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cc: DHSS
Nat Health
DSG

10 DOWNING STREET

THE PRIME MINISTER

9 June 1981

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Dear Mr. Rees,

Thank you for your letter of 20 May about the Eleventh Report of the Doctors and Dentists Review Body. I understand the disappointment of your members at the Government's decision not to accept the Report in full, and I am particularly conscious of the difficulties this decision will cause in the year that saw your return to the Review Body system.

Like you, I recognise the value of this system and the Government attaches great importance to maintaining a fully independent Review Body as the best way to determine the pay of the professions. Our decision was not taken lightly. Ever since the first Review Body was set up some twenty years ago, however, it has been recognised that circumstances can arise in which the Government will be unable to accept its recommendations.

As you say, the Review Body took national economic factors into account. But the Government must look at matters from a different perspective: they, and they alone, are faced with the task of making the public expenditure sums add up. Any award must be paid for, and any Government must decide what level of public expenditure the country can afford. Within this total, increased spending on one item must be balanced by reductions elsewhere and this year we are convinced that there is no acceptable way of finding the money to implement the recommendations in full. These are the "clear and compelling" reasons for

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our decision. I must stress that there is no sense in which this decision indicates less sympathy for junior doctors than other groups. They are being treated in the same way as all other doctors and dentists, as other staff in the NHS and as others in the public sector generally. Indeed, nearly 2 million public sector employees have already reached settlements consistent with the same 6 per cent pay factor in the cash limit.

The Review Body recommendations are relatively favourable for junior doctors compared to other groups, and we are willing to maintain this relative advantage within a 6 per cent average if the profession so wishes. We will also accept the recommendations not directly related to overall remuneration which will be of advantage to your members - payment of the Miscellaneous Expenses Grant from 1 April without off-setting, and additional leave for house officers. Most importantly, we welcome the planned survey of junior doctors' hours and workload, and I believe Patrick Jenkin has already told you his Department will assist with this in whatever way they can.

In conclusion, let me emphasise once again the importance we attach to the continuing existence of the Review Body. We recognise that reconciling the independence of the Review Body with strict cash limits has put the system under considerable strain this year, and that we will have to explore ways of introducing greater flexibility in the future: this is obviously a problem to which we must devote a great deal of thought over the next few months.

Yours sincerely,

(sgd) MT

M. R. Rees, Esq.



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10 DOWNING STREET

PRIME MINISTER

The Junior Doctors have written to protest about the Government decisions on the DDRB recommendations.

We will let you have a draft reply - unless you would prefer Patrick Jenkin to respond on your behalf?

MA

I must reply

mf

21 May 1981



Nuffield

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*Typed for
PM 8/6
sl.

Mike Pattison Esq
Private Secretary
10 Downing Street

4 June 1981

Dear Mike MR

Thank you for your letter of 21 May, enclosing one the Prime Minister received from Dr Michael Rees, Chairman of the Hospital Junior Staff Committee of the BMA.

I attach, as requested, a draft reply which the Prime Minister may wish to send.

Yours ever
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DON BRERETON
Private Secretary

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Draft Reply to Dr M R Rees

Thank you for your letter of 20 May about the Eleventh Report of the Doctors and Dentists Review Body. I understand the disappointment of your members at the Government's decision not to accept the Report in full, and I am particularly conscious of the difficulties this decision will cause in the year that saw your return to the Review Body system.

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21 May 1981

The Hospital Junior Staff Committee of the BMA have sent the attached letter to the Prime Minister, objecting to the Government's decisions on the 1981 DDRB recommendations.

Could you please let us have a suitable draft reply by 4 June.

M A PATTISON

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

21 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 20 May, about the recommendations of the 1981 Review Body on Doctors' and Dentists' Remuneration.

Your letter is receiving attention, and a reply will be sent to you as soon as possible.

M A PATTISON

M. R. Rees, Esq.

cc Press Office ✓

BRITISH MEDICAL ASSOCIATION
TAVISTOCK SQUARE LONDON WC1H 9JP

Telephone: 01-387 4499

Telegrams: MEDISECRA LONDON WC1H 9JP

Secretary: J. D. J. Havard

MA MD LLB

Your Reference

Our Reference MRR/SJH

20th May, 1981.

The Rt. Hon. Margaret Thatcher M.P.,
10 Downing Street,
London.
SW1.

Dear Mrs. Thatcher,

I was extremely disturbed to hear of your decision not fully to implement the recommendations of the 1981 Review Body on Doctors' and Dentists' Remuneration.

My Committee will, I am sure, regard this decision with alarm. In discussing the Eleventh report prior to its publication the Committee made clear its view that if the Independent Review Body took all economic factors into account in arriving at its recommendations it could not see that there could be any "clear and compelling" reason for such an award to be overturned.

I, personally, have found this year's report has given sympathetic consideration to the evidence given by the Hospital Junior Staff Committee, and I am sure that my Committee would have seriously considered accepting the Review Body recommendations, and might well have seen the Report as a full justification of their decision to give evidence this year.

However, your decision not fully to implement the report will be bound to raise the question of the future credibility of the Review Body. Surely, the Review Body was set up to avoid strife in the settlement of doctors remuneration? Just as surely, the decision not to implement the Report will cause frustration and resentment among junior doctors, who already have developed the view that the Health Departments have been treating them with a great deal less sympathy than other groups of doctors since your Government took office; particularly in respect of the issues of greatly increased rents for doctors in hospital accommodation, which were also back dated, the refusal to grant the same car allowances that have been agreed with the Consultants and the refusal to agree to alterations in doctors terms and conditions of service unless they were off-set against salary.

I am sure that you are aware that junior doctors work an average of 90 hours per week and are paid 'over-time' at a maximum rate of one third of their basic salary. We are now seeing a decline in the career opportunities for hospital junior doctors as well as an increase in uncertainty over

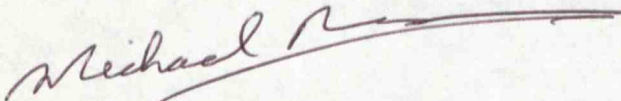
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continued employment.

Now junior doctors seem to be faced with the prospect of any independent review of their salary being disregarded. The Review Body clearly state in their report that they have taken the general economic circumstances of the nation into account in arriving at their recommendations. In so doing, they have reduced our original pay claim of 20%, which was based on sound economic advice, to a figure of 9%. Why then, does your Government feel it necessary further to reduce to a 6% pay offer? The only conceivable reason, must be to ensure that in so doing the pay settlements of other groups in the public sector would not be excessive. In taking this action you have brought doctors into a situation of direct negotiations and possible conflict with Government, a situation which junior doctors were anxious to avoid this year, and resulted in their decision once again to give evidence to the Review Body after a two year absence.

If doctors are faced with the need to take some form of industrial action to defend their livelihood they have to cope with the added ethical and moral problem of ensuring that patients do not suffer as a result, which was one of the main reasons for the establishment of the Review Body system. I therefore appeal to you to implement in full the recommendations of the 1981 Review, for in so doing you will ensure that doctors will continue to regard the Review Body as the most appropriate means of settling pay and avoiding disputes.

Yours sincerely,

A handwritten signature in dark ink, reading "Michael R. Rees", with a long horizontal flourish extending to the right.

MICHAEL R. REES,
CHAIRMAN, HOSPITAL JUNIOR STAFF COMMITTEE