

D/15

PERSONAL AND CONFIDENTIAL



HOUSE OF COMMONS  
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1. cc Dr Ridley  
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cc MR

23 March 1983

I have already forwarded to Adam Ridley a draft copy of the first thoughts for a possible Manifesto you recently requested from all colleagues. I now attach a copy of an amended version which reflects our final "first thoughts" on this matter. The draft is longer than the word allocation formally given to each Department. But I am certain you would agree that the intrinsic importance and the political impact of DHSS policy is such that it will have to be covered by a section of more than average length in the Manifesto.

The draft deals with our record and items of forward policy on which there is generally broad policy agreement. A number of other matters some of the very highest priority - await collective decision. These include the exact terms of our pledge for the future on the uprating of benefits, and a number of specific items of social security policy on which we are still at the stage of ministerial discussion in the Department. Some of these - such as the system of cash benefits for the disabled, and the pattern of maternity benefits - are signposted in the draft. On some others I intend to write to you again in due course.

HEALTH AND  
SOCIAL SECURITY

NORMAN FOWLER

PERSONAL AND CONFIDENTIAL

## HEALTH AND SOCIAL SECURITY

During the world recession the Government has committed more money than ever before to health and social services. We have given vital support to voluntary organisations and to the millions of people who take on the front-line responsibility of helping their families and friends in cases of need.

Protecting those in greatest need will remain the priority of the next Conservative Government. But further improvements in services will depend on the continuing success of our economic strategy to rebuild Britain's prosperity - and thus to create real new resources. In Britain today over £4 in every £10 of public spending are already devoted to the social services. It is therefore absurd for the Labour Party to pretend that they could raise public spending by tens of billions of pounds without any thought as to how those resources would be produced. It is equally absurd for them to insist that care must be provided by the State alone, and that private and voluntary effort must be discouraged. To meet future demands we shall need to call on every resource in society to work in partnership - private sector, volunteers and individuals as much as State and local authority services.

Improving health care

The cornerstone of our strategy on health is that patients' interests must come first. Nowhere is the need for partnership more vital than in their service. The Government has repeatedly made it clear that we have no plans to change the basis of financing the health service. We have proved our commitment to the NHS by increasing its budget from £7<sup>3</sup>/<sub>4</sub> billion in 1978/79 to an all-time record of £15½ billion in 1983/84. This has enabled us to recruit more doctors and dentists, more nurses and midwives than ever before. This service growth has led to more patients being treated more effectively than ever before. We have insisted on better value for money for the taxpayer by increasing efficiency. That way a higher proportion of money is devoted to direct patient care. We have streamlined administration, laid down performance indicators and set up for the first time ministerial reviews of efficiency which have made the health regions properly accountable for their performance. We have legislated for

the protection of mental health patients.

For the future we shall continue progress towards the fairer distribution of health resources between different regions. We shall also continue to concentrate resources in sectors where they are most needed - the elderly, the mentally handicapped and the mentally ill, the under-5s, care in connection with childbirth, the inner cities, and combatting problems like drug abuse. We shall maintain our major programme of new hospital building. Higher priority will also be given to the maintenance and upgrading of existing hospitals to make older wards better and brighter places to give care. We will take further steps to improve the prevention of illness.

We shall continue our drive to release more resources for patient care by reducing management costs and improving administrative efficiency in the health service. The review system will be developed further to give health authorities better leadership and a clearer sense of direction than in the past. We want to improve purchasing and supply policies and develop the use of new information technology in the service. We shall expect authorities to reduce unnecessary costs in support services by competitive tenders among other initiatives.

The National Health Service and the private health sector have everything to gain by working in partnership. Every individual has the right, once his taxes have been paid, to choose how he spends his money. The existence of a growing private sector - from nursing homes for the elderly to modern hospitals - is an asset to the country. It relieves pressure on the NHS. It increases the total sum of resources available for the treatment of the sick. We shall work to develop closer, constructive cooperation between the two sectors over the next Parliament.

#### Partnership in the social services

Not everyone in need of care wants, or has to be, in a a hospital or residential home. Most would prefer to remain in or near their homes. That is the aim of our policy of 'Care in the Community'. We have increased by over a half the amount of money paid through 'joint finance' to support local community social service projects. We have made possible greater flexibility in the use of these resources.

Money should be spent as and where it is best suited to meeting the needs of the individual. We want to see closer cooperation between all providers of care. The public services are not there to supplant private and voluntary effort where it can meet needs adequately. Our strategy is that they should support those providing care and take responsibility in those cases where their professional skills are indispensable. We reject Labour's contention that only State support is desirable. We shall continue to improve financial support to voluntary organisations at the same time as we work to develop statutory community services and to improve professional training.

#### Improving the social security system

At a time of recession increased demands inevitably fall on the social security system. This Government is spending record sums in this area. Our objective has been to channel aid to those in most genuine need and to maintain a satisfactory level of benefits overall.

In the last four years we have more than maintained our pledge to protect the value of pensions in real terms. We have removed a cause of much uncertainty by changing back from Labour's system of linking pension increases to inflation forecasts, so that we actually take account again of the price rises that have taken place. We have legislated to make permanent the payment of the Christmas bonus. In the last Parliament we eased the limit on earnings under the earnings rule. We intend to phase it out permanently in the next Parliament. We shall continue to ensure that pensioners are protected and that they have an opportunity to share in growing economic prosperity.

All other long term benefits have been similarly raised. We have protected the standard of living of those most in need through supplementary benefit. As part of our policy of rewarding, rather than penalising, thrift we have raised the capital limit affecting qualification for supplementary benefit and have introduced a new capital disregard for the surrender value of life insurance policies. We have raised overall expenditure on cash benefits for the disabled. We have ended the invalidity trap. We have given record levels of support for the payment of fuel bills by those who cannot meet the cost. We have introduced new housing benefit and statutory sick pay schemes. At the same time we have taken firm and effective action against social security fraud and abuse.

We have always emphasised the importance of support for the family. We have raised child benefit and one-parent benefit to their highest ever levels in real terms in this Parliament. We would hope to make further progress in the next term in office. But what we can achieve will be limited by the resources the country can produce. We hope to improve further provision for war pensioners and war widows. We will review standards of maternity benefit and maternity pay. We want to make further progress towards a more coherent system of cash benefits for the disabled. And we shall be looking to the occupational pensions industry to ensure that the rights of "early leavers" are better protected than at present.

The Government has approved a major programme of investment to exploit new technology in the management of social security benefits. Our aim will be to simplify the benefits system and to make its operation less impersonal and more efficient in the interest of both taxpayers and recipients.