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File AH

CCS Tsy (PSS)
CO (Dw)

10 DOWNING STREET

From the Principal Private Secretary

29 January 1982

Dear Councillor Rumbold,

Further to my letter of 12 January, I am replying on behalf of the Prime Minister to the points about the Review Body system raised in your letter of 7 January.

You express concern that the Review Bodies are using comparability as one of the criteria for setting pay levels. The Review Bodies are, of course, free to decide what they should take into account in reaching their conclusions. As regards accountability, these conclusions are presented as recommendations to the Government; and it is for the Government, not the Review Bodies, to decide on the appropriate action in the light of the recommendations.

In the case of the Doctors and Dentists Review Body the Government gave an undertaking to the professions, which the Review Body reproduced in their 1971 Report (Cmd 4825), as follows:

'It (the DDRB) would be free to obtain whatever information it might want, to look at all the factors it considered relevant, and to form its own judgment'.

It is therefore for the DDRB to decide what use to make of comparability criteria. The Government has not constrained it to rely on this particular factor. Indeed, as you will know, the Government has drawn attention to the importance of other relevant factors, such as recruitment and retention, in its economic evidence to the DDRB.

You also draw attention to the arrangements whereby teachers' pay is negotiated in the Burnham Committee under the Remuneration of Teachers Act 1965, but other conditions of service are negotiated separately with the local authority employers. A number of issues are raised by these arrangements, which are currently under consideration by the Secretary of State for Education and Science. Your letter has been drawn to the attention of his Department.

Yours sincerely,

Councillor Mrs A C R Rumbold CBE

Steve Whitmore.

*original into
Joan Powell
2/2.*



H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000
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Sir Douglas Wass GCB
Permanent Secretary

C A Whitmore Esq
10 Downing Street
LONDON
SW1

27 January 1982

Dear Mr Whitmore,

LETTER FROM COUNCILLOR MRS RUMBOLD

Further to David Wright's letter of 14 January (copied to you), I now attach a draft reply to Mrs Rumbold's letter of 7 January to the Prime Minister. This has been cleared as necessary with DES and DHSS.

I am copying this letter (without enclosures) to David Wright.

Yours sincerely,

Duncan Slaughter

D C W SLAUGHTER
Assistant Private Secretary

DRAFT LETTER

From: The Principal Private Secretary, No. 10

To: Councillor Mrs A C R Rumbold, CBE

Further to my letter of 12 January, I am replying on behalf of the Prime Minister to the points about the Review Body system raised in your letter of 7 January.

2. You express concern that the Review Bodies are using comparability as one of the criteria for setting pay levels. The Review Bodies are, of course, free to decide what they should take into account in reaching their conclusions. As regards accountability, these conclusions are presented as recommendations to the Government; and it is for the Government, not the Review Bodies, to decide on the appropriate action in the light of the recommendations.

3. In the case of the Doctors and Dentists Review Body the Government gave an undertaking to the professions, which the Review Body reproduced in their 1971 Report (Cmnd 4825), as follows:

'It [the DDRB] would be free to obtain whatever information it might want, to look at all the factors it considered relevant, and to form its own judgment.'

It is therefore for the DDRB to decide what use to make of comparability criteria. The Government has not constrained it to rely on this particular factor. Indeed, as you will know, the Government has drawn attention to the importance of other relevant factors, such as recruitment and retention, in its economic evidence to the DDRB.

4. You also draw attention to the arrangements whereby teachers' pay

is negotiated in the Burnham Committee under the Remuneration of Teachers Act 1965, but other conditions of service are negotiated separately with the local authority employers. A number of issues are raised by these arrangements, which are currently under consideration by the Secretary of State for Education and Science.

Your letter has been drawn to the attention of his Department.

Original into

Joan Parnall

8/2.



CABINET OFFICE

A 9272

13 JAN 1982

FILING INSTRUCTIONS

FILE No. _____

10 DOWNING STREET

From the Principal Private Secretary

Mr David Wright
Cabinet Office

I enclose a copy of a letter, together with a copy of my acknowledgment, from Councillor Mrs. A.C.R. Rumbold about the Review Body on Doctors' and Dentists Remuneration.

I should be grateful if you would let me have a suggested Private Secretary reply dealing with the points raised by Mrs. Rumbold.

JW.

12 January 1982

Original into
Joan Potter 3/2.

12 January 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 7 January about the Review Body on Doctors' and Dentists' Remuneration. This will be placed before her and a reply will be sent to you as soon as possible.

I do know, however, that the Prime Minister will be glad to learn of your willingness to continue as a member of the Review Body and will be grateful to you.

sgd. CLIVE WHITMORE

Councillor Mrs. A.C.R. Rumbold, C.B.E.

Royal Borough of Kingston upon Thames

*original with
from letter 8/1*
Councillor Mrs A C R Rumbold, CBE

Guildhall
Kingston upon Thames
KT1 1EU
Telephone: 01-546 2121

7th January 1982

The Rt. Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON

Dear Mrs Thatcher

Thank you for your letter of 24th December reappointing me to the Doctors' and Dentists' Review Body for the current year. I shall, of course, be happy to serve again.

However I would like to take this opportunity to express a couple of personal reservations about the Review Body system. Obviously I fully understand the reasons why they were created at the time, and if I am critical of them at this time, I cannot offer a constructive alternative that could be guaranteed to be acceptable to the professions dealt with in this manner.

My first concern is that the Review bodies are using comparability as one of the criteria for setting pay levels at a time when market forces in the private sector are pulling pay settlements down, but no such forces operate in the public sector for a truly critical comparison to be made. Whilst it would be dangerous to say as a general rule that both Doctors and Dentists have other paths through which they can enhance their overall pay, it is certainly true to say that in certain parts of the country such as London and the Home Counties, many Consultants use private practice to achieve just that. Whilst I believe that to be perfectly acceptable, I do worry about the double standards of using both private and public sector pay to uplift awards in order to remain at the "right level" in the pecking order. This is particularly true at a time when the economy nationally is struggling out of a crisis which will certainly be more likely to succeed if pay increases are kept low.

The second concern which is mirrored in the other body dealing with pay negotiations on which I serve - the Burnham Committee - is where negotiations on pay take place in isolation from the conditions of service. It undoubtedly places the employees in a very strong position if they are able to claim that the employers must only price the job and not set down the ground rules for the money. It is less true of the Burnham Committee where at least the employers have the weapon of saying what the actual sum of money available is, and can say that the employees have to choose between higher money and fewer employees or lower increases and fuller employment. The Review bodies actually suffer from true lack of accountability although of course are protected from the ultimate responsibility by Parliament.

I suspect that you share the view that this second point is a serious impediment to negotiations and I wonder to what extent the Government is considering a change in this respect?

Yours sincerely

A. C. R. Rumbold