

PRIME MINISTER

DOCTORS' CONTRACT AND NHS REQUIREMENTS

We had a brief word this morning about the present state of play in the NHS debate. You were concerned that major problems remained in winning the propaganda battle; and were minded to think that the doctors' contract issue was an important point in relation to the wider debate on NHS reform.

You may like over the weekend to glance at a number of papers that are now available. When you held your last meeting on central management of the NHS, the DoH were commissioned to produce a progress report in three months' time. And about a month ago I asked the DoH to put together a more general progress report on the NHS reforms. Both these papers are now available. The full list of papers attached is:

Flag A: the general progress report on the NHS reforms

Flag B: some comments on that from Ian Whitehead

Flag C: the progress report on central management

Flag D: comments on central management from Ian Whitehead

Flag E: the note you saw earlier this week on the line Kenneth Clarke is taking following the GPs rejection of the new contract.

The Flag A general progress report is longer on words than on hard content. But, as Ian Whitehead says, it is reasonably encouraging. The Flag C report on central management is more detailed, but Ian Whitehead raises a number of worries on it. I understand that the Treasury also have worries about the central management proposals, although I suspect their concerns are in the opposite direction; whereas Ian feels the changes may not go far enough, the Treasury are probably worried that they go too far.

You will want to consider the next steps and the best handling. My own view is that there is much to be said for deferring any further meeting until the first week of

September. On all the main issues of NHS reform and NHS central management there is little if anything to be lost by allowing all concerned to take a breather for rest and reflection during August. There is no need to try to take decisions in the next week or so; and given the pressures over the last few months it is not a good time to try.

But, as we discussed this morning, it is important to make maximum early progress on the doctors' contract, and to move as quickly as possible to a position where individual GPs are told how the contract will affect them. Ian Whitehead's note at Flag B reinforces this point. So you may want to urge that the necessary detailed work is being pressed on with during August.

#### Conclusion

(i) content to welcome the two latest reports from DoH and to suggest a meeting to take stock in the first week of September?

(ii) if so, would you see advantage in having a first meeting on a bilateral basis with Kenneth Clarke, in advance of a meeting also involving the Treasury and territorial departments?

(iii) do you want to urge DoH to press on urgently with the detailed preparatory work on the new doctors' contract, with a view to telling all GPs as soon as possible how the contract will affect them (see 'X' on Kenneth Clarke's note at Flag E). *Yes m*

(iv) are there any detailed comments you want to offer at this stage on the Flag A and Flag C papers (eg. drawing on Ian Whitehead's notes at Flags B and D). Or, content to leave this until an initial September meeting with Kenneth Clarke? *Yes m*

*PK CG.*

PAUL GRAY

21 July 1989

*Yes - 1  
also promised (ch  
Chandos house) do see  
Dr. Pangark  
Turner - Warwick.*