore, the average pay increase would have to be about 6%. The Government proposed to implement the suggested pattern of increases; thus, their recommendations would be scaled down proportionately. If the Review Body were agreeable, the Government would like the Office of Manpower Economics to provide revised calculations on the gross pay of general medical practitioners, taking into account their expenses and consistent with a 6% increase in net pay. As regards the dentists, the Government believed that it would be difficult - in the circumstances of a reduced settlement - to recover the past over-payments of expenses on the lines the Review Body had recommended.

/The Prime Minister

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The Prime Minister said that she knew that the Review Body members would be disappointed by the Government's decision. But just as the members of the Top Salaries Review Body had accepted that the Government had had to turn down their recommendations in 1980 (and it would not be possible to implement them this year either), she hoped that they would understand the reasons for it.

Sir Robert Clark said that he could only speak for himself, but he, for his part, understood that the Government had had to take a rather wider view than the Review Body had been able to. Nonetheless, he could not hide his disappointment that the Government felt obliged to go back on the principle that doctors' and dentists' pay should maintain a proper relationship with that of other groups. It had taken three years from 1977 to bring their pay up to par - and incidentally, roughly half of the settlement in 1980 had been to complete previous years' staging. Even on the Review Body's latest recommendations, doctors' and dentists' pay would be somewhat lower in relation to other groups': given the Government's decision, there would now be a risk of their falling behind too far. While he believed the Review Body would accept the Government's decision, it was important the professions should continue to see them as independent. Over the last year or two, the Review Body had tried hard to keep them "on-side"; it was essential that they should continue to have confidence in the Review Body. He did not believe the Government's decision would do any great harm to their relationship with the professions; but damage would certainly be done if it were thought that the Government had influenced their recommendations. (Mr. Jenkin interjected at this point that there was no question of the Government asking them to change their recommendations).

Sir Robert Clark went on to say that he did not altogether go along with the proposal that the recommended rates should be scaled down proportionately. If the net cost had to be kept to an extra six per cent, he believed there might be a case for re-scaling the Review Body's recommendations in favour of the junior doctors at the expense of the consultants. It was important to retain the junior doctors' confidence in the Review Body arrangements; and a re-scaling in their favour would help this. Their concern for the junior doctors' position was reflected in their proposal that the Office of Manpower Economics could conduct a survey of the junior doctors' workload. It would be sensible for the OME, in consultation with the Review Body, to make new recommendations on the pay scale for all the groups within the profession consistent with the six per cent limit. He also believed it would be wrong to be too generous to the dentists in terms of reducing the clawback of over-payment of expenses. The Review Body had a duty to protect the taxpayer, and there was no doubt that the dentists had been over-paid. Rather than postpone the clawback altogether for 1981/82, the clawback could be reduced proportionately to the reduction in the overall settlement. Finally, he was concerned that the Review Body's recommendations in future years might be pre-empted, as they appeared to have been this year, by an earlier decision on cash limits. He hoped that the Government would be able to offer greater flexibility in the operation of the cash limit system.

/The Prime Minister said

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- 3 -

The Prime Minister said that it was intended that the Review Body's report should be published probably at the end of the following week along with the other Review Body reports; and that the Government's decisions on each of them should be announced simultaneously. She had noted Sir Robert's points about the re-scaling of the Review Body's recommendations and clawback for the dentists. It would be helpful if the OME, in consultation with the Review Body, could make recommendations on both of these. She assumed that it would not be possible to complete this further work before the announcement of the Government's decision, but it would be helpful, nonetheless, if it could be completed as soon as possible. As regards the future, the Government was currently considering the relationship between the cash limit system as it had worked hitherto and the whole range of pay issues in the public services.

Sir Robert Clark said that he would be holding a meeting of the Review Body this Friday at which he would discuss with the other members the points that the Prime Minister had made, and in particular the suggestions for further work to be done by the OME. In the light of the discussion, he would advise Mr. Jenkin whether, and if so in what form, they would like to receive formal instructions from the Government.

I am sending copies of this letter to John Wiggins (H.M. Treasury) and David Wright (Cabinet Office).

Don Brereton, Esq.,
Department of Health and Social Security.

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DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE
LONDON S.E.1

TELEPHONE: 01-407 5522

Tim Lankester Esq
Private Secretary
10 Downing Street

1.5.81

Dear Tim,

DDRB: MEETING WITH SIR ROBERT CLARK

I attach a brief for this meeting prepared by officials here but not yet seen by the Secretary of State who will attend the Prime Minister's meeting with Sir Robert Clark at 4.30pm Tuesday 5 May. If the Secretary of State has any further comments on the brief I will let you have them on Tuesday morning.

As I reported to you earlier today informal soundings of the Review Body Secretariat indicate a real danger that Sir Robert Clark will resign despite the helpful response he gave to the Prime Minister at his earlier meeting. We understand his attitude to be that the Review Body conscientiously honoured his undertaking to the Prime Minister that they would give full weight to the national economic considerations. Accordingly he is disturbed at the suggestion that the report may be rejected as he regards it as fulfilling the Government's objectives and rejection implies therefore that no area of discretion is being left to the Review Body.

I mentioned also that we have arranged for the Secretary of State to see the Chairmen and General Secretaries of the BMA and the BDA next Wednesday. This was in response to their expressions of concern about reports in the Press that the Review Body report will be unacceptable to government. The object of the meeting is to allow Ministers to hear their views; they understand that the Secretary of State is unable to talk about the content of the Report or the Government's response. One point we expect them to emphasise is that if the Government do not accept the Report in full the decision should provide maximum scope for considering the professions' views on how the decision should be implemented. The intention is to follow the structure of the

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DDRB report, see 4(iii) of the brief. But after the meeting with the professions the Secretary of State may want to suggest that this is not spelt out in detail in an announcement but put to the professions in discussion.

I am copying this letter and the brief to John Wiggins (Treasury) and David Wright (Cabinet Office)

*Yours
D*

D BRERETON

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PRIME MINISTER'S MEETING WITH SIR ROBERT CLARK, CHAIRMAN OF DOCTORS' AND
DENTISTS' REVIEW BODY (DDRB)

Purpose of meeting

1. The Prime Minister wishes to advise Sir Robert Clark, in advance of the formal pronouncement, that the Government are unable to implement this year's Review Body award as it stands. The report recommends increases of 9 per cent overall in doctors' and dentists' net pay (an 8.3 per cent increase in this year's pay bill because overpayments in previous years of dentists' practice expenses would be recovered).

2. Successive Governments have committed themselves to accepting DDRB reports except when "clear and compelling reasons" point to the contrary. The effect, both direct and indirect, of the recommended order of increase on NHS cash limits provides such a reason. Accepting the report would exceed the 'pay factor' provision in NHS cash limits by £26 million (Great Britain), with a further £19 million as the increase in net remuneration for family doctors and dentists - whose services are not cash-limited - over what a 6 per cent settlement would cost. It is moreover quite certain that other groups of NHS staff, with nurses in the lead, will be unwilling to settle this year for less than the doctors. The indirect squeeze on cash limits if the report were accepted could then be of the order of £200 million. Such sums could not be found without very substantial cuts in patient services.

3. The Government have therefore concluded that they have no alternative but to offer the professions a settlement consistent with the NHS cash limits. This means reducing the recommended rates so as to produce overall a 6 per cent increase in the pay bill.

4. In explaining the Government's decision to Sir Robert, the Prime Minister may want to make these points:

- (i) The Government are well aware of the heavy demands on time and energy which DDRB membership exacts and are grateful for all the hard and careful work which has been put in on the report:
- (ii) the Government also accept that the DDRB took account of the national economic situation in reaching their conclusions, that its members believe their recommendations to have been framed with full regard to that situation, and that the increases recommended are in fact moderate. In deciding not to implement the award as it stands, Ministers are not expressing disagreement with the view taken by the Review Body on what are proper rates of pay for doctors and dentists. And if the pay of these groups could be considered in isolation, the Government might have been able to take a different decision. But Ministers cannot easily separate a settlement for the doctors and dentists from settlements for all the other groups of NHS staff waiting in the wings. There was widespread ill-feeling in the NHS about the high level of award to doctors and dentists last year. The Government saw the justice of that award, but one of its effects was that other NHS staff - and public sector workers elsewhere - are this time closely watching the DDRB and are unlikely to settle for anything less than the professions get. The potential effect on NHS cash limits (and on patient services) is very damaging.
- (iii) the Government will respect the spirit of the award by proposing to the professions that the rates in the report should be scaled down so as to preserve as far as practicable the relativities between groups which the DDRB have recommended. The Government are also willing to implement the structural and other changes in payments which are recommended; to conduct or to take part in the various surveys which the DDRB want to see launched during the next year; to pay to hospital doctors a 'miscellaneous expenses grant' (See Annex II,

paragraph 4) without offsetting its cost against remuneration, as recommended in the report, and to pay in full recommended practice expenses of family doctors.

Sir Robert Clark's attitude

5. It is by no means impossible that Sir Robert will react to the Government's decision by announcing his intention to resign the Chairmanship, on the basis that so demanding a job is no longer worthwhile if his judgment is to be overturned. He might also take the view that it will be impossible for the DDRB system to retain the confidence of the professions unless reports are accepted and implemented. If Sir Robert were to resign, some or all of the eight members might follow suit. This would be a very serious matter. The hostility of the professions to the Government's decision would be much strengthened, and the survival of the review body system would be put in doubt.

6. He might also justify a decision to resign on the ground that outright rejection of a DDRB report is unprecedented. The nearest parallels are a Government decision in the 1960s to defer the operative date of an award; and in 1970, a decision to seek the Prices and Incomes Board's view on the DDRB report. The latter decision brought about the resignation of the Chairman and the entire membership.

7. Sir Robert might also ask:

- (i) how the other two Review Body reports are to be treated;
- (ii) what guarantee there can be - given a continuing cash limits system - that the same fate would not befall the 1982 report, should the Review Body members remain in office.

8. On (i), as regards the AFPRB, the Prime Minister will no doubt want to remind Sir Robert of the Government's long-standing commitment on armed forces pay. The TSRB were held back last year and any difference in treatment between them and the doctors and dentists will in part derive from the fact and will not be to the professions' disadvantage over the period as a whole.

On (ii), the Prime Minister might say that she fully understands the anxiety of the Review Body (and the professions) that a second report might prove similarly difficult for the Government to accept. Ministers value the Review Body system and want it to continue. They have already begun to give serious thought to the problems which cash limits pose for it - and for other groups - and will be studying them closely over the next few months. Although she cannot as yet go further, she can assure Sir Robert that the Review Body will be fully consulted as proposals develop.

Government announcement

9. No doubt Sir Robert would agree that the way in which the Government's decision is announced will be of great importance in its effect on the professions and on the standing of the Review Body and the attitude of its members. He might be invited to say whether there are particular points which he would like the Prime Minister to stress or to omit in the announcement.

Other matters

General medical practitioners' expenses

10. The Review Body sets gross fees and allowances for GMPs so as to produce the intended net average remuneration they recommend plus practice expenses. The complexity of the fee structure for GMPs means that it is not all straightforward to translate decisions of principle on average net pay and on reimbursement of expenses into a detailed scale of fees; and impracticable to do so with accuracy without knowing the basis on which the DDRB has done its calculations. The Prime Minister might like to ask Sir Robert if he will agree to the Office of Manpower Economics (the DDRB's Secretariat) doing revised calculations (to produce a 6 per cent increase in net pay) on the basis already approved by the Review Body. We believe that he will go along with this.

Dentists

11. The Prime Minister is advised to make no firm proposal to Sir Robert on

the question of 'clawback' of past overpayments of expenses to dentists.)
The Secretary of State for Social Services is minuting her about this.

May 1981

ANNEX I

TERMS OF REFERENCE AND MEMBERSHIP OF THE REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

The Review Body was appointed in July 1971 to advise the Prime Minister on the remuneration of doctors and dentists taking any part in the National Health Service.

MEMBERS ARE:

Sir Robert Clark DSC (Chairman):	Chairman of Hill Samuel and a Director of the Bank of England. Appointed 1979.
Professor R H Graveson OBE QC*:	Professor of Law and Head of Department of Law, Kings College, London. First appointed 1971.
Sir Peter Menzies*:	Former Chairman of Electricity Council and Deputy Chairman of ICI. First appointed 1971.
Professor P G Moore T.D.:	Professor of Statistics, London Business School. First appointed 1971.
Mrs A C R Rumbold CBE*:	Deputy Leader, Kingston Borough Council and Chairman of the Association of Metropolitan Authorities' Education Committee. First appointed 1979.
Sir William Slimmings:	Partner, Thompson McClintock (accountants). First appointed 1976.
Professor G F Thomason*:	Professor of Industrial Relations, Cardiff. First appointed 1979.
Mr G J Wilkins:	Chairman of Beechams Group. First appointed 1979.

* Present term of office ends December 1981.

Secretariat is provided by the Office of Manpower Economics

ANNEX II - CONTENT OF THE REPORT

1. The recommended increases in net remuneration in the Report are all fairly close to 9 per cent - slightly less for the best-paid consultants (8.1 per cent) and slightly more for junior doctors (up to 9.4 per cent). Though well in excess of the provision in cash limits, these are moderate compared to the professions' claim of from 18 to 20 per cent, based on comparability. The Review Body have obviously gone a very long way to meet the Government on the size of the award; they have also followed the Government's evidence rather than the professions on a number of minor points.
2. Despite this, the Report does not give the impression the Review Body believe it might be rejected. It does not, for example, contain any explicit acknowledgement that the final decision is for the Government. On the contrary, they have accepted the professions' request that they should state explicitly that economic factors have been taken fully into account - presumably to dissuade the Government from arguing that these justify rejection - and they mention this several times.
3. The Report recommends a substantial increase in the payments to general medical practitioners to cover expenses - this will be accepted. In the case of dentists, they recommend deferring any increase in net remuneration until 1 October to recover part of an overpayment of expenses in previous years. (This arises because fees are set to cover estimated expenses, and in 1977/78 and 1978/79 dentists kept actual expenses well below the rate of inflation, and hence below the estimates).
4. The Departments asked that the cost of a planned improvement in doctors' Terms of Service (the so-called "Miscellaneous Expenses Grant") should be offset against increases in salaries. The Review Body have not done this, and have argued forcibly that the improvement should be made nonetheless. It would seem unnecessarily provocative to reject this as well, and this recommendation will be accepted - the cost will make a small inroad into NHS development money.
5. The Review Body accepted the Departments argument that the professions have a high degree of job security, and have allowed for this (though no details are given of how this was done). They have also taken account of the value of NHS pensions (by offsetting this against the value of other fringe benefits available outside the public sector) though no new calculation of the benefit of index linking has been made pending the Government's response to the Scott Report.

File

LPO

cc: JHSS.
HMT
DM
SO
WO
Ld Pres.
Co



10 DOWNING STREET

THE PRIME MINISTER

27 April 1981

Dear Sir Robert,

Thank you for your letter of 15 April with which you enclosed the Eleventh Report of the Review Body on Doctors' and Dentists' Remuneration.

I am most grateful to you and to your colleagues for all the work put into producing the Report. The Government will be considering its recommendations urgently and we will be in touch with you again when we have taken decisions on the Report and the arrangements for publishing it.

Yours sincerely

Margaret Thatcher

Sir Robert Clark.

JSS

cid

Nal
Heath



OFFICE OF MANPOWER ECONOMICS
22 KINGSWAY
LONDON WC2B 6JY
Telephone 01-405 5944

Our reference:
Your reference:

22 April 1981

JL
JK(O/R)

to see

MJS

23/4

Tim Lankester Esq
Private Secretary
10 Downing Street
London SW1A

cc Mr Verker

Dear Tim with MJS/DW?

REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION:
ELEVENTH REPORT

A typing error occurred in paragraph 167 of the DDRB's Eleventh Report as submitted to the Prime Minister on 15 April. The third sentence of that paragraph should read:

"However, because of the deferred implementation date for the new level of target average net income for general dental practitioners (paragraph 148), the effect in 1981-82 would be to add some £112m or 8.3 per cent to the paybill!"

I apologise for this slip. I have informed DHSS, and all copies of the report (other than the 2 submitted to the Prime Minister) have been corrected. There is therefore no need for you to take any further action.

Yours sincerely
R Niven

R NIVEN



West Hen
OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1A

15 April 1981

Dear Prime Minister,

REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION: ELEVENTH REPORT

I enclose the Eleventh Report of the Review Body on Doctors' and Dentists' Remuneration, which recommends the rates of pay we judge appropriate at 1 April 1981.

*Yours sincerely
Robert Clark.*

ROBERT CLARK, CHAIRMAN
REVIEW BODY ON DOCTORS'
AND DENTISTS' REMUNERATION

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FILE

10 DOWNING STREET

From the Private Secretary

15 April 1981

Review Body on Doctors' and Dentists' Remuneration

We have today received the Eleventh Report of the Review Body on Doctors' and Dentists' Remuneration, under cover of the attached letter to the Prime Minister from the Chairman. The Report is to be discussed at Cabinet on 30 April. No doubt your Secretary of State will be putting round a paper in due course.

I am copying this letter for information to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), Godfrey Robson (Scottish Office), John Craig (Welsh Office), Jim Buckley (Civil Service Department) and David Wright (Cabinet Office). Copy addressees will be able to obtain copies of the Report itself from the Office of Manpower Economics.

N. J. SANDERS

CS

Don Brereton, Esq.,
Department of Health and Social Security.

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DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Clive Whitmore Esq
Private Secretary
10 Downing Street
LONDON SW1

type for (MP)

14 April 1981

Dear Clive,

REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

I enclose a short draft letter which the Prime Minister may wish to send to Sir Robert Clarke following receipt of the Review Body's Report which is expected to arrive shortly.

Comments on the Report's conclusions and advice on handling will follow, but will obviously depend in part on whether the Report is taken at E Committee.

I am copying this letter to John Wiggins (HM Treasury), Richard Dykes (Department of Employment) Godfrey Robson (Scottish Office) John Craig (Welsh Office) Jim Buckley (Civil Service Department) and David Wright (Cabinet Office).

Your ever
Don

DON BRERETON
Private Secretary



then cancelled
letter of 24/3 to
Don Breton refers

GR

*With the Compliments of
the Private Secretary to
the Secretary of State*

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House
Elephant and Castle
London, SE1 6BY

DRAFT LETTER TO SIR ROBERT CLARKE (CHAIRMAN, REVIEW BODY ON DOCTORS AND DENTISTS REMUNERATION)

Thank you for your letter of 15 April with which you enclosed the Eleventh Report of the Review Body on Doctors' and Dentists' Remuneration.

I am most grateful to you and to your colleagues for all the work put into producing the report. The Government will be considering its recommendations urgently and we will be in touch with you again when we have taken decisions on the report and the arrangements for publishing it.

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DEPARTMENT OF HEALTH & SOCIAL SECURITY
 Alexander Fleming House, Elephant & Castle, London SE1 6BY
 Telephone 01-407 5522
 From the Minister for Health

H R Murrayshaw Esq
 Liaison Officer
 General Dental Practitioners' Association
 30 Wold's End Close
 Chipping Campden
 Glos
 GL55 6JW

7/15 April 1981

Dear Mr Murrayshaw

The Prime Minister has asked me to reply to your letter of ¹²⁴23 March 1981 about the Review Body on Doctors and Dentists Remuneration.

It is correct that at the beginning of this year, the Prime Minister invited each of the Chairmen of the three Review Bodies to meet her for an exchange of views about their role. She was, of course, fully aware of the recommendations of the Pilkington Committee, and of the terms of reference of the Review Body.

In fact, these terms of reference are simply "to advise the Prime Minister on the remuneration of doctors and dentists taking any part in the National Health Service". It is entirely up to the Review Body itself to decide what factors it should or should not take into account during its deliberations. The Pilkington Commission indicated various factors which it thought would normally be relevant, but made very clear that it should be left to the Review Body to decide "which factors might be relevant at any particular time and the weight to be attached to them" (paragraph 431). It has always been open to the Government and the profession to give evidence to the Review Body on this subject and it has not been uncommon for one or other party to discuss the role of the Review Body with it. For example, the Review Body met representatives of the professions for a general discussion towards the end of last year and at this meeting it was recognised that the national economic situation would inevitably be a factor to be taken into account.

The independence of the Review Body consists of their freedom to make whatever recommendations they think appropriate after considering all the evidence presented to them. This was in no way compromised by the meeting with the Prime Minister. The Review Body remain perfectly free to give whatever weight they think appropriate to the arguments put forward by Mrs Thatcher, and I do not think that asking them to hear these arguments can fairly be described as "subjecting them to pressure".

Yours sincerely

DR GERARD VAUGHAN

25 March, 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 23 March concerning the 11th Report of the Review Body on Doctors' and Dentists' Remuneration. Your letter is receiving attention and you will be sent a reply at soon as possible.

J. P. LANKESTER

H R Murray Shaw, Esq

24 March, 1981

I attach a copy of a letter the Prime Minister has received from the Liaison Officer of the General Dental Practitioners' Association concerning the 11th Report of the Review Body on Doctors' and Dentists' Remuneration.

B/ef
I would be grateful if you could arrange for a Minister to reply to Mr Murray Shaw on the Prime Minister's behalf, with a copy sent to us here for our records please.

T. P. LANKESTER

D Brereton, Esq
Department of Health and Social
Security

General Dental Practitioners' Association

Head Office: 49 Cromwell Grove, Levenshulme, Manchester, M19 3QD

Liaison Officer

H. R. Murray Shaw

Telephone: ~~021 454 3002~~
0386-840 400

30, Wold's End Close,
Chipping Campden,
Glos: GL55 6JW

~~Statistical Office~~

~~4 Chad Road~~
~~Birmingham, B15 3EN~~

23rd March, 1981

Dear Madam,

Awaited 11th Report of the Review Body on Doctors' and Dentists' Remuneration

When it met recently the Council of the General Dental Practitioners' Association which represents well over two thousand general dental practitioners, was appalled to learn of your action in summoning the Chairman of the Review Body on Doctors' and Dentists' Remuneration (and those of two other Review Bodies) to a meeting at which according to 'hansard' you had "emphasized that national economic circumstances should be taken into account in reaching their decisions."

It is appreciated that even a Prime Minister cannot be expected to be aware of all the relevant background circumstances relating to the original recommendations of the Pilkington Committee, the consequential terms of reference determined for the new Review Body on Doctors' and Dentists' Remuneration which had Parliamentary approval on the clear understanding that the Body's annual reviews should be totally 'independent' in character, but it is surprising that your senior advisers failed to draw your attention thereto and especially to the fact that whilst future proposals and recommendations of the Review Body were still under discussion and undefined, your ill-advised intervention at that moment was an act of Executive power contrary to the principles under which the Review Body is required to conduct its activities - a temptation to which so far as is known to the Association no previous Prime Minister, Conservative or Socialist, has succumbed.

May I stress to you that the 'independent' Review Body on Doctors' and Dentists' Remuneration is required to act 'independently' in reaching its conclusions and recommendations without being subjected to pressure by anybody, not even the Prime Minister, more especially as when the Review Body's 'independent' views have been finalized the procedure requires such to be submitted to the Prime Minister of the day for acceptance, rejection, or modification, without any right of appeal against such existing.

The Review Body on Doctors' and Dentists' Remuneration is required to take into account during its deliberations a variety of circumstances, including relativity in terms of other professions etc., etc., but the General Dental Practitioners' Association can find no evidence or record that one of the circumstances so required to be taken into account is the (political) view of a particular Government at a particular time that "national economic circumstances" warrant restraint of what otherwise might be the 'independent' conclusions and recommendations of the Review Body based upon its terms of reference.

Of course the General Dental Practitioners' Association is very conscious of the present state of the country, and concedes without any argument the right and privilege of a Prime Minister to ignore or modify the recommendations of the Review Body after its finalized independent views on what changes in remuneration (if any) would be appropriate in relation to its terms of reference have been duly determined, but the Association neither accepts that the consideration of "national economic circumstances" as such comes within the Review Body's terms of reference nor that an attempt to influence the members of the Review Body in regard to what should eventually appear in their 'independent' Report can be justified in any way.

The attempt by 'Executive' pressure to wittle away the intended truly 'independent' thinking and judgment of its members, if successful, can only result in the Review Body on Doctors' and Dentists' Remuneration becoming a non - independent creature of the Government of the day.

Yours faithfully,

H. R. Murray Shaw

H.R. Murray Shaw
G.D.P.A. Liaison Officer

20 MAR 1981

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The Rt. Hon: Margaret Thatcher, P.C., M.P.
Prime Minister,
10, Downing Street,
London. S.W.1.

Mat
Health

file

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10 DOWNING STREET

From the Private Secretary

20 January 1981

Dear Don

I enclose a copy of my note of the Prime Minister's meeting with Sir Robert Clark earlier today.

I am sending copies of this letter and enclosure to John Wiggins (HM Treasury), Jim Buckley (Civil Service Department), David Omand (Ministry of Defence), Michael Collon (Lord Chancellor's Department) and David Wright (Cabinet Office).

[Handwritten signature]
Tim [unclear]

Don Brereton, Esq.,
Department of Health and Social Security.

CONFIDENTIAL

ll.

SUBJECT

CONFIDENTIAL

bc Mr. Vereker
Mr. Walters
Mr. Hoskyns
Mr. Wolfson

NOTE OF A MEETING BETWEEN MINISTERS AND THE CHAIRMAN OF THE DOCTORS' AND DENTISTS' REVIEW BODY IN THE PRIME MINISTER'S ROOM AT THE HOUSE OF COMMONS AT 1615 HOURS ON TUESDAY 20 JANUARY 1981

Present:

Prime Minister	Sir Robert Clark (Chairman of the Doctors' and Dentists' Review Body (DDRB))
Chancellor of the Exchequer	
Secretary of State for Social Services	
Sir Robert Armstrong	
Mr. T.P. Lankester	

* * * * *

The Prime Minister said she had invited Sir Robert to discuss the forthcoming review of the DDRB. She understood that Lord Plowden had already reported to him on the meeting she had had with Lord Plowden on the TSRB. Like the TSRB, the DDRB had very wide terms of reference. She hoped that, in undertaking this year's review, they would take fully into account the general economic situation. She did not believe that their task would be as difficult as the TSRB's since the DDRB's recommendations for 1980 had been fully implemented. But it was still desirable for them to consider very carefully what was happening in the private sector. Private sector settlements were now coming in at a low level, whereas recent public sector settlements had been very substantial; and it was essential for the Government to contain the level of public spending. She was concerned that the DDRB should avoid relying too much on comparability: in so far as they felt obliged to use it, she hoped that they would look at ongoing settlements and not just at settlements over the last year. Other factors which she hoped they would take into account were job security, which the figures for redundancies going back over many years revealed was far greater for Government employees than in the private sector, and also supply and demand considerations.

Sir Robert Clark said that the Review Body were only just beginning discussions with interested parties. They had already seen the British Medical Association, who had acknowledged that they

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/would

would have to take into account the general economic situation. The Review Body itself, which had received written evidence from the Government, certainly accepted this. As the Prime Minister had said, there would be no element of "catching up" for the doctors and dentists this year, in contrast to TSRB groups; and they would take into account the various factors which she had mentioned. It was likely that they would recommend differential rates of increase for different grades, since the supply and demand situation had changed over the year. For example, there now seemed to be a surplus of applications for junior doctor posts. (Mr. Jenkin added that the same situation seemed to apply in the case of the anaesthetists.) As regards the Government's evidence, Sir Robert said that they strongly endorsed the suggestion that there should be no more staging of awards.

The Prime Minister showed Sir Robert a copy of the draft letter which had been circulated by the Cabinet Office under cover of a minute dated 20 January (Ref: A04045). Sir Robert indicated that there was nothing in the letter which would cause the Review Body any difficulty. But he did not think it was necessary or desirable for the Prime Minister to send it. One consideration which he had to bear in mind was that the doctors were suspicious of them, and a letter on the lines proposed - if it got out - would add to these suspicions.

The Prime Minister said that she was grateful to Sir Robert for what he had said. She agreed that she should not write to him as had earlier been proposed.

TL

20 January 1981



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MR. LANKESTER

Doctors and Dentists Review Body

With his minute of 16th January, Sir Robert Armstrong enclosed a draft letter for the Prime Minister to show to the Chairman of the Doctors and Dentists Review Body. I now enclose a revised version of this draft to take account of an addition to the final paragraph which has been suggested by the Department of Health and Social Services.

2. Copies of this minute go to the Private Secretaries to the Lord Chancellor, the Chancellor of the Exchequer, the Lord President and the Secretaries of State for Defence and for Social Services.

Chris Cloke

p.p. (D. J. Wright)

20th January 1981

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DRAFT LETTER TO SIR ROBERT CLARK

I thought that it might be useful if, following our discussion on January, I put on record what I said to you about the Government's general policies and their bearing, as we see it, upon the work of the Doctors and Dentists Review Body under its standing terms of reference.

The Government's overriding priority is the reduction of inflation. We seek to achieve this by means of a progressive reduction in monetary growth. If we are to succeed in that, we must continue to limit as strictly as we can, and to reduce wherever possible, the demands which the public sector makes upon the rest of the economy.

You will know that the economic recession, and the financial constraints that accompany it, have meant not only a severe loss of jobs in industry but also a substantial reduction in the rate of pay increases paid to those in industrial employment. Those constraints do not operate directly upon the public services, but it is no less important that the rate of pay increases should be moderated in the public sector than in the private sector. For the public services - the Civil Service and the National Health Service, and local government - and for the grant to the Universities, we are imposing cash limits which are intended to ensure that pay increases this year are kept within levels which the country can reasonably be asked to afford. At a time when many workers in industry are having to accept modest pay increases or even no increases at all, we believe that those who work in the public services should also be, and will be, prepared to accept the need for a considerable degree of restraint.

This applies to the pay of those who come within the Review Body's remit no less than to that of others in the public services concerned. Indeed, it would not in the Government's



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view be unreasonable for the Review Body, in considering their recommendations for doctors and dentists in the National Health Service, to have regard to the level of increases which the cash limits imply for other groups in the National Health Service.

My colleagues and I hope that the Review Body will take full account of these considerations, including the cash limits set for the National Health Service, in formulating their recommendations.

Apart from whatever recommendations the Review Body may think it right to make as a result of their review, I asked you whether the Review Body would be willing, if so requested, to give advice on the appropriate distribution of a hypothetical sum which would derive from a given average increase for doctors and dentists in the National Health Service and, as usual, on the amounts to be reimbursed to general medical practitioners in respect of practice expenses. [After consulting your colleagues] you were able to let me know that the Review Body would be ready to respond to such a request, if I thought it necessary to make it.

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*Copied to
Defence, Armed
Forces Pay.*



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~9577082~~ 218 2111/3

MO 4/6/2

19th January 1981

Dear Tim,

*Industry
only.*

With his minute of 16th January to the Prime Minister Sir Robert Armstrong submitted draft letters for the Chairmen of the DDRB and the AFPRB.

There is one passage in the draft letter to the AFPRB which my Secretary of State feels could be strengthened. The normal techniques of comparability applied by the AFPRB do allow for the current level of settlements outside to be taken fully into account - and what the letter is, of course, concerned with is that these assessments should be wholly realistic. Attached to this note is a suggested re-draft of the last page of the draft letter to make this clear. This would also avoid - especially in what may be a published document - the suggestion that we are trying to influence the Review Body to depart from its normal processes, which is likely to be resisted by the Review Body itself.

I am copying this to the Private Secretaries to the Lord Chancellor, the Chancellor of the Exchequer, the Lord President and the Secretary of State for Social Services, and to the Private Secretary to Sir Robert Armstrong.

*Yours
D B Omand*

(D B OMAND)

T P Lankester Esq

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The Review Body's standing terms of reference require them to recommend up-to-date military salaries based on the levels of appropriate outside earnings. I suggested to you that on this occasion the Review Body should, in applying the techniques of comparability, pay particular attention to the levels at which pay claims in industry are being settled: because of the constraints which I have described these have been falling very significantly in the last few months and people in other public services are being asked to accept settlements within the levels implied by the cash limits which we are imposing. At such a time, it seems to us, it is essential for the Review Body to take a realistic view of the likely movement of earnings during the latter part of the period under review. I asked you also to give full weight to the current recruitment and retention figures, as well as to the relative job security and other benefits which members of the Armed Forces enjoy in contrast to many of their comparators.

My colleagues and I hope that the Review Body will feel able in formulating their recommendations to take full account of these considerations as well as of the factors which regularly enter into their reviews.

cc Armed Forces minis Man
Pay for Tuesday
M.
R.
BF 19.1.81

Ref: A04015


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PRIME MINISTER

Your discussion with Lord Plowden yesterday took a turn which made it unnecessary for the draft letter (which you showed to him) to be considered further, at any rate for the time being, in the context of the Top Salaries Review Body.

2. You are, however, to see the Chairmen of the other two Review Bodies next week, and I expect that you will want to have by you draft letters which you can show to them.

3. I therefore attach revised versions of the draft letters to the Chairmen of the Doctors and Dentists Review Body (Sir Robert Clark) and the Armed Forces Review Body (Sir Harold Atcherley).

4. The draft letter for Sir Robert Clark follows closely the draft letter prepared for Lord Plowden.

5. The draft letter for Sir Harold Atcherley presents a more difficult problem. The Government is adhering to its commitment on Armed Forces pay, and is prepared to adjust the pay factor in the Ministry of Defence's cash limits to accommodate the commitment. The problem is to reconcile with that a request to the Review Body to have regard to the current levels of settlements in the private sector and to the implications for other public services of the pay factors which the Government is imposing on their cash limits. The fifth paragraph of the draft letter to Sir Harold Atcherley represents an attempt to resolve that problem.

6. I am sending copies of this minute and of the draft letters to the Lord Chancellor, the Chancellor of the Exchequer, the Lord President, the Secretary of State for Defence and the Secretary of State for Social Services.

RA

(Robert Armstrong)

16th January 1981

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DRAFT LETTER TO SIR ROBERT CLARK

I thought that it might be useful if, following our discussion on January, I put on record what I said to you about the Government's general policies and their bearing, as we see it, upon the work of the Doctors and Dentists Review Body under its standing terms of reference.

The Government's overriding priority is the reduction of inflation. We seek to achieve this by means of a progressive reduction in monetary growth. If we are to succeed in that, we must continue to limit as strictly as we can, and to reduce wherever possible, the demands which the public sector makes upon the rest of the economy.

You will know that the economic recession, and the financial constraints that accompany it, have meant not only a severe loss of jobs in industry but also a substantial reduction in the rate of pay increases paid to those in industrial employment. Those constraints do not operate directly upon the public services, but it is no less important that the rate of pay increases should be moderated in the public sector than in the private sector. For the public services - the Civil Service and the National Health Service, and local government - and for the grant to the Universities, we are imposing cash limits which are intended to ensure that pay increases this year are kept within levels which the country can reasonably be asked to afford. At a time when many workers in industry are having to accept modest pay increases or even no increases at all, we believe that those who work in the public services should also be, and will be, prepared to accept the need for a considerable degree of restraint.

This applies to the pay of those who come within the Review Body's remit no less than to that of others in the public services concerned. Indeed, it would not in the Government's

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view be unreasonable for the Review Body, in considering their recommendations for doctors and dentists in the National Health Service, to have regard to the level of increases which the cash limits imply for other groups in the National Health Service.

My colleagues and I hope that the Review Body will take full account of these considerations, including the cash limits set for the National Health Service, in formulating their recommendations.

Apart from whatever recommendations the Review Body may think it right to make as a result of their review, I asked you whether the Review Body would be willing, if so requested, to give advice on the appropriate distribution of a hypothetical sum which would derive from a given average increase for doctors and dentists in the National Health Service. [After consulting your colleagues] you were able to let me know that the Review Body would be ready to respond to such a request, if I thought it necessary to make it.

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DRAFT LETTER TO SIR HAROLD ATCHERLEY

I thought that it might be useful if, following our discussion on January, I put on record what I said to you about the Government's general policies and their bearing, as we see it, upon the work of the Armed Forces Review Body under its standing terms of reference.

The Government remains committed to maintaining the pay of members of the Armed Forces at levels comparable with their civilian counterparts and to strengthening the nation's defences.

At the same time our overriding economic priority is the reduction of inflation. We seek to achieve this by means of a progressive reduction in monetary growth. If we are to succeed in that, we must continue to limit as strictly as we can, and to reduce wherever possible, the demands which the public sector makes upon the rest of the economy.

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The Review Body's standing terms of reference require them to recommend up-to-date military salaries based on the levels of appropriate outside earnings. I suggested to you that on this occasion the Review Body should consider whether it is right or sufficient to rely solely on the normal techniques of comparability, based on comparisons over the period since the last review, at a time like the present when, because of the constraints I have described, the levels at which pay claims in industry are being settled have been falling very significantly in the last few months and people in other public services are being asked to accept settlements within the levels implied by the cash limits which we are imposing. At such a time, it seems to us, it may be right for the Review Body to pay more attention than might seem appropriate in other circumstances to current levels of settlements both in the private sector and in other public services, as a reflection of the constraints within which the pay of the usual comparators is now having to be determined, and indeed to the relative job security which members of the Armed Forces enjoy in contrast to many of those comparators.

My colleagues and I hope that the Review Body will feel able in formulating their recommendations to take full account of these considerations as well as of the factors which regularly enter into their reviews.



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DRAFT LETTER TO SIR HAROLD ATCHERLEY

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The Government remains committed to maintaining the pay of members of the Armed Forces at levels comparable with their civilian counterparts and to strengthening the nation's defences.

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The Review Body's standing terms of reference require them to recommend up-to-date military salaries based on the levels of appropriate outside earnings. I suggested to you that on this occasion the Review Body should, in applying the techniques of comparability, pay particular attention to the levels at which pay claims in industry are currently being settled: because of the constraints which I have described these have been falling very significantly in the last few months and people in other public services are being asked to accept settlements within the levels implied by the cash limits which we are imposing. At such a time, it seems to us, it is essential for the Review Body to take a realistic view of the likely movement of earnings during the latter part of the period under review. I asked you also to give full weight to the current recruitment and retention figures, as well as to the relative job security and other benefits which members of the Armed Forces enjoy in contrast to many of their comparators.

My colleagues and I hope that the Review Body will feel able in formulating their recommendations to take full account of these considerations as well as of the factors which regularly enter into their reviews.

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Extract from the mtg record between PM, Cn of Exch
Ld President, Sir R. Armstrong, Ld Plowden, Mr. T. Dankester
at the House of Commons, on Thurs, 15 January 1981 at 1800 hrs.

The Prime Minister said that there was likely to be a major problem if the Armed Forces Review Body recommended large increases. Because the Government was committed to implementing their recommendations, this could all too easily lead to a further big squeeze of differentials between senior officers and lower grades. There was not same problem in respect of senior civil servants because PRU had been suspended and the Government would be negotiating directly with the Civil Service Unions within a low cash figure. Lord Plowden replied that there was indeed likely to be a problem if the AFRB were to come ^{up} with very high recommendations. But he believed Sir Harold Atcherley, the Chairman of AFRB, understood this. He would be seeing Sir Harold, along with Sir Robert Clark, the following Monday, and he would indicate to him the Government's general thinking on the TSRB Review.

Summing up, the Prime Minister said that she believed that the approach he had suggested was likely to be the best available. She suggested that Lord Plowden, after consulting the other members of the Review Body, should get in touch in the first instance with Sir Robert Armstrong. The form of the letter which she would send to Lord Plowden, and whether or not it should be published, would be for further consideration.

The meeting ended at 1900 hours.

BRIEF FOR PRIME MINISTER'S MEETING WITH SIR ROBERT CLARK

1. This meeting is held at your invitation following discussion at E(80)44th meeting (Item 1) on the Pay Review Bodies. The points you may wish to get across are that you hope that the DDRB will

- (a) continue to take account of all relevant factors in reaching its recommendations, and not simply 'comparability';
- (b) in particular take account of economic and financial factors, and what is currently happening on pay in the rest of the economy;
- (c) give advice specifically on the distribution of an increase in line with the general pay factor for cash limits.

Attached at Annex A is a draft of the letter you might send to the Chairman following the meeting (this may of course need to be modified in the light of the meeting).

2. The Government has recently submitted to the DDRB written evidence on the economic factors. A copy is attached at Annex B.

3. The DDRB's terms of reference are "to advise the Prime Minister on the remuneration of doctors and dentists taking part in the National Health Service".
They have hitherto regarded these terms of reference as requiring them to take account of economic and financial considerations as well as of other relevant factors. You will wish to stress the importance of their continuing to do so on this occasion, and indeed of their giving them great weight (see paragraph 8 below). There are signs that Sir Robert Clark will personally not be unreceptive to this approach.

4. The DDRB's Eighth Report (1978) identified the extent to which the pay of doctors and dentists had then fallen behind that of comparable groups, and made proposals for appropriate adjustments, spread over a period of two years with any necessary updating. This process was completed by their Tenth Report (1980),

and at that point the pay of doctors and dentists was brought up to the level which the DDRB considered appropriate. Any complaints the professions may have had were thus removed, and the present pay review is taking place in circumstances where the doctors and dentists cannot argue that there are accumulated pay deficiencies or that their pay is seriously behind that of other comparable groups. There is some evidence that they do in fact themselves recognise this.

5. It is of course open to the Government to decline to give effect to the Review Body's recommendations on the ground that there are clear and compelling reasons for doing so. But this has happened only very rarely in relation to the DDRB, and it is a course which the Government would prefer not to have to take. They hope therefore that, in the light of the economic and financial considerations, the Review Body will feel able to make recommendations which the Government can accept. This will mean that simple comparability will have to become a secondary consideration. There is a need for a decline - and a continuing one - in pay settlements. Comparability, which is backward-looking, is a major obstacle to this, and will maintain expectations of high pay settlements for the future. The Review Body will naturally wish to take account of what is happening on pay elsewhere, but should concentrate more on what is currently happening to pay than on what has happened in the past.

6. You may wish to stress the need for the Review Body to take account of other factors, such as job security, labour supply and demand, efficiency, and job satisfaction and attractiveness. Job security is particularly relevant in current circumstances, given high unemployment and widespread plant closures and redundancies in the private sector. You might like to give Sir Robert Clark the table at Annex C which shows, for example, that of 1.4 million redundancy payments between 1975 and 1979, only 7800 went to Government employees (including the NHS), and 11600 to others in public administration. These two together account for less than 1.5% of the redundancy payments but well over 10% of total employment. More recently, the unemployment figures show a similar picture. The August 1980 figures, classified by last recorded job, show an unemployment rate of 3.0% for central and local government, compared with 6.7% for the private sector.

7. The Review Body should also bear in mind that the NHS cash limit has been fixed on the basis of a pay factor of $\lceil 7\% \rceil$. There would be severe difficulties if doctors and dentists received increases involving pay bill increases greater than those which the cash limit makes possible for NHS staff generally. If corresponding reductions could not be secured in the pay settlements of other groups of NHS staff, the quality or quantity of the services available to the public would have to be cut in the absence of economies of

some other kind.

Economic and financial factors

8. The main points you may wish to make are:

- a) financial pressures on employers in the public and private sectors are severe. Excessive pay increases anywhere in the economy will lead to otherwise avoidable losses of jobs. This is why average pay settlement levels are already very nearly down in single figures - and the pattern is a declining one. [The latest DEm figures show that the average level of private sector settlements had fallen again to 10½% in mid-December (compared with 11½% in November and 13% in October). Most of the settlements recorded so far were in manufacturing industry, where the average level was just above 10%. This is not far from the CBI's Pay Databank (of medium sized manufacturing companies) which showed an average of 10.6% in December. These figures need to be used with care, because they are still a long way from 6% or 7%.]
- b) public services pay settlements should be at levels the taxpayers can afford, because of their direct impact on public expenditure, and because of their effect on expectations elsewhere. The public expenditure point is strengthened by the impact of the recession in forcing up the PSBR, one factor in the current overspending.
- c) to ensure that the burden of economic adjustment does not fall on the private sector alone, public borrowing and expenditure must be held back. Cash limits are a key part of the mechanism, and considerations such as comparability have to take second place - hence the decision to suspend pay research for the non-industrial Civil Service. No groups can be insulated from the current difficulties which limit the ability of employers to finance increases.

Distribution of [7%]

9. You may wish to ask the DDRB to provide in their report recommendations about how an overall increase in net pay of [7%] - plus, as usual, the amounts to be reimbursed to general medical practitioners in respect of practice expenses -

should be distributed. It is probably too much to expect that this would be to the exclusion of any other recommendations, on a different basis, which the Review Body might think it right to make (but which prima facie the Government might find unacceptable). But it would be helpful to have recommendations on the [7%] basis embodied in the report; rather than to have to ask for them separately after the report had been received.

THE ECONOMIC FACTORS : EVIDENCE TO DORB

The Government welcomes the acknowledgement by the Review Body that in framing its recommendations, it must inevitably take account of current economic circumstances. Partly because of world recession, but also because of very high public sector pay increases in the last two years (exceeding those in the private sector), financial pressures on employers in both the public and private sectors are severe. Profit margins have been particularly affected in sectors that export or compete against imports, where the strong exchange rate has added to the problems of poor competitiveness caused by excessive unit labour costs; but other sectors are also experiencing a tight squeeze. Moreover at the same time real incomes and living standards have risen very substantially (largely because of the effect of North Sea oil on the exchange rate) without a matching increase in output or productivity. Given the further need for continuing firm monetary and fiscal restraint to combat inflation, unrealistic pay increases anywhere in the economy will reduce competitiveness and lead to losses of jobs. So it is crucially important that public services pay settlements should be reached at levels taxpayers and the economy can afford, because of their direct impact on public expenditure, and because of their effect on expectations elsewhere. The change in settlement levels since the summer of 1980 is already clear: these, rather than historical data, are what is important.*

2. In order to ensure that the burden of economic adjustment does not continue to fall almost exclusively on the private sector, public borrowing and expenditure must be held back. A key part of the mechanism for controlling spending in the public services is cash limits. In setting cash limits for the public services, the

*The year on year increase in the published Index of Average Earnings provides no guide to current settlement levels as it is so heavily influenced by events in the last "pay round". The changes in earnings reported in the New Earnings Survey (NES), while indicative of the general historical trend, also need very careful interpretation. In particular, the populations represented in the various centiles may vary considerably from year to year, and increasing unemployment, if uncoupled from the lower end of the earnings distribution, may also lead to an exaggeration of year on year increases at particular centile points. The changes in earnings of particular NES centiles do not, therefore, measure directly the changes in earnings of particular groups in employment from year to year. Further, professional people in independent practice are of course not included in this survey.

Government has to decide how much can be afforded, given the severe problems of many sectors of industry, the commitment to monetary control and falling inflation, and the need for a sustained reduction in the Public Sector Borrowing Requirement. There are strict limits on what can be provided for increases in public services pay in 1981-82. Considerations such as comparability have to take second place. No groups, whether in the public or the private sector, can be insulated from the current difficulties which limit the ability of employers to finance increases. The decision to suspend pay research for the non-industrial Civil Service is one reflection of these changed circumstances.

3. The Government has announced that the RSG cash limit for 1981-82 will provide for increases in earnings of 6 per cent from due settlement dates, and that other cash limits will be set within broadly the same financial disciplines. The cash limit for hospital and community health services for the financial year is fixed by converting the agreed volume of expenditure for the services concerned (shown in the annual White Paper on public expenditure) to cash terms. It allows for pay and price increases across the services as a whole. It does not make separate provision for the pay of individual groups.

4. There are two points related to this which the Government hopes the Review Body will take into account in reaching its recommendations. First, if any individual item in the health service budget - and this includes the pay bill of any particular group - increases faster than provided for in the cash limit, this will have to be offset by cuts in other elements of the Budget - which could imply an undesirable reduction in the planned quality or quantity of service, loss of jobs or lower pay increases for other groups. Second, in the light of this, the view of NHS management, which has been endorsed by the Secretaries of State, is that there would be severe difficulties over recommendations in relation to doctors and dentists which envisaged pay bill increases greater than those which the cash limit makes possible for NHS staff generally, including those who work in close conjunction with doctors and dentists. A pay settlement of this nature would necessarily imply corresponding reductions in the pay settlements of other groups of NHS staffs. Should a position of this nature arise, it would in current circumstances introduce a divisive element into health service industrial relations which would be in

the interest neither of the health service nor, in the long run, of the medical and dental professions themselves.

5. The Chancellor of the Exchequer made clear on 24 November 1980 that the Government thinks it desirable for the future to avoid the delay or staging of pay awards and will avoid it where it is itself the employer. The Treasury and Civil Service Committee have taken the same view in their Fifth Report (Session 1979-80). Staging in some cases in the past has resulted in a higher rate of pay being carried forward into subsequent years than would otherwise have been consistent with the cash limit, so eroding the effectiveness of the cash limit system. Where in future a public services employer does delay or stage an award, the relevant cash limits for the subsequent year will not allow for the element of the award made compatible with the cash limit only through delay or staging.

6. The Family Practitioner Services are - in common with other "demand-determined" services - not subject to a cash limit. But the need for restraint in cost increases, including pay settlements, is no less here than in the other parts of the NHS.

7. Finally, as noted in paragraph A9 of the earlier evidence, the Government considers that at a time of high unemployment, and widespread plant closures and redundancies in the private sector, it would be appropriate for the Review Body to give substantial weight to the degree of job security enjoyed by the professions.

Number of Redundancy Payments made under The Redundancy Payments Act 1965 (Now incorporated in the Employment
 Discrepancy (Consolidation) Act 1972) and the Number of Government workers involved.

S.I.C. Order Number and Industries	Year ended 1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
I Agriculture, Forestry and Fishing	4,666	4,504	5,409	4,213	3,118	3,038	4,334	4,742	3,743	3,577	3,216
11 Mining and Quarrying	15,930	9,500	6,999	9,351	9,973	8,935	7,469	6,712	7,234	4,353	4,232
111 Food, Drink and Tobacco	8,600	12,117	16,972	12,759	10,107	10,416	14,498	12,379	10,674	16,167	12,176
IV Coal and Petroleum Products	3,666	680	783	1,008	1,629	430	755	1,067	743	570	614
V Chemicals and Allied Industries	7,341	5,942	10,061	9,697	5,352	3,235	7,043	6,605	5,138	5,217	5,716
VI Metal Manufacture	24,555	7,630	21,719	14,747	5,291	6,755	12,388	14,248	9,796	17,735	17,121
VII Mechanical Engineering	10,912	20,740	13,260	38,557	16,204	12,817	28,615	22,819	19,632	15,416	25,734
VIII Instrumental Engineering	4,559	2,923	4,462	4,565	1,968	1,609	3,529	2,707	2,040	2,512	1,761
IX Electrical Engineering	9,155	15,448	22,875	18,603	5,773	7,558	26,327	24,861	15,835	14,508	14,124
X Shipbuilding and Marine Engineering	5,664	4,033	4,696	7,077	3,323	2,873	2,248	4,659	4,008	5,045	8,209
XI Vehicles	5,165	15,173	28,253	16,546	7,318	9,410	31,538	20,619	6,906	8,795	11,823
XII Metal Goods not elsewhere specified	5,525	7,205	11,935	11,919	6,113	5,188	13,829	10,879	7,768	8,282	9,435
XIII Textiles	7,367	16,971	22,301	15,024	6,069	7,494	19,766	13,060	11,855	12,309	14,533
XIV Leather, Leather Goods and Fur	3,602	1,271	1,056	1,180	488	987	889	1,145	796	1,571	2,033
XV Clothing and Footwear	5,388	7,292	7,857	7,315	4,223	4,314	11,431	10,649	10,014	7,707	5,809
XVI Bricks, Pottery, Glass, Cement etc	5,484	8,322	8,011	6,796	3,372	5,665	11,533	6,116	5,010	3,837	4,300
XVII Timber, Furniture etc	20,233	7,570	6,205	4,612	2,623	5,868	7,250	6,126	6,043	4,717	3,847
XVIII Paper, Printing and Publishing	4,719	8,669	14,974	9,189	6,074	6,228	11,351	9,182	6,854	5,990	6,807
XIX Other Manufacturing Industries	9,191	5,626	9,221	6,904	3,843	3,326	9,303	5,227	3,583	5,546	8,292
XX Construction	31,734	42,392	39,147	27,296	18,706	24,654	43,224	47,721	52,625	36,426	29,622
XXI Gas, Electricity and Water	4,615	9,163	14,546	7,635	4,566	3,523	4,716	7,113	4,410	2,531	1,748
XXII Transport and Communication	7,018	11,001	14,909	15,352	9,688	8,207	13,531	15,715	12,441	10,227	10,477
XXIII Distributive Trades	19,822	26,427	27,280	23,922	18,949	18,601	25,900	30,590	28,852	30,246	28,555
XXIV Insurance, Banking, Finance & Business Services	1,573	2,875	5,524	4,260	3,624	3,960	7,403	5,871	5,408	5,214	3,416
XXV Professional and Scientific Services	1,449	3,116	4,520	3,107	2,512	2,390	4,124	4,951	5,068	5,001	4,207
XXVI Miscellaneous Services	7,130	15,836	15,077	11,672	9,896	11,226	14,100	15,702	14,886	13,466	12,624
XXVII Public Administration and Defence	600	824	1,351	930	601	1,358	920	1,800	3,587	3,494	2,131
TOTAL	235,613	273,550	367,856	293,526	174,355	180,125	338,654	311,647	265,229	252,593	252,275
Number of Government Employees	2,627	2,013	2,385	2,594	2,544	2,036	1,558	2,061	2,005	1,891	319
TOTAL	238,240	275,563	370,241	296,120	176,919	182,161	340,212	313,708	267,234	254,484	252,594

* Covers civil servants, NHS employees, union employees of the police & armed forces.

Top Copy:
Econ Pol, TSKB, L&A.

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PRIME MINISTER

Letters to Chairmen of Pay Review Bodies
(E(81) 4 - and the Lord Chancellor's minute
to you of 12th January)

BACKGROUND

It was agreed at the meeting on 16th December (E(80) 44th Meeting, Item 1) that the Government should adopt a three-pronged approach to try to persuade the Pay Review Bodies to produce more acceptable findings this year. This would involve meetings with the individual chairmen, to be followed up by letters, and also the submission of written Government evidence on the economic situation. The Committee was particularly anxious to have an opportunity to discuss the texts of the letters against the possibility of their publication. Drafts for the letters to the three different Review Bodies are attached to the paper. They may of course need some amendment before despatch to take account of the course of discussion at the meetings with the Chairmen.

2. You have decided to meet the Chairmen yourself at separate meetings, and to be accompanied by the Chancellor of the Exchequer on each occasion, together with the relevant Departmental Minister. The first meeting with Lord Plowden for the Top Salaries Review Body is on the 15th, and the others follow on about the 20th-21st January.

3. In this operation there is a difficult path to be trodden between saying enough to influence the bodies towards more moderate recommendations, while not appearing to question their independence of view. When you had lunch with the TSRB before Christmas, there were signs of a fairly robust approach on their part, and it will be important that the tone of the letter to them does not cause them to adopt a hard-line position. The DDRB and the AFPRB are also touchy and need careful handling.

4. The letters assume that the Government will wish to ask the TSRB and the DDRB to help in allocating a fixed sum of money, based on an average increase of about 6 per cent (or whatever other cash limit is adopted by E).

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This follows up a suggestion from your previous meeting with the TSRB, when they offered to allocate a fixed sum, if their original recommendation proved unacceptable. You may have to work harder to get the DDRB to undertake a similar task, though the remuneration package is complex and the help of the Review Body in deciding upon distribution would be of great value.

5. The AFPRB is to be asked, in fulfilment of the Government's commitment, to recommend up-to-date military salaries based on the levels of appropriate outside earnings - but to be mindful of the importance of not widening the transition to cover levels of inflation and of the relative job security enjoyed by members of the Armed Forces.

6. You may also want to use this meeting to obtain the Committee's view on whether they are prepared to see the Judiciary exempt from the pay cash limit constraint in the interest of maintaining quality (see the Lord Chancellor's minute to you of 12th January). This need not necessarily involve asking for a separate report on them - at any rate this time round - but it would be helpful if you could forewarn Lord Plowden of the Government's intention. It is a matter of choice whether any such decision needs to be referred to in your present letter; but I think that it would probably be better to deal with it separately.

HANDLING

7. You might ask the Chancellor of the Exchequer who will be involved in all the meetings, to introduce the draft letters, and then hear comments from colleagues, starting with the Departmental Ministers principally involved, the Lord President, the Secretary of State for Defence and the Secretary of State for Social Services.

CONCLUSION

8. You will want to seek approval to the general approach to be adopted in the letter with detailed drafting left for consideration with the Ministers primarily concerned - or in the Sub-Committee on Public Service Pay (E(PSP)) - when the meetings have taken place. You will also want to record a specific conclusion in favour of publication of the letters at some suitable time (with tactical handling reserved for you). You may also wish to record a conclusion on the pay of the Judiciary.

ROBERT ARMSTRONG

(Robert Armstrong)

13th January 1981

Nat Health

DOCTORS' AND DENTISTS' REVIEW BODY REPORT: PAY INCREASES 1980/81 FOR
NHS DOCTORS AND DENTISTS

BRIEFING FOR GOVERNMENT MINISTERS

1. The Prime Minister announced on Monday 19 May the Government's decision to accept the Tenth Report of the Doctors' and Dentists' Review Body (Cmnd 7903). A copy of her Written Answer and the DHSS Press Release, giving details of the increases, are attached. Further background briefing is set out below.

(a) The Doctors' and Dentists' Review Body

2. This is an independent body which, since the early sixties, has recommended appropriate levels of remuneration for NHS doctors and dentists, having regard to the earnings of other professions and comparable groups. Successive Governments have pledged themselves to implement their recommendations except where there were "clear and compelling reasons" not to do so; their reports have almost invariably been accepted in the past (and always accepted by Conservative Governments).

(b) Specific Commitments to Implement this year's award

3. In 1978 the Review Body pointed out that the pay of doctors and dentists in the NHS had been falling seriously behind that of other comparable groups since 1975. This was the result of the last Government's pay policies. They regarded it as essential to the wellbeing of the NHS that this was put right as soon as possible. The Labour Government committed itself to bringing doctors' and dentists' pay fully up to date by 1 April 1980. The Conservatives in Opposition gave a similar commitment which they repeated on their return to office. The Government's decision to implement this year's award honours that undertaking.

(c) Size of the Increase

4. The increases given fall into two halves:

(i) the increase (10.7%) necessary to bring doctors' and dentists' existing salaries to the level they should have been a year ago if their pay had been brought up to date then;

(ii) the further increase (18.7%) necessary to bring it up to date at 1 April 1980.

So a considerable part represents deferred payments. Over the years doctors and dentists have foregone thousands of pounds because their pay had fallen behind and this is lost forever [the BMA recently estimated for example that a gp had lost about £8600 in present day values since 1975 and the figures for consultants are probably higher]. No element of retrospection is involved as with some of the Clegg Commission Reports (see (d) below). The doctors and dentists have had to wait longer than other NHS groups whose pay has been staged.

(d) Impact on Other NHS Groups

5. This award is in some ways analogous to other pay increases to NHS staff resulting from reports from the Clegg Commission on Pay Comparability (nurses, professions supplementary to medicine, ancillary staff and ambulance staff), implemented since the Government came to office, honouring commitments of the Labour Government. These awards were, however, all implemented during the last pay round and aimed to bring staff up to the right level of pay for 1979. The Review Body award relates specifically to the commitment to bring doctors and dentists up to the right 1980 level. Other NHS staff in 1980 will be expected to settle at levels in line with the overall 14% cash limit - there are no other groups with comparable outstanding pay commitments which would justify increases in excess of 14%.

6. Complaints about the size of the increases for doctors and dentists have come most strongly from the nurses' unions and professional bodies. The nurses have still to settle in the current round and negotiations are at an advanced stage. But nurses have benefited from a special Clegg award last year. Comparisons with other groups are difficult, but, when account is taken of changes in conditions of service for nurses eg higher special duty payments and shorter hours, then assuming a settlement this year for nurses around 14%, in wage bill terms their increases will be comparable to doctors and dentists. Since April 1, 1978, the pay bill for doctors and dentists will have increased by 66 per cent. If the current negotiations with the nurses and midwives result in a settlement of 14 per cent, their pay bill will have increased by 65½ per cent over the same period.

(e) Cash Limits

7. The NHS cash limit included full allowance for the deferred payment (10.7%) necessary to bring doctors' and dentists' pay up to 1979 levels, as well as allowing for pay settlements generally in the NHS of 14%, and realistic provision for price increases the doctors' and dentists' increase of 13.7% exceeds that general level. However, the cash limit must be regarded as a global sum and its adequacy viewed as a whole. Given responsible wage bargaining elsewhere in the NHS for all outstanding

settlements, the cash limit should be adequate, especially when allowance is made for the financial gains from increased efficiency in the NHS. [The family practitioner services (family doctors and dentists) are not cash limited. The cost of the Review Body recommendations will require a Supplementary Estimate in due course to meet the excess cost over the provision made in the 1980/81 Estimates]

(f) Implications for other Review Body Reports

The Top Salaries Review Body Report on nationalised industry members, senior Civil Servants and senior ranks of the Armed Forces and the judiciary has not yet been received. These groups have not received the same undertaking to fully-up-to-date pay at 1 April 1980. The Report will be considered on its merits, as also will be the Report on MPs' and Ministers' pay. Both are expected shortly.

Paymaster General's Office

23 May 1980

CONFIDENTIAL

National Health

*b/f and way
for Hansard.*

cc	D/M	NIO
	CSD	SO
	CSO	WO
	PGO	CDLO
		CO

16 May 1980 *Be Ingham*Doctors' and Dentists' Review Body Report - Publication

Thank you for your letter of 14 May.

The Prime Minister has agreed that the Review Body's Report should be published on Monday, and she has approved the attached, slightly amended Written Answer and Press Notice.

I am writing to Sir Robert Clark warning him that the Report will be published on Monday as you suggest.

I am sending copies of this letter and enclosure to Richard Dykes (Department of Employment), Geoffrey Green (Civil Service Department), Alastair Pirie (Chief Secretary's Office), Richard Prescott (Paymaster General's Office), Roy Harrington (Northern Ireland Office), Godfrey Robson (Scottish Office), John Craig (Welsh Office), John Stevens (Office of the Chancellor of the Duchy of Lancaster) and David Wright (Cabinet Office).

T P LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

*ABD***CONFIDENTIAL**

FILE

VLB

cc DHSS ✓

16 May 1980

The Prime Minister has asked me to tell you that she expects to announce in the House on Monday, 19 May, the Government's response to the Doctors' and Dentists' Review Body Report and the arrangements for its publication.

T P LANKESTER

Sir Robert Clark, DSC.

VLB



PRIME MINISTER

I would be grateful if you would approve the attached Written Answer which will go out under your name on Monday on doctors' and dentists' pay, and also the draft press notice. This has been approved by Mr. Jenkin, and we have made one or two drafting improvements.

Content?

Yes *aw*
n

15 May 1980

15/5/80

CONFIDENTIAL

PARLIAMENTARY WRITTEN ANSWER ANNOUNCING PUBLICATION OF THE DDRB'S TENTH REPORT

Question: To ask the Prime Minister, when she will publish the Report of the Doctors' and Dentists' Review Body; and whether she will make a statement concerning the Government's response.

Answer: The Tenth Report (1980) of the Review Body on Doctors' and Dentists' Remuneration is published today as Command 7903.

I am grateful to the Review Body, under its new Chairman, Sir Robert Clark, for completing the task begun in 1978 of bringing doctors' and dentists' pay fully up to date by 1980. Our predecessors were committed to that objective and we undertook to honour that commitment.

The Review Body's recommendations this year comprise two elements: i) the increase necessary to bring the remuneration of doctors and dentists into the proper relationship with those of other professions and comparable groups at 1 April 1979, and ii) the further increase necessary to take account of developments since then. A considerable part of the total increase this year is therefore a deferred payment.

The Government is ready to accept the Review Body's recommendations.

MS

15/5/80.

DRAFT PRESS NOTICE

REVIEW BODY COMPLETES UPDATING OF DOCTORS' AND DENTISTS' PAY

The independent Review Body on Doctors' and Dentists' Remuneration in its Tenth Report* published today as a Command paper recommends the third and final stage needed to bring doctors' and dentists' pay fully up to date.

In 1978 the Review Body pointed out that the pay of doctors and dentists in the NHS had fallen seriously behind that of other comparable groups. The increases it considered appropriate were staged on the understanding that doctors and dentists would have their pay brought fully up to date by 1 April 1980. Both this Government and their predecessors were committed to this objective.

Last year doctors' and dentists' pay was brought half way to fully up to date levels. The Review Body's 1980 Report completes the process.

It makes two recommendations: i) an increase of 10.7 per cent on average to bring doctors and dentists into the proper relationship with the earnings of other professions and comparable groups at 1 April 1979; and ii) a further increase, averaging 18.7 per cent, to take account of developments since then.

A considerable part of this year's increase therefore represents deferred payment. None of the catching-up payments are retrospective beyond 1 April 1980.

As from 1 April 1980 the basic salary of a House Officer (the most junior grade of hospital doctor) will be from £5,400 to £6,100 and that of a consultant between £15,510 and £19,870. The target average net remuneration (ie after deducting practice expenses) for general medical practitioners will become £16,290 and a general dental practitioner's target average net income will be £14,675 (detailed rates are appended).

/The

The Review Body estimate that the effect of their recommendations to bring remuneration up to date at 1 April 1980 will add £206 million to the pay bill for NHS doctors and dentists, in addition to the cost of implementing the 1 April 1979 fully up to date level (£106 million), and the cost of contractual changes for consultants agreed between the Government and the profession which were introduced on 1 January 1980. The cash limit is expected to be adequate, especially when allowance is made for savings through greater efficiency in the NHS.

The Government is ready to accept the Review Body's recommendations; a copy of the Prime Minister's statement in the House today is attached.

DETAILS OF SOME OF THE RECOMMENDED INCREASES IN PAY

		Rates in force at 31 March 1980	Fully up to date rates appropriate to 1 April 1979	Recommended rates payable from 1 April 1980
<u>Hospital doctors and dentists (main grades) (Basic salaries only)</u>				
		£	£	£
House Officer	Min	4164	4494	5400
	Max	4710	5082	6100
Senior House Officer	Min	5175	5580	6700
	Max	5829	6336	7600
Registrar	Min	5829	6336	7600
	Max	7086	7698	9260
Senior Registrar	Min	6720	7290	8770
	Max	8550	9330	11220
Consultants	Min	11859	13050	15510
	Max	15279	17034	19870
Medical Assistants and Assistant Dental Surgeons	Min	7233	7866	9450
	Max	11859	13050	15510
<u>Family Practitioner Services</u>				
General Medical Practitioners (in- tended average net remuneration)		12327	13695	16290
General Dental Practitioners (tar- get sverage net income)		11128	12368	14675
Ophthalmic Medical Practitioners (net re- muneration element of sight test fee)		£2.63	£2.91	£3.42

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A Bingham

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Tim Lankaster Esq
Private Secretary
Prime Minister's Office
10 Downing Street
LONDON SW1

14 May 1980

Dear Tim,

DOCTORS' AND DENTISTS' REVIEW BODY REPORT - PUBLICATION

E Committee decided on 7 April that the Government should implement the Doctors' and Dentists' Review Body Report for 1980/81 submitted to the Prime Minister by the Chairman of the Review Body in April. My Secretary of State was asked to clear a Parliamentary Answer announcing that decision with the Secretaries of State for Employment, Scotland and Wales, the Minister of State, CSD, and the Chief Secretary, Treasury and then to submit it to the Prime Minister with advice on when it should be given.

There has been discussion between Number 10, the Paymaster General's Office and our Department about publication. The outcome is that the earliest suitable date appears to be Monday 19 May at 2.30 pm. My Secretary of State recommends publication on that date.

The usual procedure is for the Prime Minister's Written Answer to be relatively brief, with more detail being given in a Press Notice issued from here. I attach drafts accordingly, cleared at official level with the Departments concerned. Both the Answer and the Press Notice reflect the conclusion in E Committee that a considerable part of the increases completes a staging process accepted by the last Government and is thus a carry over from previous rounds.

I think it would be a helpful courtesy if you could also write on the Prime Minister's behalf to the Chairman of the Review Body, Sir Robert Clark, giving him advance notice of the Government's decision. A copy of a letter for that purpose is also appended.

Geoffrey Green (CSD)

I am copying this letter to Richard Dykes (Employment), Alastair Pirie (Chief Secretary's Office), Richard Prescott (Paymaster General's Office), Roy Harrington (N Ireland), Geoffrey Robson (Scottish Office), George Craig (Welsh Office), John Stevens (Office of the Duchy of Lancaster) and David Wright (Cabinet Office).

Yours sincerely

D

D BRERETON

CONFIDENTIAL

DRAFT LETTER TO SIR ROBERT CLARK

The Prime Minister has asked me to tell you that she expects to announce in the House on Monday 19 May, the Government's response to the Doctors' and Dentists' Review Body Report and the arrangements for its publication.

MB

CONFIDENTIAL

PARLIAMENTARY WRITTEN ANSWER ANNOUNCING PUBLICATION OF THE DDRB'S TENTH REPORT

Question: To ask the Prime Minister, when she will publish the Report of the Doctors' and Dentists' Review Body; and whether she will make a statement concerning the Government's response.

Answer: The Tenth Report (1980) of the Review Body on Doctors' and Dentists' Remuneration is published today as Command 7903.

I am grateful to the Review Body, under its new Chairman, Sir Robert Clark, for completing the task begun in 1978 of bringing doctors' and dentists' pay fully up to date by 1980. Our predecessors were committed to that objective and we undertook to honour that commitment.

The Review Body's recommendations this year comprise ^(the elements: i) the increase necessary to bring the remuneration of doctors and dentists into the proper relationship with those of other professions and comparable groups at 1 April 1979, ⁱⁱ⁾ and the further increase necessary to take account of developments since then. So ~~A~~ a considerable part of the total increase this year is ^{therefor} a deferred payment.

The Government is ready to accept the Review Body's recommendations.

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DRAFT PRESS NOTICE

REVIEW BODY COMPLETES UPDATING OF DOCTORS' AND DENTISTS' PAY

The independent Review Body on Doctors' and Dentists' Remuneration in its Tenth Report* published today as a Command paper recommends the third and final stage needed to bring doctors' and dentists' pay fully up to date.

It 1978 the Review Body pointed out that the pay of doctors and dentists in the NHS had fallen seriously behind that of other comparable groups. The increases it considered appropriate were staged on the understanding that doctors and dentists would have their pay brought fully up to date by 1 April 1980. Both this Government and their predecessors were committed to this objective. // Last year doctors' and dentists' pay was brought half way to fully up to date levels. The Review Body's 1980 Report completes the process. // It ^{makes two recommendations: i)} recommends an increase of 10.7 per cent on average to bring doctors and dentists into the proper relationship with the earnings of other professions and comparable groups at 1 April 1979; and ⁱⁱ⁾ a further increase, averaging 18.7 per cent, to take account of developments since then. So // A considerable part of this year's increase ^{target} represents deferred payment. None of the catching-up payments are retrospective beyond 1 April 1980. [~~The effect of the 3-phase staging since 1978 has therefore been a substantial loss of income which will never be made up.~~]

As from 1 April 1980 the basic salary of a House Officer (the most junior grade of hospital doctor) will be from £5,400 to £6,100 and that of a consultant between £15,510 and £19,870. The ^{target} intended average net remuneration ^(ie after deducting practice expenses) for general medical practitioners will become £16,290 and a general dental practitioner's target average net income will be £14,675 (detailed rates are appended).

The Review Body estimate that the effect of their recommendations to bring remuneration up to date at 1 April 1980 will add £206 million to the pay bill for NHS doctors and dentists, ^{in addition to} ~~over and above~~ the cost of implementing the 1 April 1979 fully up to date level (£106 million), and the cost of contractual changes for consultants agreed between the Government and the profession which were introduced on 1 January 1980. ^{The cash limit is expected to be adequate, especially when allowance is made for savings through greater efficiency in the NHS.} ~~The increase can be paid without increasing the cash limits already set.~~

The Government is ready to accept the Review Body's recommendations; a copy of the Prime Minister's statement in the House today is attached.



Nat Health

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
 EILEEN HOUSE
 80-94 NEWINGTON CAUSEWAY LONDON SE1 6EF
 TELEX 883669 TELEPHONE 01-407-6522 EXT 703 6380 Ext 3731

Your reference
 Our reference

CONFIDENTIAL

Paul Rayner Esq
 HM Treasury
 Parliament Street
 London SW1

✓ Mr Lytton *MBOM*

12 May 1980

Dear *Paul*,

DDRB REPORT - PUBLICATION

As you will know Ministers agreed last week in E Committee that the Government should accept and implement in full the Doctors' and Dentists' Review Body Report for 1980/81. They thought it important to emphasise publicly that a considerable part of the total increase was to complete a staging process recommended and accepted by the last Government and was thus a carry over from previous rounds. My Secretary of State was asked to clear a written Parliamentary Answer with the Secretaries of State for Scotland and Wales, and Employment, the Chief Secretary, Treasury and the Minister of State, Civil Service Department, taking account of the discussion and then to submit it to the Prime Minister, with his advice on when it should be given.

I attach a draft Parliamentary Answer, and also a draft press notice which, following usual practice, we would issue from here, together with a copy of the Answer. I have followed usual practice in keeping the Answer relatively brief and putting more into the Press Notice. But - without actually giving figures - it does cover the points made in E Committee to which I have referred.

We will of course be giving our Press Office more detailed briefing, and will be covering ~~their~~ advice on handling questions related to cash limits.

I would be glad to have any comments - by telephone if more convenient - by mid-afternoon Tuesday 13 May so that my Secretary of State can submit the Answer to the Prime Minister tomorrow evening. We are aiming at publication on Friday 16 May.

Copies of this letter go to Kate Jenkins (D Emp), Nigel Swales (CSD), Margaret Maclean (SHHD), J A Morgan (WO), Richard Prescott (Pay Master General's Office), Tim Lankester (No 10), and Bob Niven (OME).

Yours sincerely

Chiverton

C H WILSON

*now planned
for Thursday*

TL

cc (internal)
 Mr Cashman
 Mr D Fawell
 Mr Just

1375

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DRAFT PRESS NOTICE

REVIEW BODY COMPLETES UPDATING OF DOCTORS' AND DENTISTS' PAY

The independent Review Body in its Tenth Report* published today as a Command paper recommends the third and final stage needed to bring doctors' and dentists' pay fully up to date.

In 1978 the Review Body pointed out that the pay of doctors and dentists in the NHS had fallen seriously behind that of other comparable groups. The increases it recommended were staged on the understanding that doctors and dentists would have their pay brought fully up to date by 1 April 1980. Both this Government and their predecessors were committed to this staging. Last year their pay was brought half way to that target. The Review Body's 1980 Report completes the process. It recommends an increase of 10.7% on average, to bring doctors and dentists into line with what comparable groups were earning last year, and a further increase, averaging 18.7%, to take account of the movement in comparable earnings since then. So a considerable part of this year's increase represents deferred payment from last year.

A junior hospital doctor, a House Officer, would be paid, from 1 April 1980, between £5,400 and £6,100 on basic salary, a consultant between £15,510 and £19,870, the intended average net remuneration for general medical practitioners would become £16,290 and a dentist's target average net income would be £14,675 (detailed rates are appended).

The Review Body estimate that the effect of their recommendations to bring remuneration up to date at 1 April 1980 will add £206 million to the pay bill for NHS doctors and dentists, over and above the cost of implementing the 1 April 1979 fully up to date levels (£106 million), and the cost of contractual changes for consultants agreed between the Government and the profession which were introduced on 1 January 1980.

The Government is ready to accept the Review Body's recommendations; a copy of the Prime Minister's statement in the House today is attached.

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FIRST DRAFT

PARLIAMENTARY WRITTEN ANSWER

Announcing Publication of the DDRB's Tenth Report

Question: To ask the Prime Minister, when she will publish the Report of the DDRB; and whether she will make a statement concerning the Government's response.

Answer: The Tenth Report (1980) of the Review Body on Doctors' and Dentists' Remuneration is published today as Command 7903.

I am grateful to the Review Body, under its new Chairman, Sir Robert Clark, for completing the task begun in 1978 of bringing doctors' and dentists' pay fully up to date by 1980, an objective to which this Government and our predecessors were committed.

The Review Body's recommendations this year cover both the third and final stage needed to bring their remuneration fully into line with what comparable groups were earning last year and the increase necessary to maintain this parity. A considerable part of the total increase this year is accordingly a deferred payment from last year.

The Government is ready to accept the Review Body's recommendations.

DETAILS OF INCREASES IN PAY RECOMMENDED

		Rates in force at 31 March 1980	Fully up to date scales appropriate to 1 April 1979	Fully up to date scales appropriate to 1 April 1980
<u>Hospital doctors and dentists</u> (main grades) (Basic salaries only)				
		£	£	£
House Officer	Min	4164	4494	5400
	Max	4710	5082	6100
Senior House Officer	Min	5175	5580	6700
	Max	5829	6336	7600
Registrar	Min	5829	6336	7600
	Max	7086	7698	9260
Senior Registrar	Min	6720	7290	8770
	Max	8550	9330	11220
Consultants	Min	11859	13050	15510
	Max	15279	17034	19870
Medical Assistants and Assistant Dental Surgeons	Min	7233	7866	9450
	Max	11859	13050	15510
<u>Family Practitioner Service</u>				
General Medical Practitioners (average net remuneration)		12327	13695	16290
General Dental Practitioners (average net remuneration)		11128	12368	14675
Ophthalmic Medical Practitioners (net remuneration element of sight test fee)		£2.63	£2.91	£3.42

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*See Whitmore
NHS Health*

HOME SECRETARY

Report of the Doctors and Dentists Review Body
(E(80) 37 and 39)

BACKGROUND

E(80) 37, by the Secretaries of State for Social Services, Scotland and Wales, recommends acceptance of the proposals in the Report of the Doctors and Dentists Review Body (DDRB). In E(80) 39, the Minister of State, Civil Service Department supports that recommendation but points out the implications for decisions on the two Reports due in June from the Top Salaries Review Body (TSRB).

2. The Report of the DDRB was sent to the Prime Minister on 21st April. Largely as a result of the previous Government's pay policy, the pay of National Health Service doctors and dentists has fallen behind that of comparable groups since 1975. Following the 1978 DDRB Report, the objective has been to bring them back into line in three stages to be completed in April 1980. With this objective in mind the proposals in the present Report are for average increases, to take effect from 1st April 1980, of:-

- (i) 10.7 per cent to bring earnings in line with those of comparable groups at April 1979 and so complete the staging process; and
- (ii) a further 18.7 per cent to up-date those April 1979 earnings to April 1980 levels.

3. Both in Opposition and shortly after the Election the present Government endorsed the previous Government's commitment to bring pay fully up to date by April 1980. However, when E discussed the 1979 DDRB Report on 1st June 1979 (E(79) 2nd Meeting, Item 3) and agreed that the staging needed to achieve April 1979 rates by 1st April 1980 should be completed on time, they also agreed that no new commitment should be given then about the further up-dating of pay in 1980 to 1980 levels (that is, to the second part of the present proposals). This was to avoid setting a precedent for dealing

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with comparable recommendations from the TSRB. E's reservation was not, however, made public, and the doctors and dentists themselves undoubtedly expect that the present proposals will be implemented in full.

4. The TSRB Report on the Senior Civil Service, the Senior Armed Forces, the Judiciary and the Nationalised Industry Board Members will be completed in the second half of June. Like the doctors and dentists, the pay of these groups is being increased in three stages from 1978 to 1980 to achieve the rates recommended last year as appropriate at 1st April 1979. Their position differs from that of the doctors and dentists in that it has been publicly stated that there is no commitment to full up-dating in 1980. A Press Notice of 5th June 1979 stated that 'No decision has been taken on the Review Body's further recommendation that the full rates applicable to 1st April 1980 should be further adjusted next year to take account of developments in the intervening period'. As the Minister of State, Civil Service Department, points out, however, these groups will be watching closely what the Government decides on the DDRB recommendations for up-dating (and they will of course also be watching what happens to the later recommendations on MP's pay).

5. There will be a second TSRB Report in June on MPs and Ministers. MP's pay is being increased in three stages from June 1979 to June 1981. No public commitment has been given to up-date Ministers' pay, but in a Written Answer on 9th July, 1979, the Chancellor of the Duchy of Lancaster said of MP's pay that 'The June 1980 increase will be further up-dated, in a manner analogous to that adopted for other Review Body Groups'. While this statement gives some theoretical flexibility - e.g. MP's could be denied full uprating if other Review Body Groups are also held back - in practice the Government has little choice but to pay up because MPs undoubtedly expect that the 1980 Report will be implemented in full.

6. The Prime Minister announced on 29th April (WA, Hansard, Col. 414) that the recommendations of the Armed Forces Pay Review Body (Brigadiers and below) for pay at 1980 levels would be accepted in full. It could, if necessary, be argued that the Armed Forces are 'different'; but if fully up to date pay scales are also introduced for doctors and dentists, the Government

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will be left with little or no scope for manoeuvre on the two TSRB Groups. Mr. Channon's paper is really designed to ensure that colleagues take their present decisions with a clear view of these implications.

HANDLING

7. You will wish to ask the Secretary of State for Social Services to introduce the paper. As it is also in the names of the Scottish and Welsh Secretaries they may want to say something too. You might then ask the Minister of State, Civil Service Department, to speak to his paper on the repercussions. The Chief Secretary will wish to comment on the implications for cash limits.

8. The main points to establish in discussion are:-

(a) Are the costs of the DDRB recommendations acceptable in cash limit terms?

Subject to confirmation by the Chief Secretary, the answer appears to be yes. The increases are in line with what had been expected. When the cash limit was set it was assumed that increases over 14 per cent could be off-set by other savings; and this remains the position. The family practitioner service - GPs and dentists - is not cash limited, because expenditure is regarded as demand-determined. But again the increases are in line with what was assumed in Treasury forecasts.

(b) Are the repercussions acceptable?

If the DDRB recommendations are accepted in full, it does not follow automatically that the TSRB groups must be treated in the same way. But it will undoubtedly reinforce the expectation - already strong - that they will be. There are, however, two points of difficulty:-

(i) The implementation of PRU increases for the generality of Civil Servants this year was delayed by five weeks to 7th May to keep within cash limits. There is a case for imposing a similar delay at least for the senior civil servants covered by the TSRB Report. It is not necessary to take a decision on this, or

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indeed on other details of the TSRB Reports now, but you may wish to get it on record that the point remains open.

- (ii) Events may be overtaking the awaited TSRB recommendations on nationalised industry Chairmen and Board Members. The scale of payment involved in securing the services of Mr. MacGregor for the British Steel Corporation - and the flexibility being sought by Sir Keith Joseph under Item 2 of the agenda for the new Chairman of Telecommunications - suggest that the TSRB system may be breaking down at least as far as the nationalised industries are concerned. But this specific problem can be isolated from the immediate question of the doctors and dentists and from the generality of groups covered by the TSRB. Depending on the course of discussion you may want to make this clear.

- (c) Should a decision on the DDRB Report be deferred so that decisions on it could be taken at the same time as those on the TSRB Report?

There is no formal requirement on the Government to reply within a particular time-scale to the DDRB. On the other hand the doctors and dentists regard a period of three weeks as the normal for a decision to be taken. The report also points out that even with back-dating to 1st April it is unsatisfactory if payments are held back for too long since no interest is paid on the sums deferred. To delay a decision from 21st April to late June, when decisions should be taken on the TSRB reports, would be possible, but it would be likely to cause a major row with the profession and probably whip up uncertainty among the TSRB groups.

- (d) What arrangements should be made for a Statement on the DDRB?

If the Committee agree that the DDRB Report should be accepted the Prime Minister will no doubt wish to make a statement herself - the DDRB reports to her and not to the Secretary of State. It normally takes the form of a Written Answer, and it would be for the Secretary of State for Social Services to agree the terms with colleagues and the timing with the Prime Minister.

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10. In the light of discussion of these points the Committee might be guided to reach the following conclusions:-

Either:

- (a) To accept the recommendations of the DDRB's Report for immediate implementation, recognising that this will be seen as an important precedent for the TSRB groups.

Or:

- (b) to defer a decision until the TSRB Reports are available in June; and

In either case:

- (c) to invite the Secretary of State for Social Services to let the Prime Minister have a draft Written Answer cleared with the Secretaries of State for Scotland and Wales and with the Chief Secretary for early use (the precise timing to be agreed with the Prime Minister).

ROBERT ARMSTRONG
(Robert Armstrong)

6th May 1980

C. DSS SO HS
CSD WO
CO Dep.
HAT

28 April 1980 Nat Health

Dear Sir Robert,

Thank you for your letter of 21 April with which you enclosed the Tenth Report of the Review Body on Doctors' and Dentists' Remuneration.

I am most grateful to you and to your colleagues for all the work put into producing the report. The Government will be considering its recommendations urgently and we will be in touch with you again when we have taken decisions on the arrangements for publishing it.

Yours sincerely,

MT

Sir Robert Clark, D.S.C.

our



10 DOWNING STREET

PRIME MINISTER

I attach a draft letter for you to send to the Chairman of the Review Body on Doctors' and Dentists' pay, thanking them for their latest report.

12

25 April 1980

Original filed
~~Not Health (TSRB)~~
Defence (AFPRB)

Ref A 02043

MR WHITMORE

The Reports of the relevant Review Bodies on the pay of the Armed Forces and Doctors and Dentists have already been received; the Report of the TSRB on top salaries generally (Civil Servants, senior officers in the Armed Forces, Judges and National Industries Board members) is expected in June; and the further TSRB on MPs' pay is also expected in that month. We discussed these Reports this morning and Cabinet Office officials have been considering with Departments the way in which these Reports are to be handled, given the degree of inter-linking between them. The position is as follows -

a. The Government is committed to accept the Report of the AFPRB (the statement last year said that: "Having thus fulfilled its undertaking by restoring the pay of servicemen to the levels of their counterparts, it is the Government's intention to maintain it thereafter at those levels"). Mr Pym is anxious to announce the Government's acceptance of the new recommendations - which would apply to forces' pay from 1 April 1980 - before the Defence debate is concluded on Tuesday next. For this purpose he proposes an announcement by way of written answer on Tuesday. (He would prefer the answer to be in the Prime Ministers name). The form of words of this announcement has we understand been agreed between Defence and the Treasury to take account of the cash limit point. Mr Pym will minute the Prime Minister tonight seeking agreement to this procedure.

b. The Doctors and Dentists Report - also operative from 1 April 1980 - presents a slightly different problem. The Government deliberately avoided a commitment to updating in its public announcements last year though we understand that, insofar as they relate to cash limited expenditure, the Report's recommendations can be accommodated within the agreed cash limit

for the NHS (The pay of GP's and Dentists falls outside the cash limited area). The intention here is that Mr Jenkin will put a paper to E Committee towards the end of next week (which can if necessary be conveniently discussed at the meeting arranged for 7 May). In it he will recommend acceptance and immediate implementation of the Report. (Despite the Government's care last year to avoid a commitment to implement this year's Report, there are pre-Election statements on record which support Mr Jenkin's proposal.) At the same time Mr Channon will be advised by his officials to put a short paper to the same E meeting looking ahead to the two TSRB Reports so that the consequences for them of the Government's decisions on the DDRB Report will be in colleagues' minds.

c. The Government has rather greater freedom on handling the TSRB Report on Civil Servants etc. The Press announcement issued last year when the previous Report on these issues was published said explicitly: "No decision has been taken on the Review Body's recommendation that the full rates applicable to 1 April 1980 should be further adjusted next year to take account of adjustments in the intervening period." Colleagues will have to decide, when the Report is available, on the extent, if any, to which they wish to make use of last year's disclaimer to impose different treatment on these groups. The CSD in particular are considering whether, given that the implementation of PRU for the generality of Civil Servants this year was delayed by 5 weeks to keep within cash limits, they should recommend the imposition of a similar delay for the Civil Servants covered by the TSRB Report. If so, and there are strong management arguments to support such a course, it may nevertheless be necessary to let some of the other TSRB groups (eg senior service officers) enjoy full implementation on the due date of 1 April. These matters need not be decided now but Ministers will need to be aware that it may not be possible to maintain complete consistency of treatment as between all of the Review Body Groups over the months ahead.

d. The problem of consistency of treatment may also arise with MPs' pay. Mr St John Stevas said in the House on 9 July last: "The June 1980 increase [ie for MPs] will be further updated, in a manner analogous to that adopted for other Review Body groups". If the pay increase for senior Civil Servants is to be held back for 5 weeks it might be open to the Government to impose a similar delay on Members of Parliament - though the precedents to be set for other Review Body groups could be argued against delay. Again there is no need for Ministers to decide this question in advance of receipt of the relevant Report but it is right that the point should be on the table when the earlier decisions are taken on 7 May.

ROBERT ARMSTRONG

25 April 1980



DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

*SK - Mr
Hym attached
+ bullet d...
I attach a
draft letter for
24 April 1980 w to
send to the
Chairman of the
review body on
doctors and dentists
pay, looking
him to him
for their latest
report*

N Sanders Esq
Private Secretary
10 Downing Street
LONDON
SW1

Dear Nick,

REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

Thank you for your letter of 21 April.

I enclose a short draft letter for the Prime Minister to send to Sir Robert Clarke.

Comments on the Reports' conclusions, and advice on handling will follow, but will obviously depend in part, on whether the Report is taken at E Committee.

I am copying this letter to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), Godfrey Robson (Scottish Office), George Craig (Welsh Office), Geoffrey Green (Civil Service Department) and David Wright (Cabinet Office).

Yours sincerely

D Brereton
Private Secretary

ENC.

DRAFT LETTER TO SIR ROBERT CLARK

Thank you for your letter of 21 April with which you enclosed the Tenth Report of the Review Body on Doctors' and Dentists' Remuneration.

I am most grateful to you and to your colleagues for all the work put into producing the report. The Government will be considering its recommendations urgently and we will be in touch with you again when we have taken decisions on the arrangements for publishing it.

PRIME MINISTER

cc: Mr. Ingham
Mr. Alexander
Mr. Hoskyns

DOCTORS AND DENTISTS AND ARMED FORCES PAY

We have now received the reports of the Review Bodies on Doctors and Dentists and Armed Forces Pay.

Doctors and Dentists

You will remember that there is a final staging to be paid as from 1 April on the Review Body's 1978 recommendations. This amounts to 10.7 per cent on average. This is a belated "catching up" element. The new report recommends an average increase of 18.7 per cent to be paid on top of this - ranging from 16.5 to 20.5 per cent for different groups. In addition, it recommends a further 0.6 per cent increase in the pay bill in return for the changes in consultants contracts which were introduced in January. This comes to an increase in the total pay bill of 31 per cent.

We are of course getting advice on the handling of this report. DHSS tell me that they should be able to meet the increased bill from within the 14 per cent cash limit. This sounds surprising. However, they tell me that the Treasury agreed that the 14 per cent increase in cash limit should be calculated on a base which assumed that the final 10.7 per cent staging had already been paid last year. So in effect, as with the Civil Service, the cash provision in 1980/81 for non Civil Service pay in DHSS is a good deal higher than 14 per cent. I fear this is likely to be embarrassing when it comes out, as no doubt it will. On the other hand, to have limited the cash limit increase strictly to 14 per cent would have meant either not implementing this latest report or a large cut in the number of doctors and dentists.

Armed Forces

The average increase recommended here is 16.8 per cent - ranging from 14½ per cent to 20 per cent for different ranks. This is slightly lower than we were assuming in the cash limits discussion earlier this year. We have of course agreed that the MOD cash limit will be set so as to accommodate the Review Body's recommendations.

/ We will

We will get early advice on the handling of this report as well.

If you would like to see the reports, I will put them in the weekend box.

R.

22 April 1980

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

21 April 1980

B/F 25-4-80

WFF
C. H. H. Not fresh
DM
SS
M/S, (SD)
CO

Dear Don

Review Body on Doctors' and Dentists' Remuneration

The Prime Minister has today received the Tenth Report of the DDRB, under cover of the attached letter from the Chairman. I should be grateful if you could let me have as soon as possible a draft letter for the Prime Minister to send to Robert Clark thanking him for the report, together with your comments on its conclusions and advice on the handling of the report.

I am copying this letter for information to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), Godfrey Robson (Scottish Office), George Craig (Welsh Office), Geoffrey Green (Civil Service Department) and David Wright (Cabinet Office). No doubt copy addressees can obtain copies of the report itself as necessary from the Office of Manpower Economics.

Your ever

Nick Sades

Don Brereton Esq
Department of Health and Social Security.

CONFIDENTIAL



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

21 April 1980

Jean Prime Minister,

REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

attached to file

I enclose the Tenth Report of the Review Body on Doctors' and Dentists' Remuneration.

Our main aim on this occasion has been to complete the process begun in 1978, in the Eighth Report, of bringing remuneration fully up to date at 1 April 1980. Our recommendations subsume the levels of remuneration indicated in the Ninth Report last year as being fully up to date at 1 April 1979 although not implemented then. We realise of course that they come forward at a time when the Government is committed to limiting public expenditure. Nevertheless, their implementation in full, and with effect from 1 April 1980, will provide for the first time since 1 April 1975 what we judge to be the appropriate current reward for the work of doctors and dentists in the National Health Service.

*Yours sincerely
Robert Clark.*

ROBERT CLARK, CHAIRMAN,
REVIEW BODY ON DOCTORS'
AND DENTISTS' REMUNERATION

CONFIDENTIAL

Ref: A01884

Subject filed in Econ PA:
May 79. TSRB Reports

Nat Health
Prime Minister

CONFIDENTIAL

MR. LANKESTER

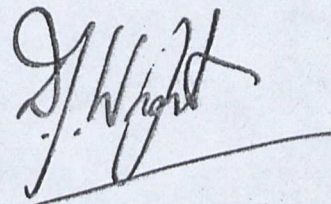
Review Body Reports

We have been checking on the likely timing of receipt of the various Review Body Reports which are currently in preparation. According to the Civil Service Department, we can expect the following:-

- (a) The Report on Doctors' and Dentists' within the next 2 weeks.
- (b) The Armed Forces Report at the end of April.
- (c) The Top Salaries Review Body Report in mid-June.
- (d) The Report on Ministers and MPs also in mid-June.

2. All of these times are more or less as expected except for the TSRB Report on top salaries (nationalised industries, Civil Servants, Judges, Generals, etc.) which until recently had been expected in April. I am told that the delay is probably due to problems over salaries in the nationalised industries.

3. Of the Reports, the Government is committed to more or less automatic implementation of those on the Armed Forces and on Members of Parliament. But it will of course be necessary to consider whether there is any need for staging of the implementation on awards, particularly in the light of whatever settlement is reached for the Civil Service in general. There is in addition a strong, but not inviolable, commitment to implement the Doctors' and Dentists' and TSRB Reports.



(D. J. Wright)

2nd April 1980

CONFIDENTIAL



Met Health

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

12th March 1980

Dear Sir,

M 12/3

DOCTORS' AND DENTISTS' REVIEW BODY -
CHANGES IN WORKING ARRANGEMENTS

The Chancellor has seen Don Brereton's letter to you of 6 March, and is content with what is proposed.

I am copying this letter to the recipients of Don Brereton's.

Yours ever
MA

M.A. HALL
(Private Secretary)

T.P. Lankester Esq.



10 DOWNING STREET

From the Private Secretary

11 March 1980

cc. HMT WO
D/M CSD
MOD. CO
SO

Not Health

The Prime Minister has read your letter of 6 March concerning certain proposed changes in the working arrangements of the Doctors and Dentists Review Body. The Prime Minister is content for your Secretary of State to respond to the professions on the lines proposed.

I am sending copies of this letter to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), Brian Norbury (Ministry of Defence), Godfrey Robson (Scottish Office), George Craig (Welsh Office), Geoffrey Green (Civil Service Department) and David Wright (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

VLS

writes CSD
admin.



Prime Minister

Agree Mr Tankin's
proposals?

(Mr Channon is
content).

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

Tim Lankester Esq
Private Secretary
10 Downing Street
London SW1

6 March 1980

Yesout R
6/3

Dear Tim,

DOCTORS' AND DENTISTS' REVIEW BODY - CHANGES IN WORKING ARRANGEMENTS

You will recall that the main report last year by the Doctors' and Dentists' Review Body (the Ninth Report) was not at all well received by the doctors because of the way it priced the new consultant contract, and that as a result the contract was rejected. The consultants' national representative committee (the Central Committee for Hospital Medical Services) passed a resolution urging the Government to enter into a discussion with them on how to achieve a Review Body system which would command the confidence of the profession. This disenchantment has to be seen also against the background of the decision of the junior doctors in 1978 to leave the Review Body system (though they accepted a pay award based on the Ninth Report's recommendations last year).

The professions subsequently put to Ministers a number of proposals for changes in the system which they agreed to consider, whilst reminding the professions that the Review Body was responsible to the Prime Minister and that decisions affecting it could not be taken without regard to the position of the Top Salaries Review Body (TSRB) and the Armed Forces Pay Review Body (AFPRB).

None of the proposals put to our Ministers strike at the principles of the Review Body system or require any fundamental change of approach either by the Review Body or by Ministers. The attachment to this letter sets out briefly what their proposals are, together with my Secretary of State's recommendations, which are endorsed by the Secretary of State for Wales and the Secretary of State for Scotland. Some present little problem. Ministers cannot accept all the others; but think it is worth going as far as they can, not so much because of the intrinsic benefit of what is proposed as because of the wider concern to maintain good relations with the professions and to try to ensure that they remain within the Review Body system. A positive response to the professions' proposals will not of itself get the juniors back into the fold; but it will help, and it will also help to reverse the very worrying loss of confidence in the system which was building up last year among the consultants.

The proposals attached have been agreed in detail at official level with the central departments. In addition, the informal views of all three Review Body chairmen have been sought, and none of the recommendations runs counter to the views they expressed.

E. R.

I would be glad to have your confirmation that the Prime Minister is content for my Secretary of State to respond to the professions as proposed.

Copies of this letter go to John Wiggins (HM Treasury), Richard Dykes (DE), Brian Norbury (MOD), Godfrey Robson (Scottish Office), George Craig (Welsh Office), Geoffrey Green (CSD) and to David Wright (Cabinet Office).

Yours ever
DM

D BRERETON
Private Secretary

The main proposals the professions put to Ministers were as follows:

- a. Independence The professions want a publishable statement from us about the independence of the Review Body.

The Secretary of State proposes to tell the professions that he can, of course, confirm that the Review Body remains, as it has always been in the past, free to recommend whatever levels of remuneration it considers to be appropriate and that for his part he will continue to accept and implement these recommendations unless there are clear and compelling reasons for not doing so. This goes no further than the commitment made by successive Governments and would not put the DDRB in any different position from the TSRB or AFPRB. It may well not be all the professions want, but the Secretary of State judges it better to repeat this undertaking rather than to refuse the professions' request altogether.

- b. Membership The professions want it to be made known publicly that they are consulted before members of the Review Body are appointed.

There has always been informal and confidential consultation with the professions' representatives. Ministers see no advantage to Government or indeed to the professions in making this publicly known. It is not done in respect of the other Review Bodies (or the Clegg Commission). The Secretary of State proposes to put it to the professions that it is not in their best interests to pursue this idea - which could prejudice their position when they are dissatisfied with a report as well as running the risk of giving others the idea that the Review Body lacks impartiality.

- c. Observers The professions want each side to be able to have an observer present when the other gives oral evidence.

Ministers have strong misgivings about this idea. It would impede the atmosphere of frank discussion and full confidentiality which these sessions should have. The Secretary of State proposes to tell the professions that it is for the Review Body to settle its own procedures, but that Ministers would be opposed to the change and understand that the Review Body themselves would find it unacceptable.

d. Publication and handling of reports The professions propose that:

- i. they should be told when the Prime Minister receives a report from the Review Body;
- ii. there should be a firm undertaking from Government on the timing of publication of reports;
- iii. they should see reports well enough in advance to be ready with their own comments.

On i. the Secretary of State recommends that we should agree to volunteer this information (which we would give anyway if a Parliamentary Question were asked). On ii. it is impracticable to guarantee a publication date and we should stick to the view that publication should not precede Government decisions; subject to that, the Secretary of State proposes to tell the professions that the aim will be to announce a decision and to publish within 4-6 weeks of receipt. (The present understanding is that the Government aim to respond within three weeks. Experience has shown that this is unrealistic, and therefore a source of irritation.) On iii., the Secretary of State sympathises with the professions' case and proposes to tell them that copies will in future normally be made available, on a strictly confidential basis, the day before publication. In the past they have often seen copies only a couple of hours or so before publication and this does cause them genuine problems.

e. Publication of Health Departments' Written Evidence The professions want us to publish our written evidence after the Review Body report has been published.

At present the parties exchange evidence on a confidential basis before the oral evidence stage. After the report has been published the professions publish a summary of their evidence and make the full version available on request. It is obviously right for the representatives of the doctors and dentists to want to disclose to their constituents the evidence that has been put in on their behalf. We, on the other hand, have no such need. It is arguable that if our evidence were published, there might be undesirable post mortems or arguments. Theoretically it might also inhibit us in the evidence we put on paper, though we doubt if in practice this would be a difficulty. If we were to agree to this proposal we would want to place responsibility for publication in full or in summary on the professions and

to insist on checking the material before publication (which would almost certainly be in one or more of the professional journals). I imagine that we should not want to do the same in relation to the TSRB or the AFPRB. On balance, the Secretary of State is inclined to agree to the professions' request, on the firm understanding that publication will not take place until after the appearance of the Review Body report to which the evidence relates.

National Health

CONFIDENTIAL



PRIME MINISTER

Agree that we should publish the latest DORB report in the recess - this seems sensible?

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Mike Pattison Esq
Private Secretary
10 Downing Street
London SW1

MAP 21/11

21 December 1979

Yes no

← Told DHSS by phone 50/11

DHSS issued press release on 28/12. via MAP 24.12.79

Dear Mike

DOCTORS' AND DENTISTS' REVIEW BODY : SUPPLEMENTARY REPORT ON GENERAL PRACTICE EXPENSES

Following the Prime Minister's agreement to my Secretary of State's minute of 19 December which recommended acceptance of this Supplementary Report, we would now like agreement to publication on Friday 28 December. Although it is usual for the Government's decision on Review Body reports to be announced by way of a Parliamentary Answer, in this case there would be a delay until 14 January and we need to bear in mind the following:

- (a) The Government's commitment to the profession to publish reports as soon as possible after receipt (three weeks is the normal target);
- (b) the relatively uncontroversial character of this report and its limited scope.

For these reasons we would recommend, and my Secretary of State agrees, that the Prime Minister should be advised, exceptionally, to publish in the Recess by way of a Press Statement from No.10 on 28 December. As we agreed over the telephone I enclose a copy of our draft Press Statement: this has not yet been agreed by my Secretary of State but you wished to see it in its present form.

I am copying this letter to the private secretaries of members of E Committee, the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

Your sincerely,
Robert Woollcombe Adams

R WOOLLCOMBE-ADAMS
Private Secretary

Enc.

DRAFT PRESS NOTICE

GPS' PRACTICE EXPENSES

The Government has today accepted the recommendations of the Review Body on Doctors' and Dentists' Remuneration on the practice expenses of general medical practitioners. They are published in the Second Supplement* to the Review Body's Ninth 1979/80 Report.

In the Ninth Report the Review Body estimated that practice expenses for the average gp would be £5000 in 1979/80. A [minor] error in the data for that estimate plus increases in VAT, staff salaries and motoring costs have now led the Review Body to increase their estimate of practice expenses to £5400.

The estimate made at the start of the year usually stands without further adjustment but on this occasion, exceptionally, the Review Body have felt it necessary to recommend increasing certain gross fees and allowances paid to general practitioners in order to give an appropriate increase in the practice expenses element they contain. The increases are intended to ensure that general practitioners on average do not receive less net remuneration than the figure recommended in the Ninth Report (£12327) and accepted by the Government in June. The cost of the increases in 1979/80 for Great Britain will be about £10 million.

*Cmd 7790 HMSO price: 40p

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

B/K 28-12-79

Nat Health

cc:-

- HO Chief Sec
- FCO ✓ Cab
- Ch. Exch ✓ W. O
- Ind. ✓ S. O.
- L. Pres ✓
- Employ ✓
- MAFF ✓
- Trade ✓
- Energy ✓

21 December 1979

DDRB Second Supplement to Ninth Report

Practice Expenses of General Medical Practitioners

The Prime Minister has seen your Secretary of State's minute of 19 December. She agrees with the proposals he put forward in that minute. It is now too late to announce this decision by written answer today. We should be glad to have further advice whether you would prefer to announce it during the recess or to wait until the House comes back and to announce it then by written answer.

I am copying this letter to the Private Secretaries to members of E Committee and to Godfrey Robson (Scottish Office), George Craig (Welsh Office) and Martin Vile (Cabinet Office).

N. J. SANDERS

Don Brereton Esq
 Dept of Health & Social Security

CONFIDENTIAL

TS

CONFIDENTIAL



PRIME MINISTER

Yes not

DDR B SECOND SUPPLEMENT TO NINTH REPORT
PRACTICE EXPENSES OF GENERAL MEDICAL PRACTITIONERS

You asked for advice on the Second Supplement to the Ninth Report of the Doctors' and Dentists' Review Body submitted to you on 29 November.

The Report recommends an increase in the average practice expenses of general medical practitioners (GPs) from £5000 to £5400 with effect from 1 April 1979. This is not a further salary increase - the Review Body only wants to ensure that the average net remuneration of GPs recommended in their Ninth Report (£12,327) is not unduly eroded by the exceptional circumstances which have made their earlier estimate of practice expenses significantly too low. We accepted the Ninth Report in June.

I consulted John Biffen and other members of E Committee in my letter of 13 December. In his reply, dated 18 December John makes the point, with which I fully agree, that mid-year reports of this kind must not become a regular feature (they have not been in the past) and that we must make it clear publicly and to the Review Body that we regard the circumstances of this report as wholly exceptional. I will see that this is done. I accept also his comment that we cannot accept any report just because the Review Body chooses to make it. However he agrees with me that we should accept this Supplementary Report, and I know that George Younger and Nicholas Edwards strongly share my view. John accepts that the cost (£10 million) will have to be included as an addition to the Spring Supplementary Estimates.

Prime Minister

The Chief Secretary has reluctantly agreed that the extra £10 million must be provided.

Agree publication of report and Draft written Answer at Flag A?

TL

19/12

CONFIDENTIAL

CONFIDENTIAL



I recommend accordingly that the Government should accept the report. If you agree it would be most desirable to announce our decision and to publish the report on Friday 21 December, (a draft Parliamentary Written Answer is attached). If we cannot meet this timetable it would in my view be better to delay publication until the New Year.

I am sending copies of this minute to members of E Committee, George Younger and Nicholas Edwards and Sir Robert Armstrong.

PJ

19 December 1979

P J

conqueror

CONFIDENTIAL

CONFIDENTIAL

DRAFT

PQ ANNOUNCING PUBLICATION OF SECOND SUPPLEMENT TO DDRB NINTH REPORT

Q UESTION: Has the Prime Minister received a further report from the Review Body on Doctors' and Dentists Remuneration.

Answer: The Review Body, at the request of the profession, has reviewed the practice expenses which form part of the remuneration of general medical practitioners. They have recommended, in a second Supplement to their Ninth Report, an increase of £400 for this year, 1979/80, to take account of exceptional changes in the costs of providing services to National Health Service patients. This increase does not alter the intended net average remuneration of GPs. The Government is prepared to accept the Review Body's recommendation and the Supplement is published to-day as Cmnd 7790, copies have been placed in the library.

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State
Department of Health and
Social Security
Alexander Fleming House
Elephant and Castle
LONDON SE1

12
13/12

18 December 1979

Dear Patrick,

DDRB SECOND SUPPLEMENT AND NINTH REPORT
PRACTICE EXPENSES OF GENERAL MEDICAL PRACTITIONERS

Thank you for your letter of 13 December.

I must say that there are points about your proposal which trouble me. I do not disagree that if we accept the latest report from the DDRB it would not be possible to find offsetting savings to meet the £10 million cost in 1979-80 which will be involved, and the money would have to be found as you propose. But I am not so clear why we have to accept the report at all. As I understand it, the normal arrangements are that the DDRB makes an estimate at the beginning of each year as to what doctors' expenses are going to be, and then all parties live with this throughout the year. This means that the doctors could get more or less depending on how actual experience turns out against the estimate. This year, however, we find the DDRB, at, I understand, the instance of the doctors, seeking to have their original recommendations reviewed. It looks like having two bites at the cherry. Leaving aside the question of the additional expenditure involved, I do not think I can agree with your proposition that since the DDRB thought it right to make a supplementary report, we have no real choice but to accept it. We cannot put ourselves unreservedly in the hands of such bodies in this way. One wonders what the doctors would have said if the Government had sought to re-open the settlement in the opposite direction.

Against this, however, one can recognise that the circumstances this year were indeed exceptional, and the increases that took place - particularly of course the increase in VAT - larger than might reasonably have been foreseen by the Review Body. The effect of rejecting the report would be to push doctors below the pay level that has been agreed, and although there is something in the argument that to make up the allowances as the DDRB propose has a

smack of indexation, it would not seem particularly fair to start now in this area. Finally, of course, to reject the report would cause trouble with both the Review Body and the Doctors, and from the Government's point of view would look a little like arguing with the umpire.

On balance, therefore, I am with reluctance prepared to agree to your proceeding as you propose. Nevertheless, I would hope that you could make it clear, both publicly and to the DDRB, that our agreement to re-opening the question of practice expenses in mid-year is wholly exceptional, and caused by the large and quite unpredictable increases in costs which took place recently. It no way represents a general invitation to such bodies to re-open these sort of matters where it has not previously been the practice; and the Government therefore regard the matter as no precedent at all, whether for any other body in current circumstances, or for the DDRB themselves.

I am copying this letter to the Prime Minister, members of E Committee, the Secretaries of State for Scotland, Wales and Defence, and Sir Robert Armstrong.

Yours
John Biffen

JOHN BIFFEN



Not Health

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Treasury Chambers
Great George Street
London SW1

13 December 1979

Dear John,

R 13/12

DDRB SECOND SUPPLEMENT TO NINTH REPORT
PRACTICE EXPENSES OF GENERAL MEDICAL PRACTITIONERS

The Prime Minister asked for advice on the Second Supplement to the Ninth Report of the Doctor's and Dentists' Review Body submitted by their Chairman on 29 November; a copy is attached.

I understand that our officials here discussed the report. Briefly the Supplement deals solely with the practice expenses of general medical practitioners. It recommends an increase in their average practice expenses from the figure of £5,000 per practitioner recommended in their Ninth Report to £5,400, with effect from 1 April 1979. This recommendation is to take account of what the Review Body judge to be exceptional circumstances, sufficient in their view to warrant a revision of their earlier recommendation. The Review Body's object is to ensure that the average net remuneration of general practitioners is not reduced below the level which they recommended in their Ninth Report (£12,327) and which we accepted in June.

The exceptional circumstances to which the Review Body refer arise partly from a technical error in the data on practice expenses which they used in making the recommendations in the Ninth Report which led them to underestimate these expenses, but mainly from increased costs attributable to VAT, higher petrol prices, and increases in the cost of GPs' ancillary staff following the lifting of the previous Administrations's pay limit.

It is unusual for the Review Body to make a Supplementary Report of this kind - the last was in 1975; but since they have thought it right to do so on this occasion, I think that we have no real choice but to accept it. The method of paying general medical practitioners provides for their estimated practice expenses to be met in full. The Supplementary Report aims to achieve that end and to avoid a real cut in average net remuneration below the level already agreed as appropriate.

My advice is accordingly that we must accept this report. The cost would be about £10 million, falling in 1979/80. It could not be met by offsetting savings within the Health programme, and must, I am afraid, be included as an addition to the Spring Supplementary Estimates. May I have your agreement to advise the Prime Minister accordingly? There is some urgency in this in that we should publish the report and announce our decision before the House rises.

I am sending copies of this letter to the Prime Minister and members of E Committee, the Secretaries of State for Scotland, Wales, Defence and Sir Robert Armstrong.

Your
Patel



HS.
National
Health

10 DOWNING STREET

From the Private Secretary

29 November 1979

~~Bf 26 12-79~~

The Prime Minister has received the enclosed letter from Sir Ernest Woodroffe together with the Second Supplement to the Ninth Report of the Review Body on Doctors' and Dentists' Remuneration.

I should be grateful for advice on the substance and handling of the Review Body's latest proposals. This will of course need to be done in consultation with other Departments concerned.

I am sending a copy of this letter and enclosure to Martin Hall (H.M. Treasury), Jim Buckley (Civil Service Department), Ian Fair (Department of Employment) and Martin Vile (Cabinet Office). We have not been sent any spare copies of the Review Body's Report; no doubt you and other copy recipients can obtain copies as necessary from the Office of Manpower Economics.

L. B. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

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10 DOWNING STREET

From the Private Secretary.

29 November 1979

I am writing to acknowledge your letter of 29 November with which you enclosed a Second Supplement to your Review Body's Ninth Report. Your latest proposals are being considered and the Prime Minister will write to you in due course.

I. P. LANKESTER

Sir Ernest Woodroffe



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW 1

29 November 1979

Dear Prime Minister,

I enclose a Second Supplement to our Ninth Report 1979, in which we recommend the revision of the provision in our Ninth Report for the expenses of running a general medical practice in the National Health Service. We judge from the further evidence submitted to us that the adjustment needed is sufficiently important to satisfy the criterion of "exceptional circumstances" that we apply to proposals for interim adjustment. The average net remuneration recommended for general medical practitioners in our Ninth Report is not affected.

*Yours Sincerely
Ernest Woodroffe.*

ERNEST WOODROOFE, CHAIRMAN
REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

CONFIDENTIAL



National Health
file

10 DOWNING STREET

From the Private Secretary

8 November 1979

The Prime Minister has now read your Secretary of State's minute of 31 October about the employment of consultants in NHS hospitals, and is glad to note that a satisfactory agreement has been reached.

I am sending copies of this letter to the Private Secretaries to the other members of E Committee, the Secretaries of State for Defence, Scotland and Wales and to Martin Vile (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

16



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London SE1 8BY

5 November 1979

Dear Patrick,

NHS CONSULTANT CONTRACT

Geoffrey Howe has asked me to respond to your minute of 31 October to the Prime Minister.

I welcome the settlement you have negotiated with the consultants, and note that the additional cost in 1979-80 will be contained within your existing cash limits. As regards future years the costs will, of course, be met from within the agreed cash limits.

I am copying this letter to the recipients of your minute.


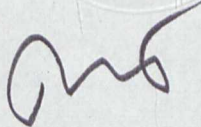
[Handwritten signature]
John Biffen

JOHN BIFFEN

Prime Minister

2

This is a satisfactory
settlement. The Chief Secretary
is content.

PRIME MINISTER

Flay A

You may recall that I sent you a minute on 10 July about proposals put to me by the medical and dental profession for changes in the way consultants are employed in NHS hospitals. Since then, negotiations have taken place with the professions on the basis approved by colleagues, and a satisfactory agreement has been reached. I attach a summary of the changes, which will be implemented with effect from 1 January 1980.

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TL
7/11

2. The changes follow the broad pattern described in my minute - ie:

- i. maximum part-time consultants (those who devote substantially the whole of their time to the NHS but in return for the right to do private practice are paid only 9/11th of the whole-time consultant's salary) will in future be paid 10/11th of the whole-time salary, as being a realistic estimate of the contribution which these consultants make to the NHS; and
- ii. whole-time consultants who so wish will now be able to undertake a limited amount of private practice, on the basis that gross private earnings should not exceed 10 per cent of their NHS salary (plus distinction award if applicable).

3. You will see that this agreement incorporates the firm commitment of the profession that these changes should not bring about any reduction overall in the commitment of consultants to the NHS or in the work done, and that health authorities are entitled to expect no diminution in the level of service to NHS patients as a result of the limited private practice concession to whole-time consultants. I attach great importance to this, both from the point of view of the NHS and to meet any criticism that may arise on these proposals.



4. The total additional cost of the agreement must depend on the choices made by individual consultants where they are offered options under the new arrangements. Our present estimate of the full year cost of the most likely combination of options is about £6-£7 million (England and Wales) at current salary rates. The cost for the remainder of this financial year (about £1½ million) will be contained within our cash limits. This will not be easy, given the existing pressures on the service, but some of the changes will take time to implement and actual payments may not therefore be made in some cases until 1980-81.

5. I am copying this minute to members of E Committee, the Secretaries of State for Defence, Scotland and Wales and Sir John Hunt.

PJ

31 October 1979

PJ

NEW CONSULTANT CONTRACT

The Government has now concluded and promulgated to health authorities an agreement with the Medical and Dental Professions to modify the contract under which consultants and other senior hospital doctors and dentists are employed.

The principal changes are that

- (a) whole-time practitioners will for the first time be allowed to undertake a limited amount of private practice; and
- (b) the amount of pay that "maximum part-time" consultants (those who fill a whole-time post but are allowed to engage in private practice without restrictions) have had to give up in exchange for the private practice concession is to be halved.

The Government consider that these important changes effective from 1 January 1980 will help to improve consultant morale after the differences that have arisen between the professions and Government in recent years, and encourage the retention within the NHS of consultants who might otherwise have left altogether.

At the same time, the agreement with the professions emphasises that the relaxation of the rules governing private practice must in no way diminish the level of service provided to NHS patients, whose care will receive priority; and that the commitment of consultants to the NHS will not be reduced as a result of these changes. The changes are therefore seen as an important step in Government's policy of encouraging a strong private sector complementing the NHS. The interests of the NHS will also be safeguarded by the conditions attached to the concessions outlined above. In brief, these are that there will be a 10% salary limit (subject to audit if necessary) on the amount whole-time practitioners can earn from private practice, and that any such work must take place at or near the NHS hospital where the consultant already works. In this way, the amount of time spent away from NHS patients, or travelling between hospitals, can be limited. The EMA have accepted that this extended right to private practice should not be exercised in such a way as to damage working relations with other NHS staff groups. Maximum part-time consultants will not qualify for their extra payment as of right; they must show that their formal work commitment is at a level that justifies the increase, or undertake an appropriate additional commitment.

The new agreement also contains provisions that can benefit a whole time consultant who cannot or does not wish to engage in private practice; and, through increased flexibility, will benefit NHS management in making use of available medical manpower.

These provisions include the following:

- (i) authorities will be able to pay salaries at the top of the consultant scale as an incentive for consultants to apply for posts which have proved hard to fill;
- (ii) consultant posts are to be advertised in such a way that practitioners who do not wish to work in medicine full time can apply. This should enable, for example, the increasing numbers of women doctors who wish to return to NHS work to make an effective contribution towards meeting NHS needs;
- (iii) the agreement gives formal expression to current developments in the Distinction Award system designed to produce a more equitable distribution of these Awards as between different areas of the country and different branches of medicine.
- (iv) Whole time consultants (but not those opting for the maximum part-time contract) will be able if their employing authority wish this, to contract for an extra paid session to meet temporary local NHS needs. A whole time consultant who exceeds the 10% limit in private practice will be required not only to become maximum part-time (so losing 1/11 of his pay) but also to give up any temporary extra NHS session he may hold.

This agreement introduces important changes in the existing consultant contract at a modest additional cost, without introducing major and ^{expensive} ~~extravagant~~ changes of the kind proposed by the "work-sensitive" contract negotiated by the last Government and then rejected by the profession earlier this year. These new arrangements should have significant advantages over the rejected proposals; first, they will be much simpler to introduce, and thus reduce the amount of administrative cost and effort involved; secondly, they should prove much less contentious within the profession; and finally there are no implications of "clock watching" or "work measurement" in the new arrangements, which thus retain the professional nature of consultant work in the NHS. Overall the Government sees these changes as introducing more freedom of choice for consultants in the way that they wish to work. The cost is (at about £6-£7m in a full year) notably less than the £23m full year cost of the rejected work-sensitive contract. It should however provide a basis for continuing future improvements in the relationship between the profession and the Government, with consequent benefit to the NHS and its patients.



10 DOWNING STREET

HANBARD EXTRACT: 22/10/79

**DOCTORS' AND DENTISTS'
REVIEW BODY**

Mr. Geoffrey Johnson Smith asked the Prime Minister whether she has received any further recommendations from the Doctors' and Dentists' Review Body since accepting its ninth report on 5 June 1979.

The Prime Minister: Following a joint submission of evidence by the health Departments and the professions to the Review Body, the Government have accepted a supplement to the ninth report, a copy of which has been placed in the Library of the House. These new recommendations, which will be implemented as soon as possible, propose that the amounts previously allocated for separate fees and allowances for out-of-hours work for consultants and community physicians should be reabsorbed into their basic salary scales with effect from 1 April 1979. The changes involve no extra cost. Other adjustments are recommended where these are necessary to maintain appropriate relationships in the remuneration of practitioners.



Mr. Sainsbury
Nat. Health

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

T Lankester Esq
Private Secretary
10 Downing Street
LONDON SW1

17 October 1979

Dear Tim,

Thank you for your letter of 15 October giving the Prime Minister's agreement to the publication of the Supplement to the Ninth Report of the Doctors and Dentists Review Body. It will be laid in the House today.

A Press Notice announcing the Government's acceptance of the recommendations will be issued tomorrow, Thursday. It has been cleared with your press people. It may be wise to let the House know of this early next week by means of a Question. I attach therefore the text of a Question and Written Answer that might be suitable. It is in terms of a reply by my Secretary of State but the reply could be given by the Prime Minister if you prefer.

I am copying this letter and its attachment to the recipients of yours.

Yours ever
D

D BRERETON
Private Secretary

ENC

IN CONFIDENCE

DRAFT PARLIAMENTARY QUESTION

DDRB: SUPPLEMENT TO NINTH REPORT

To ask the Prime Minister
Q. ~~Has the~~ Prime Minister received any further recommendations from the Doctors' and Dentists' Review Body since accepting their Ninth Report on 5 June 1979?

A. ~~I have been asked to reply.~~ Following a joint submission of evidence by the Health Departments and the professions to the Review Body, the Government have accepted a supplement to the Ninth Report, a copy of which has been placed in the Library of the House. These new recommendations, which will be implemented as soon as possible, propose that the amounts previously allocated for separate fees and allowances for out-of-hours work for consultants and community physicians should be reabsorbed in to their basic salary scales with effect from 1 April 1979. The changes involve no extra cost. Other adjustments are recommended where these are necessary to maintain appropriate relationships in the remuneration of practitioners.

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Nat. Health

10 DOWNING STREET

From the Private Secretary

15 October 1979

Doctors and Dentists Review Body: Supplement
to the Ninth Report

The Prime Minister has considered your Secretary of State's minute of 12 October in which he proposes that the Government should accept the Review Body's latest recommendations contained in the supplement to their Ninth Report.

The Prime Minister is content that the recommendations be accepted and announced this week along with the publication of the Report.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Lord President, the Secretaries of State for Defence, Employment, Scotland and Wales, and to Martin Vile (Cabinet Office).

TPL

Don Brereton, Esq.,
Department of Health and Social Security.

CONFIDENTIAL

IMP



Prime Minister

Other Departments are happy with this. The main general point is that the proposals do not involve any extra

Yes sub

total cost. Are you content?

PRIME MINISTER

DOCTORS' AND DENTISTS' REVIEW BODY : SUPPLEMENT TO THE NINTH REPORT

DL

Flag A

You will recall that I wrote to you on 18 June, following the acceptance by the Government of the Review Body's Ninth Report, indicating the professions' reaction to the Report. You have now received the Supplement to the DDRB's Ninth Report, which they have prepared in the light of evidence submitted by the Government and the professions arising from the objections of the professions to the pricing of the newly agreed emergency recall system for hospital consultants and the parallel emergency rota arrangements for community physicians. The purpose of this minute is to seek your agreement to publication and acceptance of the Report.

12/10

2. The previous Government reached an agreement with the professions to pay consultants a separate fee for individual emergency recalls. Since this work was already paid for in the consultant's salary, the view taken by our predecessors was that the fees should be funded from the money which the Review Body would otherwise have judged it right to include in basic salary. The Review Body accepted this view in their Ninth Report, but the professions objected because they had wanted extra money to be made available for these fees, and because they regarded the recommended level of fees as "derisory".

3. The professions asked that we should abandon the agreement to pay emergency recall fees and approach the Review Body jointly with evidence recommending that the fees should be re-absorbed into basic salaries, and consequent adjustments made to those salary rates which were linked directly or indicated to those of consultants. In the interim, all grades would be paid the basic salaries recommended by the Ninth Report. We agreed to these proposals, and the Review Body have now submitted their further recommendations.

4. The community physicians - senior medical staff concerned with community health and medical administration - had also negotiated a parallel scheme for emergency rota allowances (ERAs) for those among them



with out-of-hours emergency responsibilities. Again the Review Body accepted the Government view that these allowances should be funded from the money which would otherwise have gone into the basic salary, and again the profession objected to their recommendations. The pay of this group is directly linked to that of the hospital consultants, and we therefore agreed to ask the Review Body to re-integrate these allowances also into basic salaries in parallel with the salaries of consultants.

5. The profession also objected to the levels of allowances recommended for out-of-hours duties for community doctors and trainees who were not of consultant status, and the Department agreed to support the profession in asking the Review Body to look at them again in view of the importance of maintaining morale in and recruitment to community medicine, and in the light of the decision not to proceed with the agreement on emergency rota allowances for community physicians. Insofar as these allowances are all inter-related, the change for community doctors of consultant status did indeed make a general review inevitable. My private secretary has already sent to yours a separate note about the Review Body's comments on this issue.

Flug B
(but not
worth
reading!)
R.

6. The Review Body has accepted the requests of the profession and the Government, and has recommended new salary scales that include elements for the recall and on-call schemes, and maintain differentials and relationships where appropriate. There are two main points which call for comment.

(a) Finance

The Review Body indicate that no additional cost arises from the adjustments made in the Report as compared with the sums recommended in their Eighth Report brought up-to-date on the basis described in the Ninth Report. There are therefore no additional costs involved in accepting the Report; indeed, given that some of the variable elements have been removed, the ability of health authorities to control earnings is slightly improved.

(b) The position of the Review Body itself

The DDRB are manifestly annoyed with the course of events this year, and make a number of criticisms of the profession (and to a certain extent of Government). There is nothing here of which we need make an issue, but the



professions may react unfavourably when the Report is published, and it may increase their desire to see changes in the Review Body system. I have recently met the leaders of the professions to listen to their ideas about this and shall consult colleagues on any changes that may seem sensible or necessary.

Conclusion

7. Since no additional costs would follow from accepting the supplementary report, and since consultations at official level have shown agreement that the Report should be published and accepted by the Government, it did not seem to me that discussion in E Committee would be necessary. We are, as you know, committed to implement the recommendations of the Review Body unless there are "over-riding reasons" not to do so. I therefore suggest that the Government accepts the Review Body's latest recommendations so that the revised scales, back-dated to 1 April, can be implemented as soon as possible. It would be helpful if the announcement could be made next week, in view of the pressure we are always under from the professions to handle DDRB reports expeditiously.

8. I am copying this minute to the Chancellor of the Exchequer, the Lord President, the Secretaries of State for Defence, Employment, Scotland and Wales, and Sir John Hunt.

12. October 1979

P.J.



Not Health
ce DASS

WFS

10 DOWNING STREET

THE PRIME MINISTER

8 October 1979

Dear Sir Ernest

Thank you for your letter of 25 September, enclosing a Supplement to your Ninth Report.

I am most grateful to you and your colleagues for undertaking the extra work this additional report has required, especially following the large amount of effort which you put into the preparation of the Ninth Report itself. I am afraid that it must have been very disappointing that in the event the professions decided that they would after all not proceed with the proposed new consultant contract. I have noted what you say about the evidence put to you, and shall see that the points made in the Supplement are carefully examined.

We will let you know as soon as possible our decisions on arrangements for publishing the Supplement.

Yours sincerely

MT.

Sir Ernest Woodroffe

jfh

PRIME MINISTER

Sir Ernest Woodroffe, Chairman of the Review Body on Doctors' and Dentists' Remuneration, has submitted to you a supplement to the Review Body's Ninth Report. The Ninth Report, as you will recall, was submitted last April; it recommended updated salaries (which were implemented) and the pricing of a new consultants' contract. In the event, the pricing of the new contract was rejected by the consultants; and they opted to go back to the old type of contract. Because of this the Review Body were asked to produce new recommendations relating to the old type of contract.

The principal Departments concerned are now considering the report, and they will be advising us in due course on what the Government's response should be. (I am not bothering you with the report, which is extremely complex and detailed.)

I suggest you should write to Sir Ernest Woodroffe on the lines of the attached draft, which duly recognises the extra amount of work which the Review Body have had to put in.

72

5 October 1979



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

T Lankester Esq
Private Secretary
10 Downing Street

3. October 1979

Dear Tim

Thank you for your letter of 27 September, covering one from Sir Ernest Woodroffe to the Prime Minister enclosing the supplement to the Ninth Report of the DDRB.

I enclose a draft acknowledgement which the Prime Minister might send to Sir Ernest. In view of the comments about the evidence put to the Review Body for the last two Reports, I enclose, in case the Prime Minister wishes to know the background to this, a memorandum about the specific points to which Sir Ernest refers. It is, however, very much a side issue - the real point is that the Review Body have had a very difficult year, having put a quite exceptional amount of work into the preparation of the Ninth Report, only to have a large part of it unceremoniously rejected by the profession. It would be both tactful and right for the Prime Minister's reply to recognise this.

We are in touch with other Departments at official level about the handling of the Report, and I will be advising you about this separately.

I am copying this letter to the recipients of yours.

Yours ever

D BRERETON

Encl

DRAFT LETTER TO SIR ERNEST WOODROOFE, DDRB

nm

Thank you for your letter of 25 September, enclosing a Supplement to your Ninth Report.

I am most grateful to you and your colleagues for undertaking the extra work this additional report has required, especially following the large amount of effort which you put into the preparation of the Ninth Report itself.

I am afraid that it must have been very disappointing that in the event the professions decided that they would after all not proceed with the proposed new consultant contract. I have noted what you say about the evidence put to you, and shall see that the points made in the Supplement are carefully examined.

We will let you know as soon as possible our decisions on arrangements for publishing the Supplement.

MEMORANDUM ON OUT OF HOURS ALLOWANCES FOR COMMUNITY HEALTH DOCTORS AND TRAINEES

1. Responsibility for environmental health and communicable disease control rests in the area of each health authority with a community physician of consultant status. The service requires continuous cover round the clock, and the community physician is assisted in providing it outside normal hours by other community physicians, by community health doctors not of consultant status and by trainees in community medicine who (unlike the community health doctors) are by virtue of their trainee status, required to operate under the supervision of the responsible community physician.

2. In addition, trainees (but not the community health doctors) are required outside their normal hours of work to attend health authority committees and other meetings at the request of their employing authority. To sum up, therefore, the two groups share in environmental health duties, but the trainees exercise a lower level of responsibility; while in addition the trainees have a group of duties not shared by the community health doctors.

3. A scheme for remunerating trainees for out-of-hours duties was agreed with the profession and submitted for pricing to the DDRB in 1978, as part of the review leading to their Eighth Report. The evidence drew attention to both parts of the trainees' duties, and to the level of responsibility; no comparison was drawn with the position of community health doctors in evidence by either the health departments or the profession. The Eighth Report indicated however (para 69) that the Review Body took the view that the responsibility of trainees for out-of-hours environmental health work would be no different from that of other community health medical staff in the same circumstances (for whom a differently based temporary scheme of payment had existed since 1975). They therefore considered that for this reason different rates of payment should not apply. The Office of Manpower Economics have confirmed that they have no record of evidence, written or oral, from either the health departments or the profession supporting this view on the responsibility, though there may have been unrecorded, informal discussion by telephone. The assumption was however incorrect although for practical purposes its consequences were not serious.

4. In evidence for the Ninth (1979) Report, the profession, challenged the assumption made by the Review Body in para 69. The health departments and the profession put forward a revised scheme for payment of out-of-hours allowances to community health doctors, as part of a scheme for making such payments also to community physicians, and the evidence of the Departments on this supported the profession in making the point that the responsibility of the trainee for his environmental work (considered by itself) was less than that

for the community doctor, because the former always had a community physician available for consultation. In their Ninth Report (para 89) the Review Body acknowledged this difference of responsibility, but still took no account of the extra committee work done by the trainees. The fees recommended for the trainees in the Ninth Report were therefore substantially reduced (by about 40% compared with 1978).

5. Following representations by the profession to Ministers, the profession and the health departments submitted further evidence to the Review Body which asked them, in view of the importance of maintaining morale in and recruitment to community medicine and in the light of the wider changes proposed in the evidence (flowing from rejection of the new consultant contract), to reprice the payments to both community health doctors and trainees. The DDRB sought, and were given, clarification about the respective responsibilities of the two groups, in which it was suggested that the out-of-hours commitments of community medicine trainees and community health doctors were not (taken as a whole) so different as to require differential rates of pay.

6. Given the doubt attaching to the basis for the DDRB's statement in para 69 of the Eighth Report and the terms of the evidence of the profession and the health departments for the Ninth Report, the tone of para 12 of the Supplement to the Ninth Report is surprising, especially as within that paragraph they go on to concede the essential point - that adjustments to the rates in question flow naturally from the changes being made within the Report to the pay of consultants and community physicians.

B/F 2.10.79



Director of Health
File W

10 DOWNING STREET

From the Private Secretary

27 September 1979

As I told you on the telephone, the Prime Minister has received the supplement to the Ninth Report from the Review Body on Doctors' and Dentists' Remuneration - under cover of the enclosed letter. (I understand that you have a copy of the supplement).

worded to pm
25/9/79

You promised to let me have early advice on how this should be handled.

I am sending a copy of this letter and enclosure to Martin Hall (H.M. Treasury) and to Martin Vile (Cabinet Office).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

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OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London S W 1

25 September 1979

Dear Prime Minister,

I enclose a Supplement to our Ninth Report 1979. The need for this flows from the rejection by the professions of the new form of consultant contract that had been agreed in principle last year, subject to 'pricing' in the 1979 review.

We have made recommendations for the remuneration of consultants under the existing contract and also for out-of-hours allowances for community health doctors and community trainees. The latter are quite unconnected with the issue of the consultant contract and arise from the unsatisfactory nature of the evidence put to us for the Ninth - and, indeed, the Eighth - Report.

*Yours Sincerely,
Ernest Woodroffe.*

ERNEST WOODROOFE, CHAIRMAN
REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

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PART 1 ends:-

S/S Soc Servs to S/S Scotland 27.7.79

PART 2 begins:-

Woodroffe to PM 25.9.79