
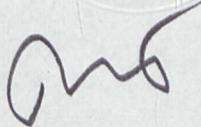


Prime Minister

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.

PL 1 PL 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.