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cc BUP

PRIME MINISTER

20 May 1988

I enclose five pieces on different aspects of the National Health Service which I think you will find extremely useful background to the Review's discussions:

1. A letter from Douglas Hague, Regional General Manager for the Northern Region. Mr Hague is giving what I believe to be a representative view of regional management (which does not always coincide with that of the Regional Chairmen). This is extremely confidential; he would not like anyone else to see it. He naturally defends the regions, though not in their present form. It is his criticism of the DHSS which is, however, particularly revealing.
2. Observations on a London teaching hospital by M. D. Abrahams, the Management Development Manager at Marks & Spencer for 12 years. This is a fascinating document, the most interesting of the six. Abrahams spent a year at a London Teaching Hospital and he reveals not only the existing failures but also the way management has sometimes become self-absorbed activity rather than attending to the real problems around it. I think you will want to read this in full.
3. NHS - a suitable case for treatment from the No Turning Back group. This is a sensible and moderate paper. It supports tax relief for the over 65s, independent hospitals and an extension of patient choice. From page 25 on there is a well worked out presentation of the case for splitting buyers from providers, and then splitting the buyers into two or three per district.

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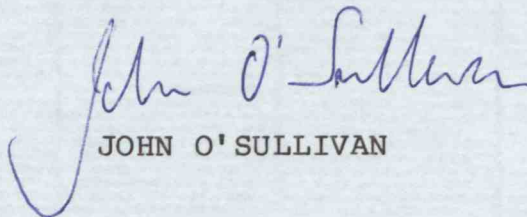
4. Improving the NHS, evidence to the House of Commons Social Services Select Committee by three academics of the moderate Left from LSE and Bristol. There are two good reasons for reading this well argued piece:

- It subjects the various arguments for private finance to severe criticism. This is a useful forewarning of the kind of arguments that the cleverer Labour MPs may use against the conclusions of the Review.
- It produces a very effective defence of your stewardship of the NHS against the kind of criticisms advanced by shroud-waving consultants and the less clever Labour MPs.

5. A short memorandum of cross-boundary flows from Sir Arnold Elton, of the Conservative Medical Society. His observations on cross-boundary flows are less interesting than his suggestion of post-acute care units.

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JOHN O'SULLIVAN

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