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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

20 December 1988

Dear Paul.

**NHS REVIEW: WHITE PAPER: WALES**

My Secretary of State has asked me to circulate the attached draft chapter/section on Wales for inclusion in the draft White Paper to be considered on 22 December.

I am copying this letter and enclosure to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Northern Ireland, the Secretary of State for Health, the Secretary of State for Scotland, the Chief Secretary to the Treasury, and the Minister of State (Department of Health); to Sir Roy Griffiths, Professor Griffiths and Mr Whitehead in the No 10 Policy Unit; and to Richard Wilson in the Cabinet Office.

Yours ever.

S R WILLIAMS

Paul Gray Esq
Private Secretary
10 Downing Street
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**DRAFT OF WELSH CHAPTER FOR NHS REVIEW WHITE PAPER**

Introduction

1. There are distinctive health care needs and circumstances in Wales. This [Chapter/Section] describes these and the proposed programme of action for the Principality.

2. There is no regional health authority in Wales. Some of the functions of the regional health authorities in England - such as the holding of medical consultants' contracts - are the responsibility of district health authorities in the Principality. Others are carried out on authorities' behalf by the Welsh Health Common Services Authority (WHCSA), and there is the special remit of the Health Promotion Authority for Wales, which works in co-operation with the DHAs and other interests, to ensure that ill health is prevented and better health promoted.

3. Other regional functions, such as determining the capacity, location and funding of regional services (such as renal dialysis), resource allocation, regional manpower planning, and strategic investment in information systems and technologies, are the direct responsibility of the NHS Directorate. The NHS in Wales works under the strategic direction of the Health Policy Board, which is chaired by the Secretary of State. An Executive Committee of the Board is led by the Director of the NHS in Wales and is responsible for carrying into effect the decisions of the Board. The Director is also the Chairman of WHCSA. These arrangements, which were introduced following the NHS management inquiry of 1983, have proved their worth and will continue. They will be focussed to ensure the delivery of the programme of action described in this [Chapter/Section]. A full corporate strategy for the NHS in Wales will be published in 1992.

Putting the patient first: the programme for action

4. i. Increased autonomy for hospitals - The introduction of general management at all levels of the NHS in Wales has already brought a significantly improved focus on quality of care

/and cost

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and cost effectiveness. Unit general managers have been appointed to run hospital and community services at local level and given clear responsibility, working in co-operation with medical, nursing and professional staffs, for budgets and results. Wales is in the vanguard of the UK-wide drive to introduce the information systems and technologies which are needed to show what medical treatments cost.

There are 17 major acute hospitals in Wales, ie with 250 or more beds, but only three of these are within five miles of each other and the scope for direct competition is more limited than in some other parts of the United Kingdom. Many of these hospitals serve widely dispersed populations and are, in effect, monopoly suppliers of hospital care. This limits the extent to which they can become self-governing. Nonetheless, there is a need to continue to develop their managerial autonomy and to place direct responsibility on hospital managements and clinical staffs for the services they provide. These major hospitals - and increasingly other hospitals and management units in Wales - will move as quickly as possible to a position where they are, in effect, contracted to provide a given level, range and quality of services. As a result of this process, it may be possible for some hospitals to become self-governing in due course, where they show clearly their capacity to become independent of their district health authorities, and where this is fully compatible with the authorities' continuing need to provide an adequate range and depth of services for their local populations.

ii. An open market in health care - These changes in the management of hospitals will take place against a wider background of the creation of an open market in health care.

Private sector hospital care is relatively poorly developed in Wales, with just 215 in-patient beds. And there are just 52 pay beds in NHS hospitals. These facilities will need to expand to increase patient choice.

/Health authorities

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Health authorities in Wales have begun to purchase private sector care where this represents the best deal for patients. These initiatives will be built on to lead a sustained drive to reduce waiting times. Special consideration will be given to the establishment of a central treatment centre or centres to ensure the rapid turn-round of cases, with direct referrals by GPs for key disabling conditions where waiting times are too long, such as hip and knee replacements, cataracts, varicose veins and hernias.

The drive to open up the market in health care for the benefit of patients will be supported and encouraged by the changes in the way in which resources are allocated. Detailed proposals, based on the movement of money with the patient, will be the subject of consultation, so that hospitals which are efficient and effective, and attract more work, get the resources they need.

iii. Assuring quality of care - The Welsh Office will work jointly with the other UK Health Departments and the professions to introduce as rapidly as possible a comprehensive system of medical audit. There will be close working with the professions and the representative bodies in Wales to build on the work which has already been done, for instance to develop protocols for particular treatments. The proposals for a wider programme of quality assurance, covering acute care and other services, will be published in 1989. These will include better ways to take account of patients' views in the development of services.

iv. Closer involvement of doctors in management - Wales is well advanced in developing the role of clinicians in management, in particular through the pilot resource management project and the development of costings for individual treatments. This work will be accelerated, so that the information systems to enable doctors to work with general managers and ensure the most cost-effective use of resources are in place throughout Wales by 1992.

/Developing

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v. Developing the role of the GP - The NHS in Wales has taken the lead in securing the closer involvement of GPs in the planning and development of hospital services, through an experiment under which the decisions of GPs about where patients receive hospital treatment will be reflected in the DHA's planning and budgeting. The results will be used to extend the influence of GPs in such decisions across Wales.

There is already a sustained drive to equip GPs with the management systems and technologies they need to make effective referrals to hospital services. The central elements are information about waiting lists, waiting times and the costs of treatment. This programme will be accelerated so that by 1992 all GPs in Wales have up-to-date information on which to base their decisions. As these initiatives take effect, and as GPs are able to demonstrate their management capacity in these new ways, the programme to enable GPs to hold budgets for their expenditure, and those of key areas of hospital services, will be extended to Wales.

vi. Promoting better health - There is far too much avoidable illness and premature death in Wales. Levels of coronary heart disease, strokes and most forms of cancer are significantly higher in Wales than on average in the United Kingdom. A sustained drive to tackle these problems is central to the future of a prosperous Wales. The Secretary of State has set up the Health Promotion Authority for Wales to lead this drive, building on the success of Heartbeat Wales. Detailed proposals for action will be published later this year.

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vii. The health authorities - Health authority memberships will be reconstructed with the creation of new style boards on which the non-executive members, including the Chairman, will be appointed by the Secretary of State. There will be a strong emphasis in these appointments on leadership and top level management qualities. The Secretary of State

/will continue

will continue to appoint one member to each authority in Wales as a representative of the University of Wales College of Medicine. The executive directors of the board will include the district general manager and the medical, nursing and finance directors. The non-executive directors will form a majority.

The new boards will sharpen the focus on the delivery of cost-effective services and the quality of care, through the development of the DHA's role as enablers and purchasers of services, rather than simply as direct providers.

There are strong arguments, in the circumstances of Wales, to bring the hospital and community services (currently the responsibility of the district health authorities) and the family practitioner services (currently the responsibility of the FPCs) under common management and leadership. The Secretary of State will publish proposals for the future management of these services in the light of his wider consideration of future arrangements for the development of community care, which he is considering in the light of Sir Roy Griffiths' report on the public financing of community care in England.

viii. The consumer voice - There are 22 community health councils (CHCs) in Wales. Their memberships come from the voluntary sector, the local authorities, and by direct appointment by the Secretary of State. In the light of the new style boards of DHAs, there is a strong case for there being one CHC for each DHA area, to represent the consumer voice in a clear and more focussed way. The Secretary of State will publish proposals along these lines for consultation.

ix. All of these proposals are aimed to secure better patient care and to see that the maximum benefit is obtained from the large resources that will be available. To help authorities achieve targets for cost improvement programmes and the generation of income, a value for money unit will be set up under the NHS Directorate.