PRIME MINISTER

NHS REVIEW

Because of the Social Security Debate on Wednesday afternoon it was necessary to cancel the meeting of your NHS Review Group scheduled for that time. We have now rescheduled that meeting for 9 May, and I will resubmit the DHSS and Treasury papers for that meeting next weekend. But meantime you might like to see the draft timetabling note at Flag A prepared by the Cabinet Office. I think it would be useful to circulate this for the 9 May meeting. Content?

Meantime you may want to glance at some background NHS reading this weekend. I attach:

Flag B: My notes on last Sunday's seminar.

Flag C: Some material by Professor Chantler on Guy's experience with management budgeting. I am not sure whether you had the chance to look at this last weekend. It does show what can be achieved in a major hospital once you get the management systems and motivation right.

Flag D: A slightly rambling letter from Mr. Touquet (the accident and emergency consultant at St. Mary's, Paddington), but which does include one or two interesting thoughts on getting GPs to do more of the minor operations.

Flag E: A paper by Mr Dutt on an insurance-based system (I don't find this convincing).

Flag F: Some material on the history of the first ten years of the NHS which, as you know, was published this week. For a study of the period which ended now over 30 years ago, the material contains a

surprisingly large number of echoes of our present problems.

Flag G: Some material from John O'Sullivan on the New Zealand health reforms.

Flag H: Another note by John on Ray Whitney's health seminar earlier this week.

Flag I: A note by John on an interesting development at Guy's.

PRCG.

Paul Gray

29 April 1988

KAYAAM

CF? PPS

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28th April 1988

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
London SW1A 2AA.

Dear Prime Minister,

Thank you very much indeed for asking Fiona and I to attend your seminar on the National Health Service. I enclose herewith our thoughts and ideas which I hope will be helpful to you.

Thank you also for the splendid opportunity that the meeting at Chequers provided for me to get together with the Johns Moore and Major and Tony Newton. As a direct result of this we should hear the Treasury's offer to the Cyclotron Trust for funding by the middle of next week. All the trustees feel very appreciative of your efforts on our behalf. I hope to be able to write to you about our further progress in the near future.

With kind regards
Yours sincerely,

Richard

R.B.S. Packard, M.D., F.R.C.S.
Consultant Ophthalmic Surgeon.

NATIONAL HEALTH SERVICE: Summary of Suggestions:

1. Primary Care Services

2. Hospital Services - Acute
   Non-acute

3. Medical Staffing - Senior
   Junior - Training

4. Waiting Lists - Causes
   Solutions

5. Nursing - Staffing
   Salaries

6. Funding

1. Primary Care Services:

General Practitioners

1. Change work patterns to exploit subspecialties within practices as part of Promoting Better Health. G.P. training includes some subspecialty training but very often not used.

2. Greater liaison between G.P.'s and hospital to ensure more care in Health Centre of chronic diseases such as diabetes and hypertension. Possibly with consultant visits to community clinic.

3. Use Health Centres more as polyclinics with greater number of services provided - such as minor surgery under local anaesthesia. Also encourage preventative medicine in this setting.

4. Possibly move ophthalmic medical practitioners into Health Centres in new role as part of primary care team.

5. G.P.'s willing to participate in schemes should be remunerated accordingly. Job thus both more interesting and better paid.

2. Hospital Services

(A) Acute

Present supposed crisis perceived as lack of funding causing withdrawal of services. Leading to increase in waiting times for clinics.

Although element of underfunding in relation to vast increase in number of units of service provided exists, due to new technology, actual cost of these units has increased as well as their number. In order therefore to prevent such problems and in recognition of increase mentioned -

(1) True cost analysis of services provided in each specialty to establish a norm. for performance.

(2) Provision of funding to follow units of service dispensed. Thus, hard working thrifty units would get better funding in recognition of this.

(3) Make better use of out-patient clinics by using G.P.'s to promote greater back up for cases not really requiring hospital follow up.

(4) Analysis of waiting lists and why they exist (see below).

(B) Non-Acute

Recognition of increasing need for provision of geriatric and geriatric mentally ill patients. This will peak to coincide with post World War I bulge in births at about year 2000 and will then probably fall before rising again in about 2020.

3. **Medical Staffing:**

(A) Consultant Staff

(1) Continuation of expansion of grade for two main reasons.

(a) To improve career prospects and stop crowding at various levels of career ladder - in conjunction with Achieving a Balance.

(b) Recognition of much greater efficiency that consultants provide compared with staff in training by seeing patients more quickly and making decisions about further management.

(2) Peer review and medical audit to establish performance norms for each speciality. Teaching and administrative duties to be taken into consideration.

(3) Salary review related to performance above predetermined norms. Review of merit awards system.

(4) Earlier retirement and partial retirement to be encouraged to free up more funding for consultant posts.

(B) Junior Staff

(1) Greater encouragement for those entering hospital service that sufficient career posts available at end of training.

(2) Matching junior posts to both service, training and career needs. Possibly by implementing Achieving a Balance.

(3) Part time staff grades.

4. **Waiting Lists**

Present government assessment of waiting times is not valid.*

Analysis of cause of long waiting times for cold surgery

(a) Due to inadequate beds - too few beds
- too long in hospital

(b) Due to insufficient operating time.

(c) Due to insufficient use of theatre time, i.e. throughput.

(a) and (b) may be due to lack of funding with closures of beds or loss of theatre time due to insufficient staff for theatres (i.e. trained nursing staff).

(c) may arise if funding restricts number of operations or surgeons throughput below norms to be established.

* Time from G.P. referral to time of operation is much better assessment of service function, e.g. 6 months wait for O.P. appointment and 4 months on waiting list is worse than 1 month from G.P. referral to O.P. appointment and 8 months to surgery. Under government figures the first hospital would appear to be providing better service.

5. **Nursing**

Staffing and Salaries

Regional variations exist in staffing levels and also in various nursing specialities such as intensive care. These are mainly due to relative problems of living and working in South of country compared with North. Hopefully latest Nurses' pay review will solve these problems.

Similar problems apply to operating department assistants and other staff most particularly secretaries because of huge differences with salaries in Private Sector.

Bring back part time nurses as much as possible by encouraging nurses with grown up children to retrain and rejoin profession.

6. **Funding**

Urgent review of actual cost of providing services under NHS - without this no funding review has any validity.

Capital funding particularly for high tech equipment needs more sensitive system. At present amount available is usually what is left after all other Regional or District expenses.

When costing exercise completed targeted funding to areas of greatest need and also chances of best return for funds used most important. Possibly funds should accompany patient to site where service actually provided.

Hospitals may be given individual "budget" on this basis which is realistic and much less likely to lead to unnecessary wastage of resources and withdrawal of services.

A

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REVIEW OF THE NHS

OUTLINE TIMETABLE

Note by the Cabinet Office

1. The Group may wish to consider the outline timetable attached, which sketches out a possible plan for its further work.

2. Particular points for attention include:

   i. Links with PES. It will be important to ensure that the conclusions of the Review are taken into account in this year's Public Expenditure Survey.

   ii. White Paper. Is it right to assume that there will be no Green Paper? No - we may need a green paper.

   iii. Consultation. Is it right to assume that there will be no formal period of consultation?

One possible solution to (ii) and (iii) might be to aim for a relatively short White Paper which outlines, as a matter of policy, the main features of the reforms which the Government has decided to introduce, but leaves the detailed implementation to discussions with the main parties concerned, with a view to introducing legislation early in the Parliamentary Session 1989-90.

Cabinet Office

Excellent Agenda (overleaf) MF.

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NHS REVIEW

OUTLINE TIMETABLE

9 May: Charting the way ahead. Paper by the Secretary of State for Health (already circulated).

: A Scheme for contracting out of the NHS. Paper by the Chancellor of the Exchequer (already circulated).

w/b 23 May: Structure and funding. Possible papers on:

i. where responsibility for buying health care should lie (RHAs, DHAs etc.);

ii. the machinery for funding health care (including the money following the patient), and for controlling costs;

iii. how the new regime for hospitals would work in practice;

iv. transitional steps which can be put in hand soon (eg improving information about costs, better audit arrangements).

w/b 6 June: Encouraging private sector involvement in:

i. the provision of health care. This could cover the greater use of private sector capital (eg in the building of hospitals), private sector management (eg in the running of hospitals) and private sector trading (eg in treating illnesses where NHS waiting times are long);

ii. the financing of health care. Further consideration of options on contracting out etc. following discussion of the Chancellor's paper.

w/b 20 June: The professions. Papers on:

i. consultants' contracts;
ii. the role of GPs;
iii. the training and qualifications of nurses.

w/b 4 July: w/b 20 July:	Further meetings as necessary.
w/b 1 August:	Circulation of first draft of White Paper to members of the Group before Parliament rises for Summer Recess.
September:	Two meetings of the Group to discuss the draft White Paper.
w/b 10 October:	Conservative Party Conference.
November/ December	Publication of White Paper (after Autumn Statement).