PRIME MINISTER

NATIONAL HEALTH SERVICE REVIEW

I welcome the opportunity to offer a short paper to the Review of the National Health Service. My comments refer largely but not entirely to Northern Ireland circumstances.

NORTHERN IRELAND BACKGROUND

The health service in Northern Ireland is based on the principles and policies of the National Health Service in Great Britain, and like the NHS it has great public support and sympathy. A significant structural difference here is that hospital, community health and personal social services are integrated under 4 Health and Social Services Boards which deliver them as agents of the Department of Health and Social Services. There are no Family Practitioner Committees and GPs are contracted to the Boards.

My Strategy has for its priorities a reduction in acute beds, the development of health promotion and a shift in the balance of care to community services. The integrated structure is helpful in driving forward those policies.

Unemployment and overall social deprivation are high in Northern Ireland. GDP and personal disposable income per head is lower in Northern Ireland than the rest of the UK, while we seek every opportunity to expand private provision or increase charging, that exist elsewhere in the country. Also, Northern Ireland is at or

near the top of various tables of ill health in the UK and Western Europe. So inevitably the level of need for health services is proportionately higher than in England and Wales, with consequential higher levels of expenditure.

Getting value for money is all the more important. We have done a great deal to strengthen management and improve the quality of the service. More remains to be done and can be done in the present framework; and I am giving improvements in managerial efficiency and quality of service equal priority with the strategy objectives.

AREAS TO BE TACKLED

I do not believe there is enough choice for consumers. More competition in provision would result in a better quality of care and services and, together with improved management control, would sharpen up efficiency. The Health Boards should not be the only providers. The power of the trade unions and of professional interests needs to be diluted. The services need to be loosened up and encouraged to enter into partnership with the private sector and with the voluntary sector. Doctors are the key people who commit resources and general practitioners, as well as consultants, need to become more conscious of Value for Money considerations and involved in management.

In Northern Ireland, because of its unique integrated structure, any strategy for Health automatically and rightly covers primary care. The strategy for the NHS in Great Britain needs to overcome organisational separation to ensure the requisite development of primary care and community care.

THE PRIVATE AND VOLUNTARY SECTORS

The private sector of acute medicine is very small in Northern Ireland and is not likely to develop substantially given the limited size of the market and the lack of wealth of the region. Any model based on partnership with the private sector should allow for regional variations in the balance between public and private hospital care. The only market in which the private sector is substantial is that of residential and nursing home care for the elderly and other vulnerable groups. These homes are a valuable adjunct to public provision, but I am keen to make sure that the public funds involved - largely social security payments - are properly targetted and that the people who are admitted to these homes are those who need that type of care. This would point to linking payments to professional assessment of need.

The voluntary agencies, which are relatively strong in Northern Ireland, should be further supported. That is essential if the policy of caring for people in the community is to succeed, but would also draw on the private rather than the public purse. We are conducting a review in the province of our grants to voluntary agencies with a view to securing better value for money. In addition we have provided special opportunities for the long-term unemployed to work in the voluntary health and personal social services.

FINANCIAL CONSTRAINTS

In Northern Ireland, as in Great Britain, more money for health care is needed because of demographic changes and advances in medicine. Spending on health has, as in Great Britain, steadily increased each year but has levelled out in real terms. There is a widespread view

as in Great Britain that the services are under-funded but I am sure that more can be done to secure further cost improvements and income generation. Boards would be reinforced in this effort if they were clearly assured that income generated would be additional to public funds.

The handling of pay settlements remains, however, a continuing problem of financial management. The present system negates sensible planning. Bringing forward the annual Review Body settlements helps, but leaves half the pay bill unresolved until some months into the financial year. This is more of a problem in Northern Ireland because pay for many staff in the personal social services is linked to GB local authority rates. Any scope for bringing forward these other awards should be explored. Also, annual settlements made sense in times of high inflation but inflation is now firmly under control. If settlements covered a period of 2 or 3 years and if the level of funding were decided and announced in advance, health bodies would have a stable base on which to plan.

There is not enough private wealth in Northern Ireland to support large increases in private health care. There is unlikely to be a major expansion of the private health care sector in Northern Ireland in the near future, though no doubt a limited expansion of the market could be stimulated by increased tax incentives. I have also been considering how best to encourage other sources of finance for existing public health provision. Irrespective of how the NHS Lottery in Great Britain fares, I would like to encourage the Boards and/or the voluntary sector to organise lotteries here as a source of additional money. The specific reason is that the Republic of Ireland has a hugely successful national lottery and many people here buy tickets for it. I would rather they spent that money for the benefit of Northern Ireland health care.

MANAGEMENT SKILLS

Northern Ireland has taken useful initiatives in both information technology and the development of mangers but, like the rest of the UK, needs to invest further in both. Better information systems are needed as a basis for decision-making and for costing. Health managers will need considerable flexibility and skill in developing and selecting choices for the consumers, in generating additional sources of finance and acting in an entrepreneurial way. We have established a training programme for existing and aspiring managers including practising clinicians, which is proving highly successful with all professions; but opportunities exist for further improvements to management control and structure. Consultants in particular need to be involved in and committed to management decisions at every level.

Managers need to be backed up by Boards which have managerial rather than representational membership. There is a real problem here in Northern Ireland where the Boards are over-large and ill-equipped to deal with change and the reorganisation of services to improve cost-effectiveness. I would advocate ideally small supervisory bodies with more limited representation from professional groups and local authorities. This change would need very careful handling, as all else in health service affairs, but is, nevertheless, necessary to the proper functioning of the Health Service.

NORTHERN IRELAND ASSETS

Northern Ireland has much to offer in the field of health care. It is already offering nurse training and other services to English regions and I am setting up arrangements for the export of health services overseas. We could also provide services for GB health authorities, in areas where staffing difficulties exist, such as

information technology, particularly computer software, and architectural and engineering design services. While our geographic isolation presents some difficulties in terms of treating a regular flow of patients from Great Britain, I am pursuing cross border trade in health care with the Republic of Ireland. I anticipate that the outcome of the NHS Review will support such developments.

CONCLUSION

I hope you will find these brief observations helpful. I look forward to the opportunity of commenting on the recommendations of the Review as they will affect Northern Ireland, before it is finalised.

Copies of this note go to Nigel Lawson, John Moore, Malcolm Rifkind and Peter Walker.

TK

23 June 1988