



pe Prime Minister

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for Social Services

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18 January 1988

Dear Nigel,

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OPPOSITION NHS DEBATE 19 JANUARY 1988

As requested, I attach a copy of the outline of my Secretary of State's speech for tomorrow afternoon's debate. The speech is in the main in note form and Mr Moore will wish to tailor this exact remarks to the mood of the House.

I am copying this letter and the attachment to Jill Rutter in the Chief Secretary's Private Office.

*Yours sincerely,
Geoffrey Podger*

G J F PODGER
Private Secretary

Know house will treat a subject of this importance - NHS in its fortieth year with the serious, rational and thoughtful tone it needs.

- health, or illness arouses deep emotions, but we will not find long term situation in emotion alone

- it'll require clear thinking and above all a successful economy.

- Before respond specifically to motion:

- Let me start on that fundamental point

Good Health Services need a successful economy.

FUNDAMENTAL - because - essence of Livingston theme (and Islwyn)

- only answer is more public money - more that is than the increases we've provided and promises!

Its the only answer offered - which we know they can't deliver it ever again in office! (nor do they necessarily believe its the answer - DONOUGHUE 80)

I know they didn't mean to hurt Health Service - when Economy collapsed under Socialism

(health service as a priority

But what happened (Staff

(Future

1. Public Spending on NHS fell as a % of GDP while they were in office

- Fell from 5.0% to 4.7%

- [come to our successful record later 4.7 to 5.4]

? Public money?

2. Staff saw real drops in their come? us

- ancillary staff - 4.8%
- admin/clerical - 14.5%
- doctors and dentists - 22.4% (+32%0
- cut nurses pay in real term three years running, and in 76/77 by 10%

Nurse - fell in real terms 21% in the five years to 1979.

3. Investment in future of NHS

- slashed NHS programme of new hospitals by one third

What an appalling contrast with our excellent record.

Because of successful management of Economy.

- bigger GDP to help finance Health Services.

- but how have we compared in our use of that successful economy resource in NHS

: as a priority

: staff

: investment in its future

1. Remember public spending as % GDP down under socialism
5.0-4.7%

- not only bigger GDP and bigger % of public spending on NHS up to 4.7% to 5.4%!

+ 33% Real and £1.1b more in 88/89 [£700m more than in one election

£2.8b extra to 90/91 + Income generation & private

France 2.7

Germany 1.8

Canada 2.1

UK 0.5

Cost to family of 4 £1600

2. Staff: - House heard many times about increase, especially in those dealing directly with patients

- NHS up 59% to 65%
- record on pay to nurses particularly of note up 30% - reduced houses. Doctors + 32%
- Established Pay Review Body

Now - Want to establish a pay and grading structure for nurses and midwives recognising particular individuals skill and

- Very pleased that Nursing and Midwifery Staffs Negotiating Counsel have reached agreement on new grading definition - sent to Review Body.

3. Investment in the Future - building the new NHS

- inherited programme slashed by $\frac{1}{3}$
- now have biggest sustained building programme ever
- Spending over £1000m in a year + 40% compared to -30%

These are the contrasts between - what successful economy
[So far as public spending is concerned] under this government
- and economic failure under socialism produces

4. - Let me now show what it has meant for Patients
- that's at the end of the day what this debate and these resources are all about.

5. What these resources, and the enormous efforts the NHS staff have put into improved efficiency has meant is staggering!

As my Rt Hon Friend Prime Minister said last week.

6 in-patient for every 5 in '78

11 out-patients for every 10 in '78

nearly 2 day cases treated for every 1 in '78.

- not just more treatments but better for example

1st Coronary heart bye-pass performance in mid '60s'

3 are being done now for every 1 in '78

5 treatments for chronic renal failure 2 in '78

4 hip replacements for every 3 in '78

- not only doing double the kidney transplants we were in 1978

- but more than any other European Country

Look at

- Bone marrow transplants, 30 in 1978 nearly one a day now

Finally - heart transplants 3 in 1979? but 176 in 1986 and 51 heart/lung transplants!!!

6. - not just dry statistics, affect millions of families that have benefited last year from our hospitals

- and many many patients whose quality of life has been improved by operations scarcely possible a decade or more ago!

Why then - with this success story is the service still under such pressure

[NOT NEW - 1978 Donoughue page 115 CRISIS]! 78 - 79!!

- why, despite increased efficiency and the increases that were provided and promised.

Three Factors that are more opportunities than problems

- demography
- medical technology
- expectation.

7. a. Demography - picture well known, living longer.
- over 75's doubled since 1951.
 - over 80's doubled by 2011
 - demands as we grow older are greater on NHS
[54.6 per cent NHS beds used by over 65's elderly
- b. Technology - wonderful improvements
- enables us to investigate, diagnose and treat conditions that would have been ignored or left dormant in the recent past.

[eg Body scanners, ultra-sound, nuclear magnetic resonance imaging, lasers, lithotripters]

Plus new transplant techniques, heart, liver, kidney.

[1975. 11 babies in every 1000 born died within the 1st month of birth. Now it is less than $\frac{1}{2}$ that, ie 99 per cent of all births now result in a living baby. Some 3000 babies are alive every year who would not have survived 10 years ago.

[in 1975: 246 babies weighing under 1000 gramms (35 ozs) at birth survived - some 12 per cent in 1986 988 babies 42 per cent].

New Technology adds to

c. Rising expectations

- as to what the NHS can provide

- along with changes consumerist attitudes in an affluent Britain - a Britain where its consumers expect choice!

[£16¹/₂b alcohol. £7b Tobacco are for each adult £360 year
£160 year

8. What then is the way forward:- remembering the key to our underlying policies must be a successful economy generating the wealth that allows us to continue the increases in resources we've provided and promised.

- it were to satisfy the legitimate public expectations of health care;

Lets never forget we have incurred - we are going to continue

NB not only plus 33% since 1978.

£1 billion more in 88/9 £2.8 billion extra to 90/91.

£700 million more than planned!

- I would single out six areas.

1st - press on for greater efficiency - not just resources but how they're used.

- great audit already: CIP £1.3 billion cumulative since 1984.

- : Streamlined by abolishing Area Health Authorities and introduced general management.

- : introduced competitive tendering saving £100 million a year

- : better use of beds: throughput up 36%

- : dramatic increase in day care.

- Vital part of this will be provision of more and better information to doctors on the costs of the treatment they prescribe - basis of our current Resource Management Initiative

INDICATOR VALUES

The examples below show both the extreme values for the country as a whole and the 10th and 90th percentiles. The figures given in the briefing note are the latter. It is important to bear in mind that some differences between districts are caused by differences in size, geography, population and activity (teaching and non-teaching for example). This makes it necessary to compare like with like when looking at the indicators. The examples below do however given an indication of the national range.

Whereas Districts are named below in relation to particular indicators, no detailed analysis has been undertaken or other indicators of this performance considered. IT WOULD THEREFORE BE EXTREMELY UNWISE TO REVEAL THEIR IDENTITY PUBLICLY.

EXAMPLES FOR 1985/86

USE OF BEDS

ACTUAL THROUGHPUT - GENERAL SURGERY.

Description: Annual number of in-patient cases (discharges and deaths) + day cases in major acute specialties treated in the DHA divided by the average number of available beds

Lowest value: 27.8 Camberwell

10th percentile value: 35 Ealing

90th percentile value: 54.4 West Dorset, Stockport, Oldham

Highest value: 70.1 Huntingdon

In this indicator, high values = 'good'.

STANDARDISED THROUGHPUT - GENERAL SURGERY

Description: Annual number of in-patient cases (discharges and deaths) + day cases in major acute specialties treated in the DHA divided by the expected throughput and expressed as a percentage. Where actual and expected values are equal, the standardised ratio = 100.

Lowest value: 66.9 East Yorkshire

10th percentile value: 85.2 Harrogate

90th percentile value: 129 Southampton, West Dorset, Torbay, Mid Staffordshire

Highest value: 174 West Surrey

In this indicator, high values = 'good'.

ACTUAL LENGTH OF STAY - GENERAL SURGERY

2

Description: Average length of stay in hospital of in-patients

Lowest value: 3.5 Huntingdon

10th percentile value: 5 Kettering, Worcester, Great Yarmouth,
North Devon

90th percentile value: 7.8 Newham

Highest value: 12.1 Camberwell

In this indicator, low values = 'good'.

STANDARDISED LENGTH OF STAY - GENERAL SURGERY

Description: Actual length of stay in hospital of in-patients divided
by the expected length of stay

Lowest value: 61.4 Huntingdon

10th percentile value: 77.9 Rochdale

90th percentile value: 113 West Essex, S Birmingham

Highest value: 139 City and Hackney

In this indicator, low values = 'good'.

COST PER CASE

Description: The annual revenue in-patient expenditure on major acute
hospitals in the district health authority, divided by the annual number
of in-patient cases (discharges and deaths) treated in them.

3

lowest value: £
467 Chester HA

10th percentile value: 560 SE Kent, Mid-Downs HAs

90th percentile value: 960 Leeds Western

Highest value: 1231 City/Hackney HA.

Note: These are gross costs, and take no account of the different
circumstances of, say, Chester and City/Hackney. In the case of
City/Hackney, the cost needs to be reduced by some 25% to remove the costs of
teaching medical students, and the additional costs of London.

Key sign of how far still to go

NB - Performance Indicators - now have 450 indicators -
compare performance.

[ADD IN TWO PAGES
ON PERFORMANCE
INDICATORS]

- key questions

Look at used beds, length of stay, cost per unit

9. 2nd: - Encourage Health Authorities to take full advantage of income generation powers continued in the Health and Medicines Bill.
- believe it can raise at least £70m a year
 - my department will shortly set up a special unit to encourage and help health authorities to ^upersue this initiative.
- 3rd: - Encourage Health Authorities to use spare capacity of other authorities, (whenever it is sensible and cost effective).
- already happening under waiting list initiative
 - encourage it - better accounting information.
 - and patients through better information to GP
- 4th: seek to increase total resources going into health care by encouraging further cooperation with the private sector
- : won't allow narrow minded dogma to stop resources being used for patient care.

[our weakness compared with others don't have mixed economy of care]

[eg Private sector often has spare capacity at holiday time. Last Easter Consultant at BARTS made use of the operating theatres at a local private hospital to treat over 120 children who needed ENT surgery]

Further it gives consumer choice which is a great spur to efficiency.

10. 5th: - we will improve the primary care services
- [the gateway to the expensive hospital sector].
 - proposals in our recent White Paper designed to achieve this.
- eg - Amend the terms of service of GP's to clarify their role in the provision of health promotion services and in prevention of ill health.
- introduce a range of incentives through the pay of GP's to encourage them to carry out specific activities like target levels of vaccination and screening.
- 6th - again important
- focus on overall objective of our health care policies - better health for NATION as a whole
 - debate trapped on inputs [money: staff beds: not important
- but we look too little at outcome or outputs
- need better indicators or targets to help us to judge good health against which we can judge our inputs and objectives.

These are all sensible measures which deserve the support of everyone who cares about the nation's health. I am glad we are having this debate today and I welcome the wider debate that is taking place in the country as a whole on the future of the National Health Service. It is right that the whole nation be involved in constructive discussion about health care. What is wrong is when the discussion degenerates into destructive attacks upon the health service itself.

The NHS enters its fortieth year with a proud record. It is wilfully blind not to recognise its splendid achievements, and in particular those of the past eight years. Worse than that, attacks upon the service damage the morale of workers in the NHS and undermine the confidence of the public.

However, the NHS also enters its fortieth year facing unprecedented demands. That is why it is so crucial our debates be informed and rational. Fevered attacks will not help the health service. We stand firm, as we always have, behind the principle of the NHS - which is that adequate health care should be available to everyone no matter what their means. At the same time, the dramatic changes in demography, technology and expectations that I have outlined today mean that we must constantly reconsider how this principle can best be implemented.

This Government has increased the resources available to the National Health Service every single year since we have been in office. These increases will continue. But in the light of the accelerating and unending demand for health care we must consider even more carefully how these resources can be better used. And how, like other Western countries, we can encourage a greater private sector contribution to enhance and add to the increasing resources the Government has already committed.

Today, thanks to the Government's excellent record, health care in this country is being provided for more people by more skilled staff and in better facilities than at any time in our history. We will build on these achievements in meeting the challenges of tomorrow.

It is in that spirit that I look forward to the contribution of hon Members to this debate - and in that spirit that I urge the House to reject the Opposition motion.