

Prime Minister

Prime Minister  
This should not really <sup>A</sup> have  
come to you for decision. All  
other E Committee Ministers,  
including the Chief Secretary, are  
content. Are you content?

DOCTORS' AND DENTISTS' REVIEW BODY: NHS CONSULTANT CONTRACT

In my minute of 22 June about the proposals which the consultants' leaders have put to me for amending their present form of contract, I said that, after discussing the matter with NHS management, I would bring formal proposals to colleagues. I have now had discussions with management; and the proposals put to me on behalf of the profession have been formally endorsed by their Annual Representative Meeting. The purpose of this minute is to seek colleagues' agreement to open negotiations with the profession, on the basis that the proposals are acceptable in principle. 18/7

2. The present contract draws a sharp distinction between 'whole-time' and 'maximum part-time' consultants. The former are forbidden to take on any private practice. The latter are expected to devote 'substantially' the whole of their professional time to the NHS but, in return for the right to do private practice and a degree of flexibility in their working arrangements, are paid at only nine-elevenths of the whole-timer's rate.

3. The profession regard the "new contract" which they agreed with our predecessors as dead, and they now see their basic objective as securing a freer field of choice for consultants. More specifically, they seek to reduce the financial 'penalty' which maximum part-time consultants suffer as the price of being entitled to do private practice, and to offer a corresponding incentive to whole-timers by allowing them (for the first time) to undertake a limited amount of private work. Their main proposals are:

i. that maximum part-timers should in future be paid ten-elevenths of salary for the right to undertake private practice, as being a realistic estimate of the contribution which these consultants make to the NHS;

ii. that whole-timers who so wish should be able to undertake a limited amount of private practice, on the basis that gross private earnings should not exceed 10 per cent of basic NHS remuneration;

iii. that the concept of a part-timer who works only nine specified sessions, and is paid accordingly, should be reintroduced. (The provision was withdrawn by the last Government).

4. Discussion with NHS management has confirmed the view I expressed in my earlier minute that arrangements on these lines would be to our advantage. They would encourage private practice, they would be much less costly to public funds than the contract which the consultants have rejected would have been, and the profession's leaders assure me that they will lead to the improved morale among hospital doctors which we so badly need. Regional Health Authority Chairmen welcome the rejection of the 'industrial' type of contract offered to consultants by our predecessors. They have indicated some matters where we shall need to be careful in the detailed working out of the new proposals, and they would like to see, if possible, some further measure of encouragement for whole-time consultants, especially those who have no opportunity for private practice, together perhaps with certain minor concessions from the profession in return for Government agreement to the package they are seeking. I attach great weight to the Chairmen's views and shall certainly ensure that the NHS is involved in the detailed discussions with the profession. But the key factor for the present is that NHS management does not believe that the proposals would unacceptably reduce the existing commitment of consultants to the NHS or otherwise damage the service, and share my belief in the importance of these measures as a means of winning the confidence and co-operation of the doctors. Their support will be an important factor in dealing with criticism from the Opposition, which will no doubt concentrate the boost which the proposals will give to private practice and the extent to which it may not be possible to enable all consultants to benefit equally from the 'package'.

5. The likely additional cost of changes to the contract - mainly arising from paying maximum part-timers at ten-elevenths of the whole-time rate - would be about £6-7 million in a full year (as against the £21.8 million which would have been needed to implement the Review Body's recommendations for the new consultant contract, which were approved by E Committee). The Chief Secretary has said that he sees no objection in principle, provided that the cost is contained within existing cash limits as the cost of the new contract would have been. I would be content with this. The 1979-80 cost would in fact be unlikely to exceed £3-4 million, and might well be less, because new arrangements could not take effect until late in the year (or even, depending on the speed at which discussions proceeded, the beginning of the next financial year).

6. As I mentioned in my minute of 18 June, the consultants also want to 'improve' the Review Body. I shall ensure that colleagues are consulted at an early stage on any proposals which the two professions may decide to put to me, but this issue is likely to be handled in considerably slower time. For the present, I simply seek confirmation that colleagues are content for me to inform the consultants that their proposals (as in paragraph 3 above) are acceptable in principle to us, so that detailed negotiations can get under way.

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

PJ

10 July 1979

Department of Health and Social Security  
London  
SE1

Mr. Younger has now minuted (Flag A) -  
he is unenthusiastic about the  
new contract, but is willing to  
accept it.

7

19/7

1100 JUL 1979



• DHSS to pm - Docs + Dentists.  
10/7 Review Body - NHS Consultant  
Contract.

• BF 18/7/79

H. Sec - later today - No comment

F. Sec. - late today wrb - No Comment

⇒ Chd/Ex. wrb 17/7 wrb ~~no~~ - will comment

⇒ s/s Ind wrb ~~17/7~~ wrb no comment.

LP wrb - No Comments.

s/s Emp wrb - No Comment

MAFF wrb - Content

Trade ~~wrb~~ no comment

Energy no comments

CS5 ~~wrb~~ - note coming to say  
no comment!