

Seen by
Mr. Tolson D.W. Pe Pine Niantes

N.W. 2402

HAIGSIDE LIMITED

X on page 2

was written without

Knowledge of this
afternoon's accounts.

N. C. U

16.12

Dec. 15th, 1987

9F
For your file?
JLH/1

Dear Nigel,

My ancestor dealt with the world's problems on two pages not three! (Actually, two tablets of stone, but I know you will forgive the poetic licence)

All the numbers are uninformed guesses, but I imagine the scale of the problem is about right in financial terms for this year.

As Jim Hacker said, every problem is an opportunity, and I don't believe this is one of Sir Humphrey's "insoluble opportunities".

Thanks for listening so helpfully,

Yours,

David

DIRECTORS: ANDREW I. JAYE, ASVA, ARVA NIGEL K. ROSS, LL.B., ACI Arb.
MARQUIS of TAVISTOCK SIR DAVID WOLFSON

26/28 HALLAM STREET, LONDON, W1N 5LF.

TELEPHONE: 01 631 0550 FAX No: 636 3076

Company No: 1779780 Reg. Office: 27/31, Blandford St., W1

THE NATIONAL HEALTH SERVICE

STATISTICS ON THE HEALTH SERVICE ARE GOOD. MORE DOCTORS AND NURSES, MORE OPERATIONS, MORE OUTPATIENTS TREATED. AND, MAKING ALL THOSE POSSIBLE, MUCH MORE MONEY SPENT.

HOWEVER, THE ABOVE IS ENTIRELY CONSISTENT WITH A CRISIS, NOW OR IN IMMEDIATE PROSPECT, IN THE ACUTE PATIENT TREATMENT AREA OF THE NHS. STATISTICS TELL YOU ABOUT THE PAST, NOT WHAT IS HAPPENING AT PRESENT, OR WHAT WILL HAPPEN IN THE FUTURE!

THE HEADS OF THE ROYAL COLLEGES WERE SEEKING A WAY TOWARDS SOLUTIONS TO PROBLEMS THEY SEE EVERY DAY. THEY WANTED TO HAVE A NO-HOLDS-BARRED STUDY OF:

1. ARE PRIORITIES RIGHT IN THE NHS? E.G. BETWEEN HOSPITAL TREATMENT AND COMMUNITY CARE. IS THE MONEY BEING ALLOCATED SENSIBLY?

2. ARE MANAGEMENT PRACTICES AND MEDICAL PRACTICES THE BEST WE COULD HAVE, OR IS THERE MORE TO BE DONE TO MAKE THE PRESENT RESOURCES GO FURTHER?

3. SHOULD OTHER METHODS OF FINANCE OF THE NHS BE INTRODUCED TO INCREASE THE TOTAL FUNDING AVAILABLE?

IS SUCH A STUDY NOT IN THE GOVERNMENT'S INTEREST? INDEED, IS IT NOT VITAL IF THE PRESENT UNSATISFACTORY SITUATION IS GOING TO BE DEALT WITH RATHER THAN JUST PATCHED OVER? IT WOULD SURELY LEAD TO AT LEAST ONE THING WHICH MUST IMPROVE THE NHS, AND THAT IS WIDESPREAD PUBLICITY OF THE COMPARISONS BETWEEN DIFFERENT HOSPITALS AND AREAS. IT COULD ALSO LEAD TO A PUBLIC DEMAND FOR BETTER MANAGEMENT AND CONTROL IN THE NHS.

AT THE MOMENT, THE GOVERNMENT APPEARS TO BE RIDING TWO CONTRADICTORY HORSES. ONE SAYS THERE IS NO PROBLEM IN THE NHS, THE OTHER SAYS THERE ARE PROBLEMS BUT THEY ARE THE FAULT OF DOCTORS, NURSES, RESTRICTIVE PRACTICES ETC. BUT IF THAT IS SO, OUR MANAGEMENT INITIATIVE HAS FAILED AND SHOULDN'T WE BE DOING SOMETHING ABOUT IT? (I PERSONALLY BELIEVE GRIFFITHS CONCENTRATED ON MANAGEMENT AS STRUCTURE, BUT DIDN'T REALISE THE IMPOSSIBILITY OF FINDING THE RIGHT PEOPLE AS MANAGERS WITHOUT A SATISFACTORY AND PROVED SYSTEM OF MANAGEMENT INFORMATION! THIS IS AVAILABLE FROM WELL MANAGED HEALTH OPERATIONS SUCH AS THE PRIVATE HOSPITALS HERE AND IN USA. THE CAPTAIN OF A SMALL FISHING BOAT CANNOT MANAGE THE QE2 JUST BY BEING PUT IN PLACE WITH THE RIGHT MANAGEMENT STRUCTURE.)

THE EASY WAY TO SAVE MONEY IN THE HEALTH SERVICE IS TO GET RID OF THE PATIENTS! IF THE NHS IS SQUEEZED, THE ONLY BUDGET WHICH CAN BE CUT "AT A STROKE" IS THE OPERATIONS BUDGET. NO OPERATIONS, NO DRUGS, NO EXPENSE, AND NO LAYOFFS. STATISTICS ON PAST OPERATIONS WON'T WARN YOU OF A PRESENT PROBLEM, OR AN IMMINENT CRISIS. THE CHEAPEST HOSPITAL TO RUN IS NOT THE ONE WITH THE FEWEST BEDS, BUT THE ONE WITH THE FEWEST PATIENTS.

THE PROBLEM IS COMPOSED OF THE FOLLOWING:

- 1. THE SHORT TERM TILL THE FINANCIAL YEAR END. (ALL FIGURES GUESSTIMATES IN MILLION POUNDS)

ANNUAL BUDGET FOR WHOLE NHS =	21,000
ANNUAL BUDGET FOR ACUTE CARE=	6,000
9 MONTHS SPEND 3% OVER BUDGET=	4,635
LAST 3 MONTH'S CASH AVAILABLE=	1,365 (BUDGET 1,500)
FIXED COSTS IN LAST 3 MONTHS =	750

THEREFORE SAVING REQUIRED ON VARIABLE COSTS OF 750 MILLION IS 135 MILION, OR NEARLY 20%! THAT MEANS FAILING TO PERFORM A VAST NUMBER OF OPERATIONS, WHILE STILL CARRYING THE FIXED COSTS OF THOSE OPERATIONS. IT IS SPOILING THE SHIP FOR A HA'PORTH OF TAR. AND BUILDING UP WAITING LISTS AND COSTS FOR NEXT YEAR. OF COURSE THE NHS SHOULDN'T HAVE GOT INTO THIS POSITION, BUT, IF THEY HAVE, THEY NEED MONEY THIS YEAR, NOT NEXT YEAR! OR ELSE "CRISIS", WHICH IS A SIGNIFICANT SHORT-TERM DOWNTURN IN SERVICE PROVIDED, IS HERE. CRISIS IN NHS AS IN UNEMPLOYMENT IS NOT THE ABSOLUTE LEVEL OF SERVICE BUT THE DIRECTION IN WHICH IT IS MOVING. UNEMPLOYMENT AT 2 MILLION GOING UP IS CRISIS; AT 3 MILLION COMING DOWN IT IS NOT CRISIS. WE MUST TERMINATE THE PRESENT CRISIS AT A COST THIS YEAR OF 200 MILLION.

X

2. LIKewise, NEXT YEAR'S PROBLEM MAY WELL BE RESOLVED BY THE 700 MILLION ALREADY PROMISED.

3. BUT WE SHOULD USE THE ATMOSPHERE OF CRISIS TO START THE PROCESS OF DEALING WITH THE LONG-TERM PROBLEMS OF THE STRUCTURE OF BOTH MANAGEMENT AND FUNDING OF THE NHS. THIS INVOLVES BRINGING THE PROBLEMS OF THE FIRST AND THE POSSIBILITIES FOR THE SECOND OUT INTO THE OPEN. AND I FEEL THAT THE INITIATIVE OF THE ROYAL COLLEGES, WHICH WAS NOT PUT FORWARD IN THE BEST WAY, IS NONETHELESS THE KEY TO GETTING A SENSIBLE ANALYSIS OF THE PRESENT SITUATION AND A PROGRAM FOR THE FUTURE. BECAUSE THERE IS A PERCEIVED CRISIS, THERE IS NOW THE POSSIBILITY OF REFORMS BEING ACCEPTED, MAYBE EVEN WELCOMED, BY MOST OF THOSE INVOLVED IN THE NHS.

4. A BOARD OF INQUIRY, OR WHATEVER YOU CALL IT, SHOULD BE ABLE TO REPORT WITHIN 6-9 MONTHS. IT SHOULD BE ABLE TO DELIVER FIRM PROPOSALS FOR IMPLEMENTING BETTER MANAGEMENT AND CONTROL OF RESOURCES IN THE HOSPITAL SERVICE. WE DON'T NEED TO INVENT THE WHEEL, MERELY ACCEPT ITS DESIGN FROM, SAY, HUMANA HOSPITALS IN USA. WE SHOULD ALSO BE ABLE TO BRING OUT INTO THE OPEN, FOR DISCUSSION, ALTERNATIVE METHODS OF FUNDING. NOT KNOWING WHAT THE GOVERNMENT HAS PLANNED, I CAN ONLY SURMISE THAT AN INQUIRY IS UNLIKELY TO MAKE THINGS WORSE THAN THE PRESENT SITUATION. DARE I SAY IT, THERE IS NO ALTERNATIVE?