copy to Mr. Gray

The National Union of Conservative and Unionist Associations
Western Provincial Area

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Counties of: Avon Cornwall Devon Somerset
16 Magdalen Road Exeter Devon EX2 4SZ Telephone Exeter (0392) 58231/3

22nd February 1988

Rt. Hon. Margaret Thatcher, FRS, MP,
10 Downing Street,
London SW1

Dear Mrs Thatcher

At the National Union dinner I promised to let you have the information on a well-managed and positively run Health Authority. I enclose press cuttings and a short paper which I hope you will find interesting and, also, heartening. I feel there are many Authorities in the country that are similarly well-managed. It is, therefore, unfair that those which are efficiently run are lumped together with the ones which are badly run in a general and, very often, ignorant condemnation of the NHS. I have noticed over recent months that the louder some Authorities shout "cuts", the greater their managerial incompetence.

The Authorities which are currently short of funds have not suddenly arrived in their current predicament. This is the consequence of years of mismanagement. Extra funds would just cover up inefficiencies and sins of omission. If extra funds are available, they should be targeted to specific projects which are easily monitored for performance. The Somerset Health Authority is not demoralised and has an active and dynamic management, with many new ideas on how to run the service for the benefit of the patients.

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If you would consider allowing my Chairman, Mr. Ward and the District General Manager, Mr. Smith and myself to come and see you for half an hour or so, we would be pleased to do so. I think on questioning us, you would discover new and interesting insights into the workings and otherwise of the NHS from, so to speak, the factory floor.

Yours sincerely

Michael Carter

Michael Carter, CBE
Chairman, Western Area

Batcombe House,
Batcombe,
Shepton Mallet,
Somerset.

SOMERSET HEALTH AUTHORITY

1. PROFILE

Somerset Health Authority provides health services to a population of 361,000. It has 27 hospitals, 6 day hospitals and a total of 3,086 beds. The acute services are based on a District Hospital at Taunton and a District Hospital at Yeovil. It manages its own Ambulance Service. It is one of the larger health authorities in the country.

2. FINANCIAL STATUS

The basic cash limits for Somerset Health Authority for 1987/88 are:

Revenue	£76 million
Capital	£1 million
Joint Funds	£1 million
TOTAL	£78 million

The Authority over the years has accumulated revenue reserves. This has been done by not committing to the service all the revenue funds allocated by government but rather putting some by regularly each year in order to meet the running costs of future proposals and capital schemes. These monies have been used on a non-recurring basis year by year to augment the Authority's spending usually on capital projects. This reserve currently stands at £2.6 million. It will be used in the future to fund the revenue costs of the second stage of redevelopment of the District General Hospital which will be completed in 1994 and to augment the cost of the community based strategy for services for the mentally handicapped and the mentally ill.

Apart from allowing the Authority to augment its major capital programme this strategy also puts the Authority in a good position for any "fine tuning" which may be required during the course of the year.

3. CAPITAL

A selection of major capital works in the period 1985/86 to 1994/95 is shown below. They have been funded from the normal capital allocation as well as by the use of the reserve fund referred to above.

continued

Schemes Completed 1985/86 to 1987/88		£ million
Musgrove Park Hospital (Acute Services)	Pathology Facilities) Mortuary)	1.4
	ENT Theatre and Dept	0.8
	Maternity Unit	0.6
	Phase I Redevelopment	9.5
	CT Scanner	0.2
	Intensive Care Unit	0.6
Burnham EPD Unit	Mental Illness	0.6
		13.7

Schemes Planned to 1984/95		
Musgrove Park Hospital	Phase II Redevelopment	18.8
Yeovil Hospital	Radiology Department) CT Scanner)	2.0
(voluntary subscriptions involved)		
Glastonbury/Street Community Hospital) Priory Hospital Redevelopment)		3.3
Williton Hospital	Elderly Services	2.2
Mental Illness Community Facilities		10.4
		36.7

4. HOSPITAL ACTIVITY

Between the years 1982/83 and 1986/87 there has been an increase in health activity, for example, in acute hospitals inpatient cases have increased by just over 11% during this period. There has been a drop by 10% in the length of time that the average patient has stayed in hospital. The number of day cases has increased by 9%. The average number of attendances by outpatients has increased by 7%. The Accident and Emergency departments have dealt with an increase of 10% in patients. Increases have also taken place in performance in the long stay hospitals, hospitals for the mentally ill and the mentally handicapped.

5. INCREASED EFFECTIVENESS

The Authority has pursued rigorous cost effective programmes resulting in, for example, a saving of £1 million per annum recurring through the competitive tendering exercise for hotel services in hospitals. This was undertaken within the time-table laid down by the government ending in 1986. Since that time a regular cost improvement programme of just over 1% per annum has been achieved each year.

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6. INTRODUCTION OF GENERAL MANAGEMENT

The introduction of General Management has been a great success in Somerset. High calibre managers have been recruited to whom clear responsibilities have been delegated and powers of decision given. Unnecessary bureaucracy has been eliminated and accountabilities are quite clear. Functional management has been eliminated cutting out unnecessary professional hierarchies. The ethos of general management is widely accepted within the District even by the consultants despite their contracts being with Region. Clinicians are also much keener to play a role in management and over the years good working relationships have been established with the consultants.

7. WAITING LIST INITIATIVES

Two waiting list reduction schemes have been successfully achieved.

(i) East Reach Hospital Taunton

This hospital had been vacated following the transfer to purpose built facilities at the new District General Hospital. It was proposed to re-open the hospital for a limited period to carry out 400 operations in a period of two months. The estimated cost was £300,000.

The project team was set up in January 1987. By the 1 March 1987 it had set up the initiative and recruited all the necessary medical and nursing staff on fixed term contracts. Other services were provided from the District General Hospital. Some new equipment, totalling £25,000, was purchased.

The initiative was a success. 479 operations were carried out on 410 patients; the actual cost was £214,000 funded by

DHSS Initiative Monies	£100,000
DHA Monies	£114,000

Prior to expiry of contracts nurses were assessed, interviewed and where appropriate all available nurses were offered permanent posts within the Unit. All purchased equipment has been fully utilised within the Unit since the end of the project.

(ii) Yeovil District Hospital

The waiting list initiative is taking place at Yeovil District Hospital and aims to reduce the waiting list in Gynaecology, General Surgery and Orthopaedic Surgery by 800. The estimated cost is £90,000 which is being funded by the Authority. The initiative started on 1 April 1987 and is planned to continue until 31 March 1988. Staffing is mainly from within existing establishments. Additional equipment, mostly prostheses, is estimated at £28,000. As at 31 January 1988 the initiative has exceeded its target with 813 operations as follows:-

332 Gynaecology;
356 General Surgery; and
125 Orthopaedic.

There are still two months for this scheme to run.

8. CURRENT PROBLEM

Somerset, like all other health authorities, faces uncertainty with regard to the level of funding for pay awards (particularly the review body awards relating to doctors, dentists, nurses and professions allied to medicine) for 1987/88 and for 1988/89. It will not be possible to implement the Authority's developments for 1988/89 and 1989/90 as planned unless the government fully funds, on a recurring basis, the cost of the 1987/88 pay awards and future awards. If, however, the recurring under-funding of the 1987/88 pay and price increases continues into 1988/89 and there is a fall-short of actual costs by, say, 1% then the total deficit for the Authority will be £800,000 in 1988/89 which has to be added to the £400,000 in 1987/88 giving a total funding deficit of £1.2 million.

The Authority is preparing a contingency plan for this eventuality which involves looking at its current services in order to see whether some of the unsophisticated health care in, for example, the long stay services can be left to the private sector or voluntary sector so that funds can be spent on that part of the Health Service for which it is best equipped and does best. The Authority is also looking at bringing forward cost improvement programmes and is satisfied that it will be able to find another 1% improvement in efficiency in the next two years. This will involve the closure of small, less economic hospitals.

9. KEY ISSUES

(a) Consultant Contracts

The single most important change that would have widespread positive effects on the Health Service is to put consultant contracts with District Health Authorities. The contractual situation at the present time with the exception of teaching hospitals is that the contracts lie with Region. Consultants under these circumstances have loyalties neither to Region with whom they rarely come into contact nor to the District with whom they work but feel no ties of contractual loyalty. Professional independence is inculcated in the medical educational system and the contractual arrangements within the NHS serves only to reinforce that independence. The reality of the employer/employee relationship between health authority and consultant would introduce an important psychological change and a significant sanction for health authorities in a hiring and firing capacity. This sanction does not need to be used to be an important weapon in operational management terms.

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The District General Manager of health authorities must be seen as the ultimate Manager. He is in a position to appraise consultant performance although it would be wise for him to be professionally advised in order to do this effectively.

The ultimate aim should be short term contracts for consultants with agreed work loads accountable through District General Managers to District Health Authorities.

Consultants with large private practices, and they are likely to be surgeons and anaesthetists, can earn more working a shorter period in the private sector than they can within the NHS. There is an unhealthy temptation, therefore, to give priority to private work. A contract with greater remuneration for an agreed work load would be mutually attractive.

(b) Restriction of Service Provision

There are a number of clinical conditions which should not be an NHS responsibility, for example,

cosmetic surgery;
invitro fertilisation;
treatment of minor ailments; and
chiropody (except for medical conditions).

These services could be provided on a fee paying basis.

(c) Private Patients and Income Generation

There is a growing demand for private practice. Many health authorities could meet this but are currently restricted by regulations relating to the number of private beds they are allowed. This Authority would like to increase the number of private patients by the provision of a small private wing. An increase in private patient beds can only be granted where a clear demand is not being fully met within existing allocated beds. This does not allow health authorities to anticipate the demand. Somerset consultants would be prepared to support the building of a small private patient unit which would generate a significant amount of income for the Health Authority. It may be, of course, that the New Medicines Bill will address this.

(d) Influence of Professions and Other Organisations

The influence of the professions and particularly the medical profession, and statutory bodies such as the English National Board and other organisations like Royal Colleges have enormous influence over the way that the NHS is run. It is highly questionable whether or not private institutions, commerce and industry, would be so dominated by such professional bodies. The Health Authority and the General Manager can find themselves having to meet stringent conditions which these bodies can impose on threat of withdrawal of recognition. Examples can be the Royal Colleges insisting on time-tables for consultants which do not give adequate NHS service. Recently

the UKCC (National Body for Nurse Training) have recommended a completely new training scheme for nurses (Project 2000) which replaces the present Health Service orientated training programme by a more expensive and broader based educational scheme centred on education institutions. The current "apprenticeship" training for nurses has served the NHS well. Its elimination will take the nurse further away from the patient bedside where she learns her skills and will have the same adverse effect on nursing which its demise had for industry and commerce.

(e) NHS Relationship with Consumer

A free Health Service at the time of need is a laudable ideal. Unfortunately, it clouds the relationship between the consumer (patient) and the supplier (Health Authority) and raises expectations without identifying the implications. What is required is a mechanism for sharpening-up the accountability of the supplier to the consumer and the consumer's appreciation of the value of the service being provided. The most effective way of achieving this is through a contribution for services given. This would not have to be a large amount, but it should be sufficiently large to be economic to collect. It could be insurable. If this charge was related to hotel services it would have the advantage of not impinging on clinical services, would give an income to the Authority which was easily identifiable, would enable the Health Authority to use that income to improve services and particularly hotel services which in turn would create an internal market for consumers to exercise some choice. At present referrals to hospital are made at the discretion of general practitioners with little involvement of the patient. Although clinical considerations would still be important this change would ensure that they would not be the only ones to influence the patient.

T A WARD
Chairman

I N SMITH
District General Manager

M. J. F. CARTER
Member

February 1988

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Dec/77

WAITING LISTS FALL

The Government have congratulated Somerset Health Authority on its £222,000 scheme to reduce hospital waiting lists in the county.

The scheme was carried out at the 195-year-old East Reach Hospital, Taunton, earlier this year and as a result 479 operations were carried out on 410 patients within 43 days.

In a letter, the Department of Health and Social Security say: "We regard this as an excellent example of good practice."

Mr. Ian Smith, the Authority's General Manager, said all the staff were to be congratulated on achieving excellent results.

He said that in Somerset this year there had been a 20 per cent reduction in hospital waiting lists.

This had been achieved by the East Reach facilities and other schemes, including a highly successful one at Yeovil District Hospital where the staff were already ahead of their own target.

A report shows that between December and June, the lists in Somerset dropped by 1,113 to 3,995.

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Mr. Smith paid tribute to the medical, nursing and other support staff whose hard work and dedication had produced such good results.

Mr. Smith pointed out that there had been a shortening of queues for many types of operation, including general surgery, gynaecology, ear, nose and throat surgery, oral surgery and orthopaedics.

The exception was eye surgery where there had been a slight rise from 342 to 403 because the move to Musgrove Park Hospital from East Reach Hospital had caused some disruption.

Reduction in the lists are: West Somerset: General Surgery down from 1,355 to 1,104; Gynaecology down from 638 to 396; ENT Surgery down from 414 to 309; Oral Surgery down from 794 to 635; Orthopaedics down from 1,565 to 1,148 and Ophthalmology up from 342 to 403.

East Somerset: General Surgery down from 462 to 378; Gynaecology down from 532 to 440; ENT Surgery down from 91 to 76; Oral Surgery down from 209 to 181; Orthopaedics down from 237 to 206.

Shorter wait for surgery the aim

SOMERSET Health Authority is hoping to be allowed to spend an extra £375,000 to reduce hospital waiting lists.

The authority will decide whether the money should be spent as part of a special fund set up by the Government to reduce the numbers of people waiting for operations.

In the past year Somerset has reduced the waiting lists by 20 per cent, through extra operating sessions at Yeovil and keeping East Reach Hospital, Taunton, open after the move to Musgrove Park Hospital.

In Yeovil 725 additional operations have been performed, compared with a target of 600.

The chairman of the authority, Mr Tom Ward, said on Friday that Somerset was doing "exceptionally well", in spite of the crisis in funding the national health service.

"We are by no means complacent, but we have been able to stay within our cash limit during the current financial year.

"As a result, our basic services have not been affected, while at the same time we have introduced a number of new initiatives."

Jan 88

Patients gain from energy savings

The Authority is to launch a major campaign to reduce the cost of heating and lighting at its 28 hospitals and other healthcare buildings in the county.

The Authority spends more than £2 million every year on energy — twice the amount it spends on drugs.

Over the last 10 years the Authority has reduced its energy bill by over 25 per cent but Mr. Roger Tanner, Director of Estate Management, is convinced that further savings of up to 30 per cent can be achieved by new initiatives in this area.

A small team of energy specialists has been set up to investigate and advise on how these savings can be achieved.

Work has already started on energy surveys of the major hospital sites and these will analyse in detail how and what energy is being used on each site.

Detailed plans will also be drawn up for improving the energy performance by improving insulation, and using the latest computerised control systems, heat recovery equipment and low energy lighting schemes.

The Authority recently installed one of the country's first "zero fuel" incinerators at Tone Vale which is now incinerating waste from all the West Somerset Hospitals without using any fuel.

The campaign will also concentrate on "good housekeeping", such as switching off unwanted lights, closing doors and windows to avoid losing heat and generally making sure that energy is not wasted.

To promote this "energy conscious" environment in all its hospitals the Authority is to introduce an Energy Newsletter, an Energy Handbook for all new employees and an Energy Saving Suggestion Scheme with cash prizes, said Mr. Tanner.

He added: "Our objective is to make Somerset Health Authority the most energy efficient Authority in the NHS.

"If we can achieve our target of 30 per cent reduction in our annual energy bill then this will release more than £0.5 million every year for improving patient services.

"One of the good things about saving energy is that not only does it save money but it usually results in better standards of comfort for patients and staff who work in our buildings."

The Authority's Chairman, Mr. Tom Ward, has hosted a series of early morning 'Energy Breakfasts' when senior managers were told of the effects of saving energy and asked to actively support the campaign.

Better health service from cash savings

SOMERSET Health Authority announced this week that patients are to benefit directly from efficiency savings of £1.6 million over the next two years.

The introduction of competitive tendering, new switchboards and savings in energy cost have helped to release the cash.

Mr Ian Smith, the authority's new general manager, said developments in the service would increasingly depend on making better use of existing money.

Among the projects to benefit is the first phase of Musgrove Park Hospital, Taunton, due to be completed next year.

Yeovil District Hospital will gain a new orthopaedic outpatient department while improvements at South Petherton Hospital include new outpatients facilities an occupational therapy department and updated physiotherapy and X-ray rooms.

The authority plans to appoint a new consultant in paediatrics specialising in the care of the handicapped as well as junior posts to help in general and acute services.

More community midwives will be appointed to cope with the expected 25 per cent increase in births over the next ten years.

There are plans to help pay for a medical director at St Margaret's Hospice and to give money towards setting up a counselling service for AIDS sufferers.

Wells is to get an extra consultant psychiatrist while the Kenneth Bailey Day Hospital in Yeovil will be opening five days a week rather than the present three.

Top priority for the mentally ill is the development of psychiatric services in North Somerset by the provision of locally-based units near the people they will serve.

Fire at laundry

AN electrical fault sparked a small fire in a dryer at the laundry in Parkmead Road on Monday.