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Confidential Filing

The removal of powers and functions from the Lambeth, Southwark and Lewisham Area Health Authority following their refusal to conform to financial limits.

NATIONAL HEALTH

JULY 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1-8-79							
4-1-80							
27-2-80							
28-2-80							
29.2.80							
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PREM 19/301

PRIME MINISTER

Nat Health
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Statements in the House

Mr. Jenkin's statement on Lambeth, Southwark and Lewisham (Flag A) went off surprisingly peacefully today. Mr. Orme asked a number of detailed questions about the status of decisions that had been taken by the Commissioners and demanded adequate Parliamentary time for discussion of the Validation Bill. He said it would have been better for Mr. Jenkin to offer his apology last week rather than today. Mr. Mellish said that it was "a sad, sorry and abject story". Christopher Price said that Mr. Jenkin had been warned on the day of his announcement last August that his action was illegal.

Mr. Jenkin said that he had not decided last week whether to appeal so that an apology then would not have been appropriate. He said that many of the questions which had been asked would be resolved by his Bill. As far as the two hospitals which had been closed were concerned, their future would be for the new authority to decide. The important thing was that the new authority had undertaken to reach decisions within its cash limit.

Eric Heffer erupted with cries of "resign" from time to time and Bob Cryer reminded Mr. Jenkin of Crichel Down. Apart from these sustained calls for his resignation, there was less pressure on Mr. Jenkin than might have been expected. He replied quietly and with some dignity, and on the whole did pretty well.

Education

Mr. Carlisle's statement on Warnock (Flag B) went off very quietly. He said that his White Paper would be published in the early summer and referred all detailed questions to decisions to be announced then. Nothing very sensational was raised from either side of the House.

MS

3 March 1980

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. House of Commons Hansard,
26 February 1980, columns 1140 - 1150
"Lambeth, Southwark and Lewisham AHA"

2. House of Commons Hansard,
3 March 1980, columns 29 - 41
"Lambeth, Southwark and Lewisham AHA"

Signed A Wayland Date 4 May 2010

PREM Records Team



Mufaxed to
Cheques.

Prime Minister (2)

SJ Like
1. 3. 80

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

National Health

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

29.2.80

Dear Nick

LAMBETH, SOUTHWARK AND LEWISHAM

Mr Jenkin spoke to the Prime Minister last night about the timing and presentation of a Bill to validate the actions of the Commissioners for Lambeth, Southwark and Lewisham from the day of appointment to the end of this financial year.

Notice of the Bill will be given on Monday 3 March when the Secretary of State proposes to make a further statement. The terms of the Bill have been revised in the light of the views expressed both by the Prime Minister and my Secretary of State; I attach a copy. Whilst the revised draft is not in the form we would like, in that it validates the direction which the court has ruled against rather than merely validating the action taken by the Commissioners, we are advised by Parliamentary Counsel that this is the only way to proceed.

I am glad to report that the meeting with the Area Health Authority this afternoon was both constructive and friendly. The Authority agreed that the best course was for the Commissioners to continue until 31 March to allow an orderly transfer to the Authority thereafter and accepted that it was their responsibility to live within the cash limits set by the Government and the Regional Health Authority.

I am copying this letter and enclosure to John Chilcot (Home Office), Bill Beckett (Law Officers Department), John Stephens (Office of the Chancellor of the Duchy) and Murdo Maclean (Government Chief Whips Office).

Yours ever
D Brereton

D BRERETON

Enc.

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B I L L

T O

Give temporary effect to an instrument purporting to be a direction given by the Secretary of State for Social Services.

Be it enacted, etc.

Effect of Secretary of State's instrument.

1. The instrument dated 1st August 1979 and purporting to be a direction given by the Secretary of State for Social Services with respect to the functions of the Lambeth, Southwark and Lewisham Area Health Authority (Teaching) shall have effect and be deemed to have had effect as if it had been a valid direction under section 86 of the National Health Service Act 1977 specifying as the period during which those functions were to be performed by others the period beginning on 1st August 1979 and ending on 31st March 1980.

1977 c.49.

Short title.

2. This Act may be cited as the National Health Service (Invalid Direction) Act 1980.

CONFIDENTIAL

Prime Minister ⁽²⁾



ST Pike
1. 2. 80

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BT

Telephone 01-407 5511

From the Secretary of State for Social Services

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

24.2.80

Dear Nick

LAMBETH, SOUTHWARK AND LEWISHAM

Mr Jenkins spoke to the Prime Minister last night about the timing and presentation of a Bill to validate the actions of the Commissioners for Lambeth, Southwark and Lewisham from the day of appointment to the end of this financial year.

Notice of the Bill will be given on Monday 3 March when the Secretary of State proposes to make a further statement. The terms of the Bill have been revised in the light of the views expressed both by the Prime Minister and my Secretary of State; I attach a copy. Whilst the revised draft is not in the form we would like, in that it validates the direction which the court has ruled against rather than merely validating the action taken by the Commissioners, we are advised by Parliamentary Counsel that this is the only way to proceed.

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I am copying this letter and enclosure to John Chilcot (Home Office), Bill Beckett (Law Officers Department), John Stephens (Office of the Chancellor of the Duchy) and Murdo Maclean (Government Chief Whips Office).

Yours truly

D. BECKETT

Enc.

CONFIDENTIAL

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Give temporary effect to an instrument purporting to be a direction given by the Secretary of State for Social Services.

Be it enacted, etc.

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1. The instrument dated 1st August 1979 and purporting to be a direction given by the Secretary of State for Social Services with respect to the functions of the Lambeth, Southwark and Lewisham Area Health Authority (Teaching) shall have effect and be deemed to have had effect as if it had been a valid direction under section 86 of the National Health Service Act 1977 specifying as the period during which those functions were to be performed by others the period beginning on 1st August 1979 and ending on 31st March 1980.
2. This Act may be cited as the National Health Service (Invalid Direction) Act 1980.

CONFIDENTIAL

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC (80) 8th Conclusions, Minute 1 (extract)

Date: 28 February 1980

Signed A Wayland Date 4 May 2010

PREM Records Team

CONFIDENTIAL

NATIONAL
HEALTH

Ref. A01552

PRIME MINISTER

Parliamentary Affairs: Lambeth, Southwark and Lewisham Area Health Authority

The Secretary of State for Social Services is considering urgently the implications of this week's High Court judgment which ruled that he had acted unlawfully in appointing Commissioners to manage the affairs of the Authority. He hopes to send you a minute tonight. We do not yet know what legal advice he will receive, but it is possible that there will be a need for an urgent Indemnity Bill. If so, he will mention the matter under Parliamentary Affairs.

see
Mr Jenkins's
minute at A
and the
Chief Whip!

2. You will want the Secretary of State for Social Services to give the best indication he can of the likely attitude of the Opposition to any such Bill. Their co-operation would be essential in getting a Bill through the House quickly. The Chancellor of the Duchy of Lancaster (to whom the Secretary of State for Social Services has spoken) and the Minister of State, Ministry of Agriculture, Fisheries and Food can comment on the implications of adding this Bill to the immediate business in both Houses. There should be no great problems in the Commons if the Bill could be introduced next week. In the Lords, however, the Bill would have to be fitted in with the debates on the Education (No. 2) Bill, for which time is already tight.

REA

ROBERT ARMSTRONG

27th February, 1980

CONFIDENTIAL



1911
MAY 27 1911

The following is a list of the names of the members of the
Board of Directors of the National Bank of Commerce
for the year ending December 31, 1910. The names are
listed in alphabetical order. The names of the members
who have resigned are indicated by a small circle
around their names. The names of the members who
have been elected for the year ending December 31, 1911
are indicated by a small square around their names.

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STATEMENT BY THE RT HON PATRICK JENKIN MP
SECRETARY OF STATE FOR SOCIAL SERVICES

With permission Mr Speaker I wish to make a further statement about the future of the Lambeth, Southwark and Lewisham Area Health Authority (Teaching).

I reported to the House last Tuesday. On Wednesday I had a meeting with Mr Stanley Hardy, the Chairman of the AHA(T), who told me that the soundings he had taken among members of the Authority led him to believe that the Authority would in future accept its responsibility to comply with cash limits. On Thursday, I received a letter from the solicitor for the London Borough of Lewisham, writing on behalf of the three London Boroughs who were the applicants in the case before the Court informing me that his clients would not object to the Commissioners remaining in a purely caretaking role until 31 March 1980. He envisaged that the Authority, on resuming control from 1 April, would have freedom of action to review decisions taken by the Commissioners, but accepted that the Authority's expenditure should stay within cash limits. As the House knows, there is a clause in the Health Services Bill now in Committee, which if approved by Parliament will impose a statutory duty on all health authorities to comply with the Government's requirements on cash limits.

The House will, I know, recognise the importance of these expressions of intent and the recognition they imply of the position which it was always my intention to sustain. In these circumstances, I thought it right to invite members of the AHA(T) to meet me last Friday to review the position, and I am grateful to the many members who at such short notice attended the meeting. The discussion took place in a helpful and constructive atmosphere. For their part, the members present, nearly two-thirds of the total membership, unanimously assured me that they will be prepared to accept an obligation to keep the Authority's expenditure within cash limits. For my part, I assured them

that on that basis they would be free to review any of the decisions taken by the Commissioners, and moreover, that during the short caretaker period up to the 31 March, the Commissioners would not initiate any changes of major significance. I saw the Commissioners' task as preparing for an orderly handover to the members of the Authority, taking only such routine decisions which were essential to maintain services in the meantime.

It seems to me that this would be a not unsatisfactory outcome and I have accordingly decided not to appeal against the judgment of Mr Justice Wolff, but instead to arrange for the members of the Authority to resume their functions from 1 April next.

The solicitors for the three Councils may seek a formal Order from the Court within the next day or so. Since the judgment effectively declares invalid the Directions I gave last August, legislation will be necessary to regularise the position over the past seven months and to give immediate backing to the status of the Commissioners up to the end of this month. The Government is therefore laying a Bill before the House to give legal effect to the decisions and actions taken under the Directions from 1 August 1979 up to and including 31 March 1980. Copies of the Draft Bill are available in the Vote Office.

My Rt Hon Friend the Leader of the House will make a statement about the arrangements for the Bill in due course.

I offer my full and unqualified apology to the House in this matter and in particular for the trouble and inconvenience which the Bill will cause to Hon and Rt Hon Members.

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7 = MAR 1980

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Prime Minister

With the agreement of the Law Officers I have decided not to appeal against the High Court ruling on the direction appointing the Commissioners for the Lambeth, Southwark and Lewisham Health Authority.

The Judge (though with the likelihood of an appeal in mind) expressed views which indicated his support "in the public interest" for keeping the Commissioners in office until the end of March. But his views do not have the force of law; they do not in themselves validate the decisions of the Commissioners in the six months since they were appointed; nor do they give the Commissioners the power to act until the end of March. Solicitors for the three London Borough Councils which challenged my direction have moreover indicated that, despite the views of the Judge, they intend action which would result in an immediate and disruptive removal of the Commissioners.

I must now seek:

- a. to ensure an orderly transfer of power from the Commissioners;
- b. to make it clear that the Authority must act responsibly within its cash limits.

These two aims are difficult but perhaps not impossible to reconcile.

The ideal would be for me to make a direction giving power to the Commissioners to wind up their affairs in an orderly way, and to hand over to the Authority on April 1st. The Law Officers have however advised that if this were to be challenged we could not be sure of success. I cannot risk failure.

The alternatives are therefore:

- a. to seek to reach agreement with the Authority that, to ensure an orderly handover, they would themselves accept (and would seek to persuade the three Councils to accept) a new direction giving the Commissioners power to act to the end of March. The Law Officers advise that provided the text of the direction were negotiated to the satisfaction of the Authorities there could then be no one who could successfully object to it. There is an outside chance that it would be accepted. But I am clear that I could not persuade them to accept it if I were proposing at the same time to direct the Authority to act responsibly.
- b. to accept the Authority back into office, eg. from next Monday, but with a very firm direction to live within cash limits and not without approval to re-instate any services discontinued by the Commissioners.

I believe the second alternative to be the better both politically and in relation to the rest of the NHS which will be watching carefully what I do. I believe that most responsible people whether in the NHS or among the public though regretting that I have come to grief on a matter of law, have all along supported the Government's firm handling of the rebellion.

I have also consulted the Law Officers on the matter of validating all the varied actions of the Commissioners which they have taken in good faith. We will need to look at the range of such actions, but my own view is that this position cannot be left unresolved, and on their advice I now seek agreement of colleagues to a Bill validating the past actions of the

the Commissioners. These cover inevitably so wide a range of activities that it seems to me to be essential, to avoid serious confusion, that such a Bill be enacted quickly. I am advised that it would probably not extend to more than two clauses, of which one would be formal.

Subject to the views of colleagues on the options I have outlined it would seem appropriate that I should announce my intentions in a further statement to the House tomorrow (Thursday). Such a statement would seem to be essential before Business Questions tomorrow if the Attorney General advises the introduction of the Bill next week.

I am copying this minute to members of the Cabinet, to the Attorney General and to Sir Robert Armstrong.

PJ

27 February 1980

P J

PRIME MINISTER

PA
MS

Lambeth, Southwark and Lewisham

The Press are making a good deal of Mr. Jenkin's defeat in the High Court today. It was also raised in the House, and Mr. Jenkin is going to make a statement tomorrow. He is also first for Questions tomorrow, so that he can expect plenty of pressure.

We are told that he is still thinking what to do about the decision, but is minded at least to consider not appealing against it. The reason is that if he goes to the Court of Appeal, Lord Denning may uphold the High Court decision and give a date by which the existing position has to be reversed. This would be very difficult to put into practice, and Mr. Jenkin would far rather give himself time for manoeuvre while undertaking to abide by the existing decision.

We have asked that he should clear any decision with you, given the importance of extricating ourselves as tidily as possible from this mess.

As a reminder, I attach a copy of Mr. Jenkin's statement last August. The point at issue now is whether an emergency, as defined in the National Health Service Act 1977, existed at all; and if it did, whether it ought to have led to action without a fixed time limit.

MS

25 February, 1980.

copy to Press Office
National Health

PRIME MINISTER

I attach a note from DHSS about the Dulwich kidney transplants issue which has been publicised this week.

The most immediately important piece of information is that the Surgeon concerned, (Mr. Bewick), and Dr. Vaughan confirmed at a joint press conference that no patient for whom a kidney was available would die for want of the operation. But this has been achieved only by bringing some voluntary money in.

This may be one more example of a spending authority choosing a highly dramatic example of where financial restraint can hit services to the public. The Annex to the note highlights the special factors in the case, notably that Mr. Bewick performs his operations at this particular hospital at more than twice the national average cost of these transplants, because he uses a very expensive immuno-suppressive drug. It appears that he does not use this in other transplants which he carries out at Guy's.

4 January 1980



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

M Pattison Esq
Private Secretary
10 Downing Street
London SW1

3 January 1980

Dear Mike,

I attach as promised a note about the kidney unit at Dulwich Hospital; it has been cleared by the Minister for Health, Dr Vaughan, who saw a deputation today. If there is any more information you need please let me know.

Yours ever
Don

D BRERETON
Private Secretary

Enc.

KIDNEY TRANSPLANTS IN THE KINGS HEALTH DISTRICT
NOTE FOR NO.10

Action by Commissioners for Lambeth, Southwark and Lewisham Health Area

1. By the end of November 1979 it had become clear that the King's Hospital Kidney Unit (at East Dulwich) had overspent by £221,000 a transplantation budget agreed in March 1979 at £207,000: the threatened full-year over spending was £400,000. Shortly before Christmas, the Commissioners for Lambeth, Southwark and Lewisham Health Area informed the Consultant Surgeon in charge, Mr Bewick that he must stop transplant operations immediately (except for a small number of patients to whom he was committed) until 31 March 1980, by which time the position for 1980/81 will have been reviewed (Background information in Annex).

Secretary of State's December letter to Chairman of Commissioners

2. Mr Jenkin wrote to the Chairman of the Commissioners on 27 December saying that he fully appreciated the dilemma of the Commissioners in reaching their decision. Whilst he naturally regretted the need for curtailment in a field in which further development was being sought, financial considerations must determine the level at which increased activity could be allowed to take place and he accepted the Commissioners' judgement.

Deputation on 3 January

3. Dr Vaughan received a small deputation led by Mr Bewick this morning (3 January). (Mr Bones, Chairman of the Kidney Patients' Association and two patients were also present.) Minister explained that health authorities had no choice but to try and work within the money available. He supported the action of the Commissioners, and Mr Bewick accepted the general need for the Commissioners to contain expenditure within the Area. With the deputation and in discussion with Mr Bewick afterwards it emerged that there were possibilities for obtaining alternative funds for a short time, and for examining some of the costs involved in the treatment. Mr Bewick also undertook to look for any possible waste within his unit.

Will patients die?

4. After seeing the deputation, Dr Vaughan and Mr Bewick held a joint press conference. Dr Vaughan said that he and Mr Bewick had discussed the risks for patients and Mr Bewick confirmed that no patient for whom a kidney was available would die for want of the operation.

Further action

5. Dr Vaughan is to see Mrs Ward, President of the British Kidney Patient Association next Monday 7 January. Mr Bewick is also following up points that arose in discussion and he and Dr Vaughan are to meet on Friday 11 January.

Continuing need for kidney donors

6. The problems at Mr Bewick's Unit do not affect the need to increase the supply of kidneys for transplantation. More are needed to allow both an overall increase in the number of transplantations and better matching of kidneys and patients.

7. In December, when announcing Lord Smith's guidelines for organ transplantation, Dr Vaughan said that the Government was going to do all it could to encourage the donation of kidneys. A new kidney card is to be introduced. Dr Vaughan is having meetings with the voluntary groups concerned, and with some of the surgeons.

8. Kidney transplants are considerably cheaper than dialysis and when satisfactory result in a better life for the patient.

DHSS

3 January 1980

KIDNEY TRANSPLANTS IN THE KING'S HEALTH DISTRICT

Appointment of Commissioners

1. The East Dulwich Kidney Transplant Unit is in the Lambeth, Southwark and Lewisham Health Area. The Area Health Authority overspent its allocation last year by £4 millions. In spite of an increased allocation this year the Authority continued to overspend. Secretary of State for Social Services decided action must be taken to bring the Area's expenditure under control and at the beginning of August 1979 issued a Direction transferring the powers and functions of the Area Health Authority to five Commissioners.

The agreed budget for the King's Kidney Unit

2. The Commissioners asked all four Health Districts in the Area to agree with the consultants in all specialties to hold activity during 1979/80 at the 1977/78 level or lower if possible. In the case of the King's Unit a budget of £207,000 based on 1977/78 activity levels, was agreed with Mr Bewick, the consultant surgeon, for the financial year 1979/80.

3. This budget would have allowed for about 50 transplant operations, based on the national average cost of £4000. However the average cost of transplants carried out by Mr Bewick at the King's unit is in the region of £8,750, mainly because he uses a very expensive immuno-suppressive drug 'Pressumune', which he claims gives a better graft survival rate. Statistical comparisons are, however, complicated by various factors, including the number of high-risk cases accepted; Mr Bewick claims to accept a high proportion.

Mr Bewick's work at King's

4. In the first six months of the year, ie. by mid-October, Mr Bewick had undertaken 28 transplants (22 with Pressumune) and had already overspent his budget by £42,000. He did not reduce his activities and six weeks later, ie. by the end of November, had carried out a further 21

transplants (49 in total), and had overspent his budget by £221,000. The Commissioners estimated that if he continued with transplant operations at the same rate, he would by the end of the financial year have undertaken 70 transplants with a total overspending of £400,000.

Mr Bewick's work at Guy's

5. Mr Bewick also carries out transplants at Guy's Hospital, although we understand that he does not use Pressumune there. It is not, as far as we know, proposed to stop his transplant operations there.

Impact on other services

6. Other services within the Lambeth, Southwark and Lewisham Area are under pressure and are having difficulty in keeping within their agreed budget. It is not possible for the overspending on transplants at King's to be offset by savings elsewhere within the Area's renal services. It could, therefore, only be met by further reductions in other services, particularly those which are specifically provided for the local population.

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National Health
1. August 1979

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STATEMENT BY THE RT HON PATRICK JENKIN, SECRETARY OF STATE FOR SOCIAL SERVICES
LAMBETH, SOUTHWARK AND LEWISHAM AHA(T)

The Government, like its predecessors, requires health authorities to keep their spending within the limits of the money that has been made available to them. I know that this is no easy task at present, but the Government is entitled to expect that the appointed health authorities will manage responsibly the affairs entrusted to them.

The majority of the Lambeth, Southwark and Lewisham Area Health Authority (Teaching) showed by their votes at Monday's meeting that they were not prepared to respect the normal financial disciplines accepted by other health authorities in the country. By a majority, the Authority specifically rejected recommendations from a Planning Group, made up of some of its members, in order to enable Districts in the Area to manage their services without exceeding their spending limits.

There has been a history of over-spending by this Authority - last year they exceeded their limits by £4 million. The decisions reached by the Authority on Monday, in effect, to continue to over-spend this year mean that the money will run out before the end of the financial year, leaving the Authority unable to pay salaries and wages, unable to pay their bills as they fall due, and therefore unable to maintain services to patients. This would do incalculable harm both to patients and to staff.

Faced with such an emergency, I have no option but to invoke the powers given me by Section 86 of the National Health Service Act 1977. I have, this morning, issued a Direction under the Act, the effect of which is to remove from the members of the Area Health Authority all the powers and functions now exercised by them. I intend that these powers will in future be exercised by Commissioners whom I will appoint; as an interim measure I have directed that these powers and functions be exercised forthwith by the South East Thames Regional Health Authority.

I greatly regret that a majority of members of the Lambeth, Southwark and Lewisham AHA(T) should have decided to abdicate their responsibilities. I do not, for one moment, accept that their action is justified, nor do I accept their claim that massive cuts in patient services would be necessary to contain spending. Some reductions will have to be made, but I am convinced that considerable savings can be achieved without serious impact on patient care.

It will be the job, first, of the Regional Health Authority and, later, of the Commissioners whom I intend to appoint, so to manage the affairs of the Authority that its spending over the financial year as a whole is brought within the limits which have been laid down for it.





PA
MS

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

The Rt Hon William Whitelaw CH MC MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
LONDON SW1

31 July 1979

Dear Willie,

You will know that the Lambeth, Southwark and Lewisham AHA(T) have refused to cut their spending by enough to remain within their cash limits. This is unacceptable in itself and, if I allow it to go unchallenged, it will dismay other Health Authorities, many of whom are also hard-pressed. I have powers to remove from the Authority the exercise of its functions, and as I told you on the telephone I intend to do this forthwith.

I am sure that firm action will be welcomed - the London Evening papers are not unhelpful. Our predecessors should have taken action earlier. Of course, there will be criticism from a number of quarters, but I will be explaining to the Press the reasons for my actions, and my belief that much could be saved without harming patients (I attach a draft of the sort of statement I will be making tomorrow).

I am copying this minute to the Chancellor of the Exchequer, the Chief Secretary, the Secretaries of State for Scotland, Wales, Employment and the Environment, the Paymaster General and to No 10 and Sir John Hunt.

*Yours
Ratcliffe*

ENC

THE SECOND DRAFT OF THE STATEMENT

The Government, like its predecessor, requires health authorities to keep their spending within the limits of the money that has been made available to them. I know that this is no easy task, but I am entitled to expect that health authorities will manage their affairs responsibly.

The majority of the Lambeth, Southwark and Lewisham Area Health Authority (Teaching) showed by their votes at Monday's meeting that they were not prepared to respect normal financial disciplines. By a majority, the Authority specifically rejected recommendations from a Planning Group, made up of some of its members, that would enable Districts in the Area to manage their services without exceeding their spending limits.

There has been a history of over-spending by this Authority - last year they exceeded their limits by £4 million. The decisions reached by the Authority on Monday, in effect, to continue to over-spend this year mean that the money will run out before the end of the financial year, leaving the Authority unable to pay salaries and wages, unable to pay their bills as they fall due, and therefore unable to maintain services to patients. This would do incalculable harm both to patients and to staff.

Faced with such an emergency, I have no option but to invoke the powers given me by Section 86 of the National Health Service Act 1977. I have, this morning, issued a Direction under the Act, the effect of which is to remove from the members of the Area Health Authority all the powers and functions now exercised by them. I intend that these powers will in future be exercised by Commissioners whom I will appoint; as an interim measure I have directed that these powers and functions be exercised forthwith by the South East Thames Regional Health Authority.

I greatly regret that a majority of members of the Lambeth, Southwark and Lewisham AHA(T) should have decided to abdicate their responsibilities. I do not, for one moment, accept that their action is justified, nor do I

accept their claim that massive cuts in patient services would be necessary to contain spending. Some reductions will have to be made, but I am convinced that considerable savings can be achieved without serious impact on patient care.

It will be the job, first, of the Regional Health Authority and, later, of the Commissioners whom I intend to appoint, so to manage the affairs of the Authority that its spending over the financial year as a whole remains within the limits which have been laid down for it. I am grateful to the Region for taking on this task.

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