

NHS has 14 regions
191 districts
hundreds of units
employs 1 million people



SECRET

inc. 600 general managers

Prime Minister +

Prime Minister

No great surprises

REC 6
24/3

THE NHS REVIEW: SEMINAR WITH REGIONAL HEALTH AUTHORITY CHAIRMEN

I held a full day seminar with Regional Health Authority Chairmen at their request on 16 March, in place of one of my regular routine meetings, to listen to and record their comments on the main issues facing the NHS. Their views were mostly very productive and I thought that the essence of this discussion would be of interest to you. In summary:-

i. alternative methods of funding

Their preference is in favour of retaining a system of tax-based funding. They are concerned about the impact on business costs of a switch to National Insurance funding and the wider effects on taxation and public expenditure policies. They do however see a much greater role for private insurance, particularly for elective treatments, and potential for attracting private capital into hospital building.

ii. co-operation with the private sector

The Chairmen saw the need to develop the private and public sectors together as a single system rather than as complementary but separate systems.

More generally, they would like to see more trading of services between the public and private sectors and a closer partnership in key areas such as training.

iii. internal markets

The Chairmen also expressed strong support for the development of an internal NHS market as a means of increasing competition and reducing costs. Much has already been done in non-clinical areas and it was important to build on this with pilot projects for selected clinical treatments.

iv. information needs

Successful trading depended on better information on comparative costs but we should not waste time in striving for perfection. The NHS still collected too much information: we should concentrate on what was essential, on how we should use it better, and on improved investment in information technology.

v. doctors

Doctors needed to become much more involved in resource management. Medical training should reflect this and potential leaders should be identified early in their careers. Changes to the consultant contract should underpin this process by giving managers a greater say in the deployment of their medical resources. Disciplinary procedures should be simplified.

vi. pay

The Chairmen would welcome the greater financial stability that would result if pay deals could be negotiated for periods longer than a year. The Government should also

address the problems being created by the widening pay gap between the review body and non-review grades.

vii. customer service

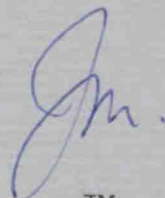
The Chairmen recognised the need for better customer services. Historically the NHS has concentrated on high quality treatment but much more could be done - at relatively little cost - to improve overall service delivery. A number of local initiatives were underway and we should build on these.

viii. improving performance

Getting the service's information requirements right would not only improve performance at the point of delivery but, if the flow of information could be reduced, it would pave the way for reductions in staff numbers. RHAs themselves could with advantage be smaller and more business-like. Better training for NHS staff needed investment.

The Group will want to address a number of these issues in the course of the review. For their part, the RHA Chairmen welcomed the opportunity to present their views at an early stage. We agreed that they would not set out their stall in public but, if asked, would welcome the establishment of the review and acknowledge the very helpful discussion that had taken place.

I am copying this minute to the Chancellor of the Exchequer and the Chief Secretary.



JM

24 March 1988