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From: R T J Wilson
27 May 1988

MR GRAY

REVIEW OF NATIONAL HEALTH SERVICE

1. I attach a revised work programme for the NHS Review. The Treasury (including the Chancellor) are content with it. So I believe are the DHSS although I have not been able to confirm it with them today.
2. The proposal in essence is that Ministers should use the two June meetings to go through one-by-one the main areas for reform, as identified at the last meeting; and then use the two meetings in July to bring the main elements together into an overall package and see how they look. The aim would still be to produce a first draft of the White/Green Paper by the end of July which Ministers could take away to think about over the Summer Recess.
3. There are two general points I would add.
4. First, there will be a need to bring in the regional Secretaries of State at some stage. Mr Rifkind has already sent in a paper and Mr Walker may be planning to do so too. One possibility would be to invite them to the second meeting in July, by which time the outlines of the package should be clear but it would not be too much of a fait accompli. The Prime Minister may wish to consider this.
5. Second, discussion at the last meeting steered the exercise in the direction of reforming the NHS within its present framework, without any very radical change in its structure. This is reflected in the papers which we have commissioned: see the note attached which reflects the issues which were identified in discussion. There is, for instance, nothing about abolishing the Regional Health Authorities or changing the roles of the District Health Authorities, except to the extent that some changes are implicit in the new financial arrangements for self-governing hospitals. It may be that the best way of making progress is to see how these papers look in June and then stand back from the exercise and see whether something more radical needs to be added in. But if the Ministerial Group wants us to extend the scope of the work at any point - for instance, by doing a note on where these changes might lead to in the longer term - we will of course stand ready to arrange this.

RJW

R T J WILSON

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REVIEW OF THE NHS

PROGRAMME OF WORK

- 7 June : Encouraging private sector involvement in:
- i. the provision of health care. This will cover the greater use of the private sector as a resource (eg in the building of hospitals), private sector management (eg in the running of hospitals) and private sector expertise (eg in treating illnesses where NHS waiting times are long);
 - ii. the financing of health care. The Chancellor has promised a paper on tax relief on private health insurance premiums for the elderly and exemption from tax as a benefit in kind of premiums paid by employers under a company scheme.
- w/b 27 June : Other elements in the package. This will cover the issues identified at the last meeting:
- i. financing hospitals. This will be an elaboration of the Chief Secretary's proposal for rewarding the best performing hospitals;
 - ii. self-governing hospitals and capital allocations;
 - iii. issues to do with the professions, in particular consultants' contracts and other pay and management issues;
 - iv. audits, both value-for-money and medical.
- w/b 11 July : A summary of the overall package.
- w/b 25 July : Final meeting before the Summer Recess, possibly with Regional Secretaries of State.

