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From the Private Secretary

23 December 1987

Dear Geoffrey,

THE NHS

The Prime Minister plans to hold a meeting in January with your Secretary of State, the Minister for Health, Sir Roy Griffiths, Treasury Ministers and possibly one or two officials, to discuss the NHS.

The Prime Minister has herself reached no view on the scale of any changes which may be needed and she therefore also has an open mind on timetable, on whether there should be a Government statement (whether a Green Paper or in some other way) and whether legislation will be needed. But the Prime Minister does now wish to take stock of progress so far in improving the performance of the NHS, to review existing plans for future changes, and to consider what more might be done.

In considering options for the future, certain basic principles are already clear. They include the following:

- (i) a high standard of medical care must always be available to all, regardless of income;
- (ii) the arrangements must be such as to give the users of health services, whether in the private or the public sectors, the greatest possible choice;
- (iii) any changes must be made in such a way that higher health spending does not lead only to higher incomes for the suppliers of health care;
- (iv) responsibility, whether for medical decisions or for budgets, should be exercised at the lowest appropriate level. Skilled people should not be expected to do work which could be done by people with less skill.

You will no doubt have other criteria to suggest. But it will be important at an early stage to establish a clear framework of criteria for judging the desirability of change.

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Against this background, I should be grateful if you could arrange for a paper to be prepared as the basis for the Prime Minister's meeting. This should describe the main changes made during the past eight years and assess how far achievement has matched expectations. It should include a discussion of the variation in performance between districts and the causes of these variations. It should set out plans for the future, for example for the development of management accounts and inter-district and inter-region charging and the extension of external purchasing of medical and non-medical services, and describe the timetable for achieving these changes in some detail. The paper should include annexes describing health care systems in other major countries and summarise the main proposals which have been made for reform of the NHS and draw on this material to set out models for the provision of health care, with a discussion of their advantages and disadvantages. These models are intended simply to help establish a framework for discussion and a common use of terms.

The Prime Minister does not at this stage intend formally to discuss these questions with people outside Government. But she continues to receive letters from supporters with proposals for change and she is likely to discuss them with those concerned from time to time. At a later stage a meeting with knowledgeable outsiders, invited not as representatives but as individuals, could well be useful.

I am copying this letter to Alex Allan (HM Treasury).

*Yours,
David.*

DAVID NORNGROVE

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