



DEPARTMENT OF HEALTH & SOCIAL SECURITY

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From the Secretary of State for Social Services

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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.



Supplementaries

1. 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



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