



10 DOWNING STREET

THE PRIME MINISTER

Dear Sir Robert.

Thank you for your letter of 8 April enclosing the Review Body's 13th Report. I am writing to thank you and your colleagues for the considerable time and effort you have once again put into the preparation of your Report.

As I announced on 12 May, the Government has accepted all the Review Body's recommendations for new money this year, including the considerable additional sums to be devoted to improving out of hours payments for junior hospital doctors.

On the abatement made in 1981 and carried forward since then, the Government has considered very carefully whether we could restore this immediately, and I can assure you it was our earnest wish that we should be able to do so. But economic realities have to be faced, in particular the very considerable full-year cost of restoring the abatement. As against that, we were very conscious of the importance of setting the pay of doctors and dentists fully up to the recommended levels in time for next year's review. After weighing these considerations against one another, we concluded that the right course was to restore the abatement with effect from 1 January 1984. I hope you will feel that, in all the circumstances, this is a fair and reasonable outcome.

Yours sincerely
Margaret Thatcher

Sir Robert Clark



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

Michael Scholar Esq
Private Secretary
10 Downing Street

16 May 1983

Dear Michael

DOCTORS' AND DENTISTS' REVIEW BODY

Your letter of 12 May refers.

I attach a draft reply to Sir Robert Clark for the Prime Minister's signature. You asked for this by tonight. We have not been able to clear the draft fully with the Treasury who may have further comments to offer - a copy has already been sent to them.

We will pass any comments through to you first thing tomorrow.

I am copying this letter to John Kerr.

Yours ever

Mrs. C L Souter
Private Secretary

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DRAFT LETTER FROM THE PRIME MINISTER

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

Thank you for your letter of 8 April enclosing the Review Body's 13th Report. You will have seen my announcement on 12 May of publication of the Report and the Government's response to it. I am writing ~~first~~ to thank you and your colleagues for the considerable time and effort you have once again put into the preparation of your report, ~~and secondly to explain our decisions on it.~~

We told you in our written evidence that economic recovery would be jeopardised by excessive wage settlements and that there was a continuing and compelling need for restraint. As a result, provision for wage increases in the public sector would normally be limited to 3½ per cent of the current pay bill, though exceptionally 4½ per cent had been allowed for in NHS cash limits. We would not however impose in advance of your report any specific limit on increases for doctors and dentists. This was a reiteration of our belief in the Review Body system and confirmation that, as always, you were free, having considered the evidence put before you, to recommend whatever increases you judged appropriate.

I was glad to note from your report that you had taken the country's economic circumstances into account in framing your recommendations. For our part we have, as promised, not sought to impose any arbitrary limit. We stand by our undertaking to accept the Review Body's recommendations unless there are clear and compelling reasons for not doing so; and all your recommendations for new money this year, including the considerable additional sums to be devoted to improving out of hours payments for junior hospital doctors, have been accepted without reserve.

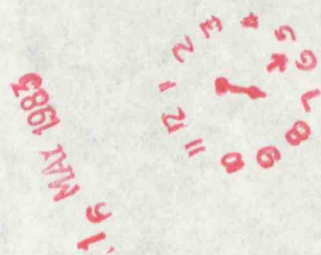
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~~There remains the question of the abatement made in 1981 and carried forward since then.~~ *the government has* I considered very carefully with my colleagues whether we could restore this immediately, and I can assure you it was our earnest wish that we should be able to do so. But economic realities have to be faced, in particular the very considerable full-year cost of restoring the abatement. As against that, we were very conscious

✓ As I announced on 12 May, the government has accepted all the Review Body's

of the possible effects on the Review Body system of continued withholding of this money, and of the importance of setting the pay of doctors and dentists fully up to the recommended levels in time for next year's review. After weighing these conflicting considerations against one another, we concluded that the right course was to restore the abatement with effect from 1 January 1984 ~~by which time we judge that the economy will have picked up sufficiently to bear the additional cost.~~

I hope you will feel that, although this may in certain respects be a disappointment to you and to the professions, you will, in all the circumstances, ^{this is} see it as a fair and reasonable outcome.

NATIONAL HEALTH : Doctors + Dentists
Pay
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should not be entrusted with secret Government work. Had she acted differently, Prime's spying could have been brought to an end in 1973.

The commission says that it can attach no blame to the investigation officer who carried out the 1973 review. The officer concerned is no longer living, but he seems from the records to have put all the relevant questions to Miss Barsby, and there appears to have been no reason why he should have suspected that Miss Barsby was deliberately lying to him, or should not have accepted her assurances as to Prime's character and reliability.

One other matter which, if it had emerged during the PV review, might have resulted in Prime's clearance being withdrawn was the fact that he had consulted a psychiatrist in November 1972. The psychiatrist's report cast doubt on Prime's stability. Prime should have reported this visit under staff regulations but he did not do so, and GCHQ had no other means of finding out.

The commission also identified weaknesses in physical and document security at GCHQ. In particular, it criticises the control of photocopying facilities at one period in the past and refers to infrequency of spot musters of particular documents. Tighter controls in this area would have been unlikely to lead to Prime being detected, but they might have restricted his activities.

The commission recognises that personnel security measures, no matter how rigorous, can never provide an absolute guarantee against disloyalty. It has nevertheless recommended a number of measures to improve our defences. The Government accept the commission's recommendations, and will implement them as quickly as possible.

Some of these recommendations fall within the framework of the existing security system. These cover:

- the wider use of random searches of staff leaving Government buildings where staff handle highly classified material in substantial quantities;
- more emphasis on the responsibility of managers for security supervision; and
- procedures for access, with the individual's consent, to medical records.

These recommendations are of general application to all Government Departments and staff with access to highly classified information. The commission recommends that more radical screening procedures should be applied to staff in intelligence and security agencies with access to the most sensitive categories of information. These recommendations include:

- more rigorous standards for PV in those agencies;
- consideration of the introduction of psychological testing in security screening of applicants for employment in these agencies who would have access to information of the highest classification;
- the extension of PV investigations in relation to such applicants to include interviews with independent witnesses other than the referees named by the person to be vetted; and
- a pilot scheme to test the feasibility of polygraph security screening in the intelligence and security agencies.

The commission concludes that the polygraph is the only measure of which it could be said with any confidence that it would have protected GCHQ from Prime's treachery, because it would either have deterred him from applying to join or could have exposed him in the course of examination. In view of this and of the extreme gravity of the damage caused by Prime, the Government accept the commission's recommendation that a full and thorough pilot scheme should be carried out. The commission recognises that a polygraph examination is generally

regarded as a disagreeable experience and would be seen by some as an unwarranted invasion of their privacy. But we are dealing with matters of the highest national security, and those who have access to the nation's most sensitive secrets must expect to be subject to the most rigorous vetting procedures. Moreover, the commission proposes that questioning under the polygraph should be limited to counter-intelligence examination — such as exposure to approaches by hostile intelligence services — and should not extend to questions of life-style, such as criminality, drug taking, sexual matters and financial affairs. It also recommends that in no case should a supposedly adverse polygraph indication be treated by itself as a ground to withhold clearance without independent confirmation from some other source. The Government are in full agreement with the commission that safeguards of this nature must be incorporated in the pilot scheme.

All security procedures imply some degree of encroachment upon the rights and freedom of the individual. We have to decide how to strike the balance between those considerations and the need to protect national security, in laying down security procedures that will be as effective as possible within the limits of what is acceptable in a free and democratic society. In doing so we have to bear in mind that no system of security can be guaranteed to confer absolute protection. I believe that the commission's recommendations are reasonable, and I commend them to the House as necessary to strengthen the security arrangements which exist to protect our free and democratic society.

Pay Review Bodies

Mr. Buck asked the Prime Minister if she will make a statement on the reports of the review bodies on the pay of the armed forces, the doctors and dentists and top salaries.

Mrs. Dunwoody asked the Prime Minister when she intends to announce the decision on the Doctors and Dentists Pay Review Body; and if she will be accepting the recommendations of the board.

The Prime Minister: The reports of the Armed Forces Pay Review Body, the Doctors' and Dentists' Review Body and the Top Salaries Review Body on certain top salary groups and on parliamentary pay and allowances have been laid before the House today and will be published as Command Papers shortly. Copies are now available in the Vote Office. The Government are grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

The report of the Armed Forces Pay Review Body recommends new rates of pay for service men and women applicable from 1 April 1983 which will add 7.2 per cent. to the estimated pay bill for 1983-84.

The Government accept the report, and the necessary steps to implement the new rates of pay, and inform service men of the details of the report, will be taken as soon as possible.

The report of the Doctors' and Dentists' Review Body recommends with effect from 1 April 1983 increases in the pay of doctors and dentists which the review body estimates would add 6 per cent. to the pay bill over and

above the costs of implementing in full its recommendations for 1 April 1982; in addition it recommends changes in certain supplementary payments to take account of the hours worked by junior hospital doctors and dentists, which will add a further 1 per cent. to the total pay bill.

The House will recall that since 1981 there has been an abatement of the review body's recommendations for doctors and dentists which now amounts to 2.7 per cent. of the pay bill. The review body has strongly urged that this abatement should now be made good. The Government accept the recommended increases for this year with effect from 1 April 1983. It proposes to make good the abatement with effect from 1 January 1984.

The scales and rates resulting from these decisions will be promulgated as soon as possible.

The two reports from the Top Salaries Review Body, one dealing with the salaries of the higher Civil Service, senior officers in the armed forces and the judiciary, and the other dealing with the salaries of Members of Parliament and of Ministers and other office holders and parliamentary allowances, will be for consideration after the election.

So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament will take a similar view about recommendations affecting their own salaries. The Government believe that any decisions which are reached in the new Parliament about resettlement arrangements should apply also to Members of the present Parliament in relation to their present salaries. The Government acknowledge the need to consult opinion widely before the House reaches a conclusion on the recommendations.

Cruise Missiles

Mr. Buck asked the Prime Minister whether she will make a further statement with respect to the arrangements for joint control of cruise missiles in the event of their deployment in the United Kingdom.

The Prime Minister: The existing understandings between the United Kingdom and the United States governing the use by the United States of nuclear weapons and bases in this country have been jointly reviewed in the light of the planned deployment of cruise missiles. We are satisfied that they are effective. The arrangements will apply to United States cruise missiles based in the United Kingdom whether on or off bases. The effect of the understandings and the arrangements for implementing them is that no nuclear weapon would be fired or launched from British territory without the agreement of the British Prime Minister.

OVERSEAS DEVELOPMENT

Public Opinion (Survey)

Mr. Forman asked the Secretary of State for Foreign and Commonwealth Affairs whether his Department has recently sponsored any survey of public opinion in the United Kingdom towards overseas aid; and if he will make a statement.

Mr. Raison: A public opinion poll sponsored by the Overseas Development Administration and commissioned by the Office of Population, Censuses and Surveys, was

recently undertaken as part of a Gallup poll omnibus survey. The fieldwork was done in January 1983 and based on a sample population of 1,862. I have placed copies of the results of the survey in the Library of both Houses.

Population Projects

Mr. Farr asked the Secretary of State for Foreign and Commonwealth Affairs what percentage of gross public expenditure on overseas aid was represented by expenditure on population projects in each of the financial years from 1976-77 to the latest available date.

Mr. Raison: As I explained to the hon. Member on 28 April—[Vol. 41, c. 408]—population aid statistics are compiled on a calendar year basis. In 1976, population projects represented about 0.8 per cent. of gross public expenditure on overseas aid; in 1977—0.9 per cent.; in 1978 and 1979—1.0 per cent.; 1980—0.9 per cent.; and in 1981—0.6 per cent.

FOREIGN AND COMMONWEALTH AFFAIRS

Spain and Portugal

Sir Anthony Meyer asked the Secretary of State for Foreign and Commonwealth Affairs if he will publish in the *Official Report* a table showing the state of negotiations on each of the main dossiers relating to the accession of Spain and Portugal to the European Community.

Mr. Hurd: The information for which my hon. Friend asked is set out in the following table:

Chapter	Portugal	Spain
Capital Movements	Agreed in full	Agreed in full
Transport	Agreed in full	Agreed in full
Regional Policy	Agreed in full	Agreed in full
Euratom	Agreed in full	To be negotiated
Rights of Establishment	Substantially agreed	Agreed in full
Ecofin	Substantially agreed	Substantially agreed
Taxation	Substantially agreed	Good progress
Customs Union	Substantially agreed	Good progress
ECSC	Substantially agreed	Good progress
External Relations	Substantially agreed	Good progress
Harmonisation of Laws	In progress	Substantially agreed
Social Affairs	In progress	To be negotiated
Agriculture	To be negotiated	To be negotiated
Fisheries	To be negotiated	To be negotiated
Own Resources	To be negotiated	To be negotiated
Institutions	To be negotiated	To be negotiated

Republic of Ireland

Mr. Arthur Lewis asked the Secretary of State for Foreign and Commonwealth Affairs whether he will make a statement on the official complaint made by the Government of the Republic of Ireland at the United Kingdom's condemnation of the Republic's attitude to the North Atlantic Treaty Organisation; and what reply Her Majesty's Government have sent or intend sending to the Government of the Republic of Ireland.

Mr. Hurd: The Irish authorities have been left in no doubt of the Government's position on this question.



10 DOWNING STREET

From the Private Secretary

12 May 1983

Doctors' and Dentists' Review Body

I enclose a copy of a letter dated 8 April which the Prime Minister has received from Sir Robert Clark, with which Sir Robert enclosed the Review Body's Report on Doctors' and Dentists' Remuneration which we published today.

BK / I would be grateful for a draft reply for the Prime Minister's signature, by Monday 16 May.

M. C. SCHOLAR

Steve Godber, Esq.,
Department of Health and Social Security.



OFFICE OF MANPOWER ECONOMICS

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Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

8 April 1983

Dear Prime Minister,

REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION

I enclose our report on the levels of remuneration we consider to be appropriate, with effect from 1 April 1983, for doctors and dentists in the National Health Service. The report, I hope, makes clear the basis on which we have arrived at our conclusions. Three sets of considerations have combined this year to affect the total cost of our recommendations:

- (i) the need to recommend levels of remuneration that we can be satisfied are adequate as at 1 April 1983 and which are intended to avoid further significant deterioration in the relative position of these groups;
- (ii) the need to face the special problems arising from the long hours of some junior hospital doctors of which we have now completed the examination we began last year; and
- (iii) the shortfall in doctors' and dentists' remuneration arising from the fact that our recommendations in the Eleventh and Twelfth Reports have yet to be fully implemented.

We have felt it essential to take account of each of these matters in the present report.

Yours sincerely
Robert Clark.

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

~~Peto~~

~~Robin~~

Please give this file to Robin. He complained that the file was incomplete.

We have searched through other relevant files and added the 'Howard' extract from 12 May and the appropriate Cabinet Papers and minutes. This is all we have on 'Doctors + Dentists

Nigel
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