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PRIME MINISTER

NHS REVIEW

1. Kenneth Clarke's office has circulated 4 papers - HC53, HC54, HC55 and HC56 - and invited comments.

2. I support the thrust of Kenneth's proposals in paper HC53. I argued in my minute to you of 13 October that we need to show clear and convincing outcomes for patients if our reforms are to have any credibility with the general public. I hope, therefore, that we can link to Kenneth's proposals my ideas for mounting a special initiative with the private sector to reduce waiting times to our targets. As I said in my earlier minute, the costs would be modest: only some £11 million in 1989/90 for Wales.

3. Kenneth's proposals for the development of a programme of quality assurance in clinical care and in the delivery of health care generally in each district, embodies objectives I am already pursuing through our Corporate Management Programme for the NHS in Wales. I agree that we will need additional resources if DHAs are to be able to produce plans next year for implementation in 1990/91. Similarly, we are building on the pioneering work of Heartbeat Wales in the field of health promotion and the prevention of ill-health, through the establishment of the Welsh Health Promotion Authority. I expect to receive its strategic programme shortly. This will include clear targets for improvements in health outcomes, within which district health authorities and other agencies will frame their activities and local targets. The development of a full corporate strategy for the NHS in Wales by 1991/92 will place all these developments in a coherent framework for sustained development.

4. I agree, too, with Kenneth that we need independent means to assess the quality of care in acute sector hospitals. This seems to me an essential precondition, not only for effective quality assurance at all levels and in all spheres of the NHS, but also for the creation of a more open market in health care involving an expanded role for the private sector. We need to be able to assure the public of the bona fides of all agencies offering health care. There is at present no licensing of private health care, nor any inspectorate, save for a few specific activities such as abortions. I am not convinced, however, that these objectives would be best met by the kind of agency which Kenneth proposes. In my view, they would be better served by a formal system of hospital accreditation.

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There is no reason why an accreditation agency should not be accountable direct to health Ministers - and every reason given our statutory responsibilities under the NHS Act why this should be the case.

5. The sort of agency Kenneth proposes would, in my view, act as a very powerful engine for increased expenditure, not necessarily in accordance with any objective appraisal of priorities, nor in accordance with our policy objectives. By definition, its activities and reports would focus on the need for improvements and it would be naive to think that these would be solely concerned with improved economy and efficiency within current levels of resources. This has certainly been true of the NHS Health Advisory Service, both in the period before its reports were publicly available and since. Arguably, an accreditation agency appointed by and accountable to health Ministers would have a more precise remit related to the achievement of minimum standards - standards which the Government could set in consultation with the professions.

6. I am content with the proposals in paper HC54 for developing competitive tendering of pathology and radiology through the fostering of local initiatives. As Kenneth says, this is a sensitive and difficult area, involving legitimate professional concerns. We would come badly unstuck if we were to try to force through a central programme of action. I would expect us to be able to achieve all that sensibly can be achieved by developing competitive tendering in these fields in an evolutionary way.

7. I support the proposal in paper HC55 to set up a directed inquiry to produce recommendations aimed at the reduction of rigidities caused by professional boundaries. Given the importance of this issue and its implications for the Health Departments generally, I would like to see the members of the inquiry team appointed by and accountable to health Ministers collectively. The team would be able to build on the work in the primary care field which has been done by the Welsh review group on community nursing.

8. I agree too with the importance of increasing local flexibility in respect of employment practices. I would, however, like to consider the detailed recommendations of the seconded NHS personnel specialist who is reporting to Kenneth by the end of the year, before agreeing the details of how this is to be taken forward.

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9. I too see the efficient and effective deployment of nursing staff as one of the central issues. My Department has put a lot of work into leading action on this in Wales and I should want my officials to play a part in shaping the proposals for inclusion in the White Paper.

10. Finally, I am glad to see from paper HC56 that Kenneth Clarke and John Major have agreed that there should be real charging for the use of capital assets within the NHS and that officials are to work up specific proposals to open up access to private sector capital. I have minuted you and colleagues separately with my strong views on the importance of this latter issue. I would be grateful if my officials could join Department of Health and Treasury officials in working up the detailed proposals.

11. I am copying this minute to Nigel Lawson, Kenneth Clarke, Tom King, Malcolm Rifkind, John Major and David Mellor; to Sir Roy Griffiths, Professor Griffiths and Mr Whitehead in the No 10 Policy Unit; and to Mr Wilson in the Cabinet Office.

Keith Davies

21 November 1988

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Approved by the Secretary of State and signed in his absence