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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
 Secretary of State for Scotland
 Scottish Office
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NSM

17 December 1987

Dear Malcolm,

NHS: SUPPLEMENTARY ALLOCATION IN 1987-88

We discussed the implications for Scotland of Tony Newton's announcement of an additional £65 million this financial year for Health Authorities in England. I discussed again yesterday morning with Ian Lang.

As I told you there is no question of an automatic formula consequence of the increase in England which I agreed because of the particular problems which Tony Newton told me English Health Authorities were facing. That increase is specifically tied to three conditions, to which the Prime Minister attached particular importance:

- (a) steps would be taken to improve monitoring of health authorities' services and spending;
- (b) there would be formal and regular monitoring of health authorities' income and expenditure accounts;
- (c) monitoring would cover the outputs and not just the inputs of health authorities and the results would be published.

When I spoke to Ian yesterday morning I told him that I was prepared to agree to an enhancement to the Scottish block equivalent to the formula consequence of the £65 million, representing an addition of £7.6 million, on the clear understanding that this was exceptional and in no way constituted a precedent for other in-year bids. You will obviously want to consider how best to institute monitoring arrangements along the same lines as those agreed for England. I think it would be useful if your officials could discuss with my officials and with the DHSS quickly, so that we can ensure that consistent arrangements are introduced throughout the UK from next April.

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I am writing in similar terms to Peter Walker and Tom King.
I am copying this letter to the Prime Minister.

Yours Ever,
John

JOHN MAJOR

Health Authority (Financial Allocations)

Mr. Robin Cook (Livingston): On a point of order, Mr. Speaker.

Mr. Tam Dalyell (Linlithgow): On a point of order, Mr. Speaker.

Mr. Speaker: No, not now. I shall take them later.

Mr. Robin Cook: On a point of order, Mr. Speaker. You will be aware—[HON. MEMBERS: "No".]

Mr. Speaker: Order. This is a preamble to what is to follow, and I have had notice of it.

Mr. Robin Cook: On a point of order, Mr. Speaker. You will be aware that it is a convention of the House that statements to be made by the Government are presented to the Opposition by 3 pm. This afternoon's statement was received by the Opposition at 18 minutes past 3. I raise the matter because, on the front page of early editions of the *Evening Standard*, there is a full report of the statement that the House is about to receive. I understand that the 12.30 pm and 1 pm news also carried identical statements. The Government think that that is a smart move to deny the Opposition time to prepare, but is it not a grotesque affront to the House for Ministers to brief the press without even placing an embargo on its reports before the time when the House is favoured with a statement?

Mr. Speaker: I repeat what I have frequently said before. I hold strongly to the view that the House should always be told first, and that if press notices are handed out, they should be embargoed until Ministers get up.

3.31 pm

The Minister for Health (Mr. Tony Newton): May I first say that, although it is a courtesy rather than a rule, I naturally regret the fact that the statement was not delivered to the hon. Member for Livingston (Mr. Cook) as soon as possible. Perhaps, when he has heard the statement, he will be able to decide for himself whether the reports that he has heard or read elsewhere are accurate.

With permission, Mr. Speaker, I should like to make a statement on allocations to health authorities.

As my right hon. Friend announced on 3 November, for 1988-89 we are increasing the provision for current expenditure on the hospital and community health services in England by £707 million, to a total of nearly £12,000 million. That includes an additional £50 million towards the rising cost of care and treatment for people with AIDS or HIV infection; an additional £9 million for the further development of the breast cancer screening programme; and an additional £5 million to reinforce our programme of projects to reduce waiting lists and times.

Details of the overall increases in allocations to individual regional health authorities, which take account also of the £15 million special fund to help ease transitional problems in regions receiving the lowest growth, and of other allocations including the funding for AIDS, are in the Vote Office. For every region, the extra allocations represent an increase over their current allocations of at least 5.5 per cent., compared with forecast general inflation of 4.5 per cent. We shall shortly also be seeking bids for 1988-89 projects under the waiting list initiative, for which £30 million is available.

We remain committed to the principle of ensuring the fair distribution of resources across the country, and that

part of the allocations which depends on what is known as RAWP is based on the existing formula. Extensive work to examine possible improvements to it is, however, nearing completion, with a view to considering changes for future years. Separately, there are additional capital allocations of nearly £26 million. Together with receipts from land sales, which are forecast at over £200 million, this will sustain the hospital building and improvement programme in which over 450 major projects are currently being planned, designed or constructed.

Both current and capital allocations provide for 40 further breast cancer screening centres by spring 1989, over and above the 14 we expect to be in operation by spring 1988. They also provide for over £40 million of expenditure on services which need to be financed on a wider-than-regional basis. Full details of these supraregional allocations are also in the Vote Office. They include increases for neonatal and infant cardiac surgery and for spinal injury services, the designation of a new liver transplant centre in Leeds, and the designation of a fourth heart transplant centre at the Wythenshawe hospital in Manchester.

All these additional resources, together with those released by continuing our successful cost improvement programme and new money arising from income generation schemes, will enable health authorities to continue developing their services. At the same time, we are also taking action to ensure that we have speedier and more accurate information about the financial and service position of health authorities. I shall return to this important matter in a moment.

In so far as this financial year, 1987-88, is concerned, our monitoring arrangements have revealed a shortfall in income that could be eliminated only by short-term measures that would not improve health care or efficiency. This is clearly unacceptable, and we have concluded that to meet the immediate problem it would be right to increase health authority cash limits throughout the United Kingdom by almost £90 million, of which £75 million is for English health authorities. That includes about £10 million in further recognition of the particular pressures from the steadily rising number of AIDS cases which three of the Thames regions are facing this year. We have also decided to make available a further £13.3 million to offset the costs of damage caused by the severe weather on 16 October, thus bringing the additional funding for 1987-88 to over £100 million for the United Kingdom as a whole.

As I have said, we are taking steps to improve significantly the monitoring of health authorities' performance, with the intention of ensuring that resources are spent to maximum effect. These new arrangements will include formal and regular monitoring of income and expenditure levels and of output and activity. In addition, we shall shortly be setting up a special unit to help authorities take full advantage of income generation opportunities. We shall continue to encourage practical partnerships between the public and private sector where this will clearly benefit the patients of the National Health Service. The £7 billion a year of extra resources that the Government have already invested in our hospital services since taking office have enabled them, by any measure, to provide more care to more people than ever before. What I have announced today will help us to build on that.

Mr. Maples: May I congratulate my hon. and learned Friend on the positive and constructive role of the British Government, which was illustrated by Mr. Gorbachev's decision to visit Britain on his way to Washington last week? May I ask him to emphasise to Mr. Gorbachev the importance that the west attaches to the internal liberalisation of the Soviet Union and eastern Europe and the substantial contribution that that would make to our relations?

Mr. Mellor: The human dimension is vital to east-west relations and certainly will not be neglected in our discussions.

Mr. Wallace: We all agree that, last week, East-West relations took a step forward with the signing of the INF treaty. However, today we shall take a step back, with the United States, after 18 years, again producing chemical weapons. It is to the credit of the Government that, over a number of recent years, they have made efforts to obtain a global treaty to end the production of such weapons. Are any new initiatives being proposed by the Government with regard to chemical weapons and, in particular, verification?

Mr. Mellor: I am grateful that the hon. Gentleman recognises that the British Government have played a leading role in Geneva by tabling a series of papers dealing with verification and the way in which an international organisation might approach the task of removing chemical weapons over a 10-year period. I can assure him that we intend to keep up the momentum in those discussions and use every effort to ensure that the difficult verification issues are properly tackled.

Mr. Temple-Morris: Does my hon. and learned Friend recollect that Mr. Gorbachev first visited the United Kingdom in December 1984 as the guest, not of the Government, but of this House and of the Inter-Parliamentary Union? Does my hon. and learned Friend see a continuing parliamentary contribution to the increasingly—thank goodness—good relations between our two countries and to a constant, continuing dialogue between this House and the Supreme Soviet?

Mr. Mellor: I recall some fetching photographs of my hon. Friend with Mr. Gorbachev at that time. I am sure that Mr. Gorbachev and other senior Soviets would welcome the opportunity to come and be photographed again with my hon. Friend.

Mr. Robin Cook: The additional £75 million that the Minister has announced will be welcomed by the Health Service. [HON. MEMBERS: "Ninety million."] No, the Minister has announced an additional £75 million for English health authorities for the current year out of £90 million for Britain as a whole. That money will be welcomed by the Health Service, in the same way as a drowning man grasps at a straw.

I congratulate the Minister on the fact that his monitoring arrangements have revealed a shortfall in income in the hospitals. May I point out to him that the monitoring arrangements of just about everybody else in the Health Service noticed this months ago? If the monitoring arrangements have identified that shortfall in income, why is it that for weeks since the House resumed after the summer recess he and the Prime Minister have denied at the Dispatch Box that there was any shortfall in income?

I remind the Minister that this is the ninth month of the financial year. Why has he waited until this last gasp to provide extra funding for the Health Service? Why has he waited until 3,500 beds have been closed, 10,000 operations have been postponed and 24 infants have died waiting for a place in intensive care? Why has he not acted before? Why has he presented such a widow's mite in contribution?

I remind the Minister that this year he underfunded nurses' pay by £170 million. Where is the other half of the short change? If this sum is adequate, will the Minister tell the House what beds in what hospitals will now reopen and what operations in what district health authorities will now be rescheduled? Will South Manchester be saved the decision which it has to take tomorrow to close another 200 beds? Since the Minister is going to monitor how the money is spent, will he assure us that it will be free from the strings he placed on the half million pounds to Trent and West Midlands last week, when he obliged them to spend the money in private hospitals, not in their own hospitals.

Now that the Minister has had to admit that the sums for this year are inadequate, how can he come to the House and persist with the very same inadequate increase for next year that was announced last month? Is this the answer to the 1,000 doctors who went to Downing street yesterday and asked for extra money? Are they being told, "No, there is no money"? The Minister should recall that the health authorities have estimated that they need £935 million to stand still. Today's allocation of £707 million will mean further cuts in their budgets next year.

The Minister said that this increase represents 5.6 per cent. inflation. Will he confirm that, in estimating that increase of 5.6 per cent., he is taking into account the additional developmental money, and that the underlying inflationary increase on which this figure is based is 4.5 per cent.? Does he believe that the inflation rate in the Health Service next year will be 4.5 per cent.? Does he believe that nurses next year should get an increase of 4.5 per cent.? If he believes that they should get more, will he give the House a clear, unequivocal undertaking that the Government will fully fund whatever increase the nurses get?

I draw the Minister's attention to today's figures on the public sector borrowing requirement and point out that they show that this year the Treasury has received £3,000 million more in revenue than expected and has incurred expenditure of £1,000 million less than expected, leaving

the Chancellor—[*Interruption.*]—yes, doing very well—leaving the Chancellor with £4,000 million in hand. I draw the Minister's attention to the fact that one tenth of that sum would enable every health authority to reopen the wards it has closed, to fill the beds that are empty and to use the operating theatres that stand half-used for the whole working week. Does the Minister agree that, if that large sum is to spare in the Treasury the first priority for it is not cutting income tax but saving the Health Service? If the Minister agrees with that, will he resign if he does not get the money that the Health Service needs?

Mr. Newton: May I first make it clear—perhaps this ties in with the fact that the hon. Gentleman obviously believed what he heard on the radio at lunchtime rather than what was in my statement—that the increase for the health authorities in England is just under £90 million—not the £75 million to which he referred—[*Interruption.*] The hon. Gentleman has failed to read on, to where £13.3 million of storm damage money is announced—[*Interruption.*]

Mr. Speaker: Order. I remind the House that there is a very heavy day ahead of us. Interruptions of this kind take up a lot of time.

Mr. Newton: Perhaps I might just ask the hon. Gentleman what he would have said if we had left the South East Thames health authority with a £8 million bill for the consequences of the storm. I wonder equally about some of the other figures that he gave, particularly in his remarks about the alleged under funding of the review body awards this year. I do not know where that figure came from. Some 95 per cent. of the review body awards was funded either in the initial allocations, or by well over £200 million that was additionally made available at the time that the awards were announced. The amount left for health authorities to find from part of the proceeds of their much larger cost improvement programmes was about £24 million.

As for the amount available to the health authorities for next year, I made it clear in my statement that alongside the £707 million whose allocation I have dealt with today are £150 million of further cost improvement programmes—which will do no more than match what health authorities have achieved for several years now—and additional money which we estimate at between £10 million and £20 million from new income generation schemes. The total amount for the development of services is far larger than the hon. Gentleman has recognised.

Finally, let me pick up the point about how the money will be allocated to district health authorities, and, indeed, to individual hospitals. That will be a matter for the regional health authorities, to which the allocations announced today are being made. However, we shall make it clear that we expect them to take specific account of the problems of particular health authorities in deciding how that money will be distributed.

Dame Jill Knight (Birmingham, Edgbaston): May I ask my hon. Friend not to take too much notice of the Opposition, who glory in every problem, and are determined to shout down any facts that are given? May I also ask him whether any expert has been able to give him a final figure for what it would cost to meet every medical

[*Dame Jill Knight*]

need as it arose? Finally, will he consider urgently the long-term funding of the Health Service, and arrange to bring in private and other moneys that are available to meet the needs that exist?

Mr. Newton: I am certainly not aware of any expert having put an ultimate statistic on the potential for health demand, which clearly has an infinite range—or so most people would say.

I tried to make it clear in my statement that we recognise the need to obtain resources from all possible quarters to add to those that we take and provide from the taxpayer, and that we shall continue to encourage both new income generation schemes and the partnership between the private and public sectors, which in many parts of the country is bringing significant benefit to NHS patients.

Mr. Alfred Morris (Manchester, Wythenshawe): While I welcome the Minister's statement about the heart transplant unit at Wythenshawe, how will what he has said affect the ever-lengthening queue of people, not least elderly pensioners, waiting for cataract extractions in Manchester?

The Minister is aware of the case of an elderly widow—a constituent of mine—who is blind in one eye and has a cataract in the other, and who had a long, painful and anxious wait for her operation. He is also aware that the most distinguished eye specialist in Manchester has said that we are falling to Third-world standards in this important area. How long must we wait to remove the problem of people dying on the waiting lists?

Mr. Newton: I thank the right hon. Gentleman for his remarks about Wythenshawe hospital's transplant centre.

Cataract operations are an interesting example of a service in which there is considerable scope for improving our performance. In some other countries, cataract surgery is done much more widely—indeed, mainly—on a day surgery basis. As the right hon. Gentleman probably knows, the Manchester health authorities have a very interesting project for developing day-care surgery, and I hope that we shall soon find some way of helping them with that.

Mr. Cranley Onslow (Woking): Will my hon. Friend accept that his statement will be widely welcomed outside this House, even though we know the Opposition too well to expect them to welcome any good news? With regard to maximising resources, what will my hon. Friend do about the medical agencies which have been set up to sell the services of junior doctors and which, in my part of England at least, are typically costing local health authorities a six-figure sum every year? That is a rip-off and it should be stopped.

Mr. Newton: I am grateful to my hon. Friend for his remarks. From exchanges that we have had, he will know that a number of regional health authorities are taking steps towards setting up their own agencies to combat the problem. I should also like to make it clear that I am seriously considering the introduction of controls to deal with the difficulties to which my hon. Friend has referred.

Dr. David Owen (Plymouth, Devonport): Was the Minister made aware of the disparaging comments that were issued from No. 10 Downing street to the Sunday

press about the Royal Colleges of Physicians, of Surgeons and of Obstetricians and Gynaecologists? Does he agree with the tone and content of those disparaging criticisms? Does he believe that the criticism of the fall in standards and services was not genuine? Does he truly believe that £90 million—although extremely welcome—will be sufficient to grapple with the extremely serious problems that the NHS currently faces?

Mr. Newton: I believe that the total amount that I have announced today will make a significant difference to health authorities throughout the United Kingdom in advance of the huge additional allocations which they can expect in 1988-89.

The thing that I found most noticeable about the article in the *Sunday Times* was the extraordinarily rude remarks about other consultants made by a consultant who said that he was about to emigrate to the United States. I would certainly not wish to suggest that the problems and pressures of the Health Service are the responsibility entirely of doctors, but I ask doctors to acknowledge that they too have a contribution to make to help us overcome those difficulties.

Dame Peggy Fenner (Medway): I am much reassured by my hon. Friend's promise that he will monitor expenditure. I ask him especially to consider the waste of money in the South-East Thames regional health authority, which is paying for the lease on a building in Croydon that it vacated for lush quarters in Bexhill. Will he consider that, in my constituency, we desperately need some of that money?

Mr. Newton: Yes, I can tell my hon. Friend that nothing would please me more than to be able to dispose of the building in Croydon, and we shall certainly continue our efforts to do so.

Mr. William O'Brien (Normanton): Is the Minister aware of meetings that have been held with district health authority managers in Yorkshire? Is he aware that, in the coming days, further cuts will be made to services in that area? Is he aware that £1.4 million will be cut in the Leeds Eastern health authority and that that will lead to the closure of the St. George's hospital in Rothwell—I was notified of that decision today. Is he also aware that £900,000 will be cut in the Wakefield health authority and that beds in the intensive care units will be closed? Is he further aware of the £600,000 that will be cut in the Pontefract health authority, which will mean a reduction in health care? Will he assure me that his statement today will ensure that those cuts do not take place in that area of Yorkshire?

Mr. Newton: I have said that the distribution between districts is, of course, a matter for the regions. However, I assure the hon. Gentleman that my statement means that the Yorkshire region will have another £4.7 million to distribute.

Mr. Hal Miller (Bromsgrove): Does the Minister agree that we owe it to those working in the Health Service and to patients and those on the waiting lists to make it plain that, far from standing still, the NHS is in fact making great progress both in terms of patients treated, doctors and nurses employed and new forms of treatment undertaken? Do we not further owe it to the members of the public who have expressed a wish to contribute more to the Health Service to introduce, as soon as possible, an

alternative means of finance? If the Royal Society for the Protection of Birds can offer a medical insurance scheme, surely our Government should be able to do so.

Mr. Newton: Not only do we have a duty to consider alternative forms but we have been acting to increase the income of the Health Service; for example, through the land sales policy—which has so assisted the capital programme—and in other ways, including the income generation scheme. I accept that the problems and pressures that we face, which no one has sought to conceal, are those of an expanding service that is providing more and more care.

Mr. Kevin Barron (Rother Valley): This morning I received a copy of a letter that the chairman of Rotherham district health authority sent to the Secretary of State, saying that the underfunding on inflation of that health authority this year amounted to £500,000, £300,000 of which had gone to meet pay settlements this year. Will the Minister say how much of the allowance that he has announced will put back into that health authority? If the Trent region cannot do that for all district authorities in the region because of the sum that the Minister has in front of him, are we not still underfunded for this year, although he has not answered the question from my hon. Friend the Member for Livingston (Mr. Cook) about next year's funding for the Health Service?

Mr. Newton: We shall have to consider issues arising from the review body reports, when we have them, in the usual way. The record is clear: huge additional sums were made available last year. With regard to Rotherham district health authority, I must repeat the answer that I have already given—that the increase for Trent regional health authority is nearly £6 million for this year.

Sir Bernard Braine (Castle Point): I warmly welcome the financial aspects of my hon. Friend's statement, but is he aware that, for some years, there has been growing anxiety about the quality of administration in the National Health Service—not necessarily at district level but at regional level? Is he aware of the great anxiety—in the part of the world with which my hon. Friend is familiar—about the frightful performance of the North East Thames regional health authority, which has moved cancer services, shifting the goal posts at least three times, causing intense anxiety to cancer patients and relatives, and wasting public money? Perhaps the most important action that my hon. Friend could take to encourage those engaged directly in health care—doctors and nurses—is to shake up the administration of regional health authorities.

Mr. Newton: My right hon. Friend will know that the proposals for North East Thames cancer treatment services are currently with Ministers. Therefore, he will understand that I would not wish to comment directly on them. We shall be just as keen to improve still further the efficiency of regional health authorities as every other part of the service.

Mr. Ronnie Fearn (Southport): I welcome the £90 million that has been announced, but will the Minister say why we are still, according to what the consultants tell us, £110 million short? Some £110 million is needed for this year alone, and of that £500,000 is needed in Liverpool to keep the service going. With regard to next year's Estimates, does the Minister agree that £707 million is

£200 million short, and will we not be in the same position next year of coming cap in hand for an extra allocation of £200 million? Finally, are land sales the only measure that the Minister is thinking about to sustain the building programme?

Mr. Newton: No, of course it is not. The building programme is sustained by three quarters of a billion pounds of public money, which we are increasing still further this year.

The increase that I have announced for Mersey regional health authority is nearly £3.5 million.

I have the same comment on both of the hon. Gentleman's shortfall figures. He and those who write the figures persistently ignore the cost improvement programme and all other potential sources of income. That is absurd. It appears that there is no room for efficiency increases—there is: we made it, and it is helping to improve patient care.

Mr. Derek Conway (Shrewsbury and Atcham): My hon. Friend will recall that the West Midlands regional health authority has a rate of funding that is 19 per cent. beyond the rate of inflation, so his statement will be welcomed as an addition to the Government's record. Will he bear in mind that that same health authority is underfunding the county of Shropshire by 10 per cent. on the RAWP scale? We would like to see some real meat to the promise that we shall have equitable funding or, better still, as suggested by the Father of the House, our right hon. Friend the Member for Castle Point (Sir B. Braine), abolish the regional health authority.

Mr. Newton: I am sure that my hon. Friend's words will have been registered by the chairman of the West Midlands regional health authority. I shall certainly bring them to his attention, having recently met many people from Shropshire about their concerns. The West Midlands health authority will gain nearly £7 million from what I have announced this afternoon of the present year, and about £72 million for next year.

Several Hon. Members rose—

Mr. Speaker: Order. I have to remind the House that we have a busy day ahead of us, with no fewer than six Privy Councillors wishing to speak, and a maiden speech. There is a long list. I shall allow questions on this matter to go on until a quarter past four. Therefore, I ask for brief questions, please. Perhaps we shall also have brief answers as a result.

Mr. Norman Hogg (Cumbernauld and Kilsyth): Will there be a parallel statement concerning increased expenditure on the Health Service in Scotland? Will the Minister recognise that the Minister who is responsible for health in Scotland is not in his place? Yet again, there is no Scottish Minister in the House to hear what is said about the Health Service in Scotland. We do not believe that the Service is safe in the hands of Ministers who are repeatedly indolent. Will he bring the matter to the attention of the Secretary of State for Scotland?

Mr. Newton: I can assure the hon. Gentleman that my right hon. Friend has been in no way indolent in the discussions that underlie the statement. Scotland will receive an addition £7.6 million. I understand that my right hon. Friend will make a statement in an appropriate way in due course about how he proposes to deploy that money.

Mr. Jerry Hayes (Harlow): Many of my constituents who have seen wards close and waiting lists lengthen will be grateful for the winds of reality that are sweeping through my hon. Friend's Department and the Treasury, much of which is due to my hon. Friend, and I thank him for that. Will he warn those health authorities that do not believe in cost efficiency and those consultants who are still carrying out restrictive practices that the money that he is making available is a precious resource and should not be squandered?

Mr. Newton: Heeding your injunction about brevity, Mr. Speaker, the answer is yes.

Mr. Donald Coleman (Neath): Is the Minister aware that we in Wales have suffered hospital closures and ward closures? We have lost nurses. We have disgruntled and frustrated surgeons and physicians. We have underfunded health authorities. What is in the statement for Wales? If the Minister cannot give us the answer, where is the Secretary of State for Wales? Why has he not come forward with a statement?

Mr. Newton: What is in the statement for Wales is £3.8 million.

Mr. Nicholas Winterton (Macclesfield): Will my hon. Friend assure me that, if the additional resources that he has provided this afternoon, which are most welcome, prove to be insufficient, he will be courageous enough to come to the House and announce a further allocation of resources? Will he assure the House also that health authorities will not continue to have to pick up the cost of underfunding pay awards? It badly affects the morale of all professions at all levels of the Health Service.

Mr. Newton: If I believed that the resources that I am making available for this year, in advance of the figure of more than £700 million extra for next year, were inadequate, I would not have made the statement in the first place. On the latter point that my hon. Friend has raised, it does not seem to me to be unreasonable that some—I emphasise, only some—contribution towards pay and price pressures in a year should be expected from the substantial cost improvement programmes. Of course, we shall have to consider what those amounts should be.

Rev. Martin Smyth (Belfast, South): Will the Minister accept that, since the Department of Health in Northern Ireland is linked with the Department of Health and Social Security, most of us are like *Oliver Twist*? We have come forward today, thanked him for what we have got, but we shall come back again. The reality is that the Eastern health board has already stated that, even in the light of projected figures, which are grossly underfunded when applied to RAWP, those health authorities and regional authorities that seek to do their work properly are subsequently punished because their resources are cut? Does the Minister accept that there is a need for the Secretary of State for Northern Ireland to be present to answer questions.

Mr. Newton: The Northern Ireland share of what I announced today is just over £2.1 million.

Mr. Frank Field (Birkenhead): As the Government insist that health expenditure must grow by 2 per cent. in real terms if cuts are to be prevented, will the Minister assure the House that the NHS will be able to meet that objective this year? Will he help us also in judging the

adequacy of today's statement by assuring the House that, from this day onward, he can confidently expect that there will be no more announcements about cuts in the NHS?

Mr. Newton: Taking account of what I have said several times about cost improvement programmes and other related matters, we estimate that the overall real increase in the resources that are available for care should be about 3 per cent. next year, which, of course, would more than cover the figure that the hon. Gentleman mentioned. I certainly cannot undertake to him or to anybody else that there will be no further changes arising, apart from anything else, from sensible rationalisation of services—for example, when new hospitals are built.

Mr. Roger Sims (Chislehurst): Is my hon. Friend aware that, although they did not get a copy of his statement even five minutes before he made it, his hon. Friends warmly welcome it? We congratulate him on the fact that he has managed to prise from the Treasury more cash for this year as well as the substantial sums that he has already got for the following year. Will he say a little more about the monitoring process to which he referred? What will be the consequences of it? Will he be able to point out to some authorities that they will generate more income by contracting out and by working with the private sector? Some health authorities are not doing that. Pressure should be put upon them to use every possible means of getting other sources of income.

Mr. Newton: My hon. Friend will have noticed that the Treasury is here, in the shape of the Chief Secretary, and appears to enjoy having the money prised out of it.

We shall certainly encourage health authorities to continue to explore ways of improving services and obtaining extra facilities along the lines that my hon. Friend suggested.

We intend to back up the existing cash limit monitoring from the beginning of January, with formal arrangements for monitoring income and expenditure and working balances on a quarterly basis, for taking at the very least, in the light of new management information which is now becoming available, a quarterly check on the number of patients treated and the state of waiting lists. Following those and other measures, we shall systematically take up with health authorities the reasons for the wide divergences of activity levels.

Mr. Terry Davis (Birmingham, Hodge Hill): Does the extra £7 million for the west midlands mean an end to the closure of wards, beds and operating theatres as a result of underfunding in the west midlands?

Mr. Newton: The hon. Gentleman will have heard what I have said. I am not in a position to give guarantees, given that changes in wards, beds and hospitals can arise from a variety of causes, often the subject of dispute, but many of which unquestionably, even in the circumstances that the hon. Gentleman has in mind, arise from sensible rationalisations of services to get best value for money.

Mr. David Harris (St. Ives): Does my hon. Friend agree that, whatever figure he announced today, there would have been a knee-jerk reaction from the Opposition to the effect that it was not enough? Will he accept my congratulations on what he has done, particularly given the problems that face my own part of the world, Cornwall? What is the extra amount for the South-West

region? When he reconsiders the RAWP formula, will proper account be taken of elderly people and the rural nature of some health authorities?

Mr. Newton: The figure for South Western under this afternoon's proposal is £4.2 million for 1987-88, and it is £43 million for 1988-89. On the RAWP formula, I have had a variety of things urged on me in the past few weeks. I have been urged to take greater account of urban deprivation, the elderly, rural scatter—one of the urban points—and increasing population. We need to examine the matter carefully; that is one reason why I have decided not to tinker with the formula this year.

Mrs. Margaret Ewing (Moray): Does not the Minister accept that it is wholly inappropriate that the health authorities of Scotland, Wales and Northern Ireland should learn of their allocations only by questioning him? Does he not accept that they too are labouring under extreme difficulties? Why were not the figures published in the statement, with a clear analysis of how the money will be distributed to our health boards?

Mr. Newton: I have said that my right hon. Friends will be making statements to give further details in the appropriate way.

Mrs. Elaine Kellett-Bowman (Lancaster): Will the Minister give the details for the North-West region? I accept that it is for the region to decide, but will he call the attention of the North-West board to the fact that 23 per cent. of Lancaster's population are elderly people who clearly need more resources? On RAWP, will he take into account the fact that land values in the north-west are very much lower than in other areas and that the north-west cannot get as much when it sells sites?

Mr. Newton: I note the latter point and, indeed, the point about the elderly in Lancaster, which I shall draw to the attention of the North-West RHA, if it is not already aware of it—although, knowing my hon. Friend, I suspect that it probably is. The figures for the North-West region are £5.8 million for 1987-88 and £55 million for 1988-89.

Ms. Mildred Gordon (Bow and Poplar): Will the Minister explain how this grossly inadequate sum will prevent the growing tendency to cut costs by having mixed sleeping wards in hospitals? Is he aware that in my constituency women who have had gynaecological operations are, to their great distress, placed in beds side by side with men's beds? Is he aware that many older women who have given a lifetime of service to this country are ending their lives in geriatric wards, often in mental hospitals, where they are placed side by side with demented men who sometimes physically attack them? They find demented men masturbating in the women's toilets. Is it right that women should be stripped of all dignity and end their lives in this manner for the sake of saving what is, overall, a paltry increase?

Mr. Newton: There are a variety of reasons why health authorities have mixed wards, and one is that some people prefer them. I would say only that I strongly oppose people being made to go into mixed wards if it does not suit them to do so. For the rest, the inadequate Victorian hospitals that the hon. Lady described are one of the reasons why we have persistently pursued a record capital building programme, which will be further advanced by these proposals.

Mr. Teddy Taylor (Southend, East): I congratulate the Minister on the proposals. However, will he speed up the review of policies such as the centralisation of radiotherapy treatment services, which in the North-East Thames area at least, would cost more money, involve more hardship and reduce patient care? Will he speed up such reviews to aid the Health Service further—in addition to his achievement today?

Mr. Newton: We shall certainly seek to decide as soon as possible about the North-East Thames region's proposals about cancer treatment services. However, it should be emphasised that the aim is to improve the quality of radiotherapy services throughout the North-East Thames region, which includes Essex.

Mr. Dave Nellist (Coventry, South-East): Has the Minister any comprehension of how inadequate and pathetic the sum of £7 million is to the West Midlands regional health authority, which is already £30 million underfunded for this year? Will that money mean that patients in Walsgrave hospital will be treated in wards instead of being treated in corridors as they were this week? Does the hon. Gentleman remember the Prime Minister saying eight months ago, "I go in at the time I choose, on the day I choose and see the doctor I choose, and I get out fast"? Does not the rest of the country have the right to exactly the same expectations as his boss, on £1,000 a week, and the Prime Minister when they are in hospital? Is it not a fact that his statement does not guarantee those rights?

Mr. Newton: I do not think that the West Midlands regional health authority, with which I spent a great deal of time on Friday, will regard nearly £8 million as trivial. Frankly, even if I had announced that 10 times that amount would be available, the hon. Gentleman would still have regarded it as trivial.

Mr. David Heathcoat-Amory (Wells): In view of the widening gap between what is medically possible and what any Government can reasonably fund, will my hon. Friend try to establish what the state should supply free on demand, what the private citizen should insure against, and what the patient should be charged for rather than paying more money to the health authorities to try to meet every medical eventuality? Will he institute a comprehensive review of the National Health Service to establish the principles and priorities?

Mr. Newton: Certainly it is healthy that the difficulties that have been the subject of controversy recently should have given rise, as they undoubtedly have, to more forward-looking thinking about the problems of providing health care. I would simply point to what we have already done to harness additional resources and promote partnership with the private sector to the benefit of the overall health care in this country.

Mr. Eddie McGrady (South Down): Does the Minister agree that high unemployment and low incomes make a major contribution to the demands made by the people in Northern Ireland on the Health Service in both the public and the private sectors and as regards both physical and mental care? Does he agree that the terrible situation in Northern Ireland exerts extra pressure on the resources of those authorities? Does he further agree that approximately £1.30 per head of population will not make a significant contribution in that respect?

Mr. Newton: I take leave to differ with the hon. Gentleman on whether the sum of money that I have announced will have a significant effect. I judge that it will. I realise that there are special factors in Northern Ireland—as there are in areas of urban deprivation, areas with a growing population and others. We seek to take account of all the differing factors in the money that we make available.

Mr. Ian Gow (Eastbourne): How does my hon. Friend reconcile his commitment to a fairer allocation of resources with the reality that, in the last financial year, Eastbourne health authority was 17 per cent. underfunded on the basis of RAWP, whereas this year it is underfunded by 19 per cent?

Mr. Newton: I do so on the basis that it has always been made clear that this is a movement taking place over a period which has to take account of the transitional problems also. South-West Thames regional health authority, which covers my hon. Friend's constituency, is among those that are benefiting again this year from the so-called RAWP bridging fund, designed specifically to help them overcome some of the problems of achieving redistribution to health authorities such as my hon. Friend's.

Mr. Sam Galbraith (Strathkelvin and Bearsden): The Minister will agree that, in considering NHS funding, one must correct any increases for the pay and prices NHS deflator. When one considers that, one sees that the increase announced for 1988-89 in fact represents a cut in expenditure in real terms. *[Interruption.]* Wait a minute—don't rush it. The Minister has partly offset that by saying that £150 million will come from cost savings. However, that will simply return us to level funding without taking demographic changes into account. Will the Minister also agree that it is rather hypocritical of the Government to complain about consultants engaging in private practice when one of the Government's first acts when they came to power in 1979 was to change consultants' contracts to encourage them to engage in private practice?

Mr. Newton: I am sure that the hon. Gentleman will agree with me that neither he nor I can know what, to use jargon terms, the HCHF deflator will be in the period ahead. Obviously, we shall not know the outcome of the review body and other recommendations until the spring of the forthcoming year. We shall have to consider that when the time comes.

Mr. Michael Morris (Northampton, South): Is my hon. Friend aware how welcome it is, at a time of great difficulty, to have a Minister who will listen to representations? Those of us who were here in 1976 can contrast that with what happened under the last Labour

Government when there were cuts on a far greater scale than we have now. Does the Minister's announcement mean that, for next year, every regional health authority should be able to give some increase in real resources to every district under its care?

Mr. Newton: I think that I can safely give that assurance to my hon. Friend. In the light of the concern which he and other hon. Members have expressed, he may like to know that, in respect of that part of the distribution for next year governed by the RAWP formula, the highest increase in funding—6.8 per cent.—is going to the Oxford region.

Mr. Alan Williams (Swansea, West): It was not until a throwaway supplementary answer of the Minister a short while ago that I, as a Welshman and Welsh Member, was sure that Scrooge's belated conversion was not merely an English phenomenon and that it might apply to Wales, Scotland and Northern Ireland. Will he confirm—*[Interruption.]* No, it is not. Will the Minister confirm that the statement contains two detailed pages which apply only to the English authorities? Will he confirm that there is no specific reference to Wales, Scotland or Northern Ireland? Will he confirm that there are just two general, undetailed references to general United Kingdom figures?

Since the Minister began to speak, I have taken the trouble to phone the Welsh Office and was told to look for a written answer that is to be published later this afternoon. Will he bear in mind that we have already complained to the Secretary of State for Wales about Government by press release, particularly when the press release can be in the Press Gallery four hours before it is in the Library? If he cannot answer these questions—there is no reason why he should be able to—will he ensure that on Friday the three Ministers who are responsible and should be answering the questions, are paraded here in the House to answer them?

Mr. Newton: The statement said:

"we have concluded that . . . it would be right to increase health authority cash limits throughout the United Kingdom by almost £90 million, of which £75 million is for English health authorities."

I am bound to concede that that sentence does not include the words "Scotland, Wales and Northern Ireland". However, it did not stop the hon. Member for Livingston (Mr. Cook) focusing, rather inaccurately, on the fact that only £75 million was for England.

Several Hon. Members rose—

Mr. Speaker: Order. I shall, of course, faithfully record the names of those hon. Members who have not been called; when we debate this matter again, I shall ensure that they have some precedence.