010

cc P.U. H
CCBI

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 0549 (Llinell Union)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 0549 (Direct Line)

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

COVERING CONFIDENTIAL

19 January 1989

Dear Paul,

NHS WHITE PAPER: WELSH CHAPTER

My Secretary of State has asked me to circulate the attached further draft of the Welsh Chapter which has been revised in the light of discussion at Tuesday's meeting.

As you know, my Secretary of State will unfortunately be unable to attend the E (EA) next Tuesday because of long-standing engagements in Wales. If there are comments on the Welsh Chapter, I would therefore be grateful to receive them by the end of this week, if at all possible, so that they can be considered here before the E(EA) meeting.

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

Yours sincerely,
Stephen.

S R WILLIAMS

Paul Grey Esq
Private Secretary
10 Downing Street
LONDON
SW1

CONFIDENTIAL

3RD DRAFT 18.1.89

DRAFT OF WELSH CHAPTER OF NHS REVIEW WHITE PAPER

1. The people of Wales will benefit fully from the improvements which will flow from the Review, and which will make the NHS more responsive to the needs of patients. There are distinctive health care needs and circumstances in Wales. This Chapter describes these and the distinctive programme of action for the Principality.

2. These improvements will build on the remarkable record of achievement of the NHS in Wales over the last decade. NHS expenditure per household in Wales each year has risen from £568 in 1978/79 to the record level of £1,854 planned for 1989/90, a rise of over 44% in real terms. This has made possible the highest ever number of front line staff. By 1987 there were 327 more hospital, medical and dental staff than in 1979 - an increase of nearly 18% - and 4,733 more nursing and midwifery staff - a real increase of 13% (ie after allowing for the reduction in the standard working hours for nurses). Over £600million (at 1988/89 prices) has been spent since 1978/79 on new and improved hospitals and other health service facilities. Most important of all, record numbers of patients are receiving the treatment they need: comparing 1987 with 1979, over 99,000 more in-patients were treated (up over 28%); over 88,000 more new out-patients (up over 20%); and over 45,000 more day cases (up nearly 150%). Additional and recurrent Welsh Office investment (£13.75million in 1988/89) has made possible an unprecedented expansion of community services for those with mental handicaps, at the same time as improvements in the hospitals. Mental illness services are receiving similar recurrent additional investment (over £10million in 1988/89).

Per week?

3. 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 prevent ill health and promote better health.

4. 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 in the Welsh Office. 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 focused to ensure the delivery of the programme of action described in this chapter.

PUTTING THE PATIENT FIRST: THE PROGRAMME FOR ACTION

Increased autonomy for hospitals

5. 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 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 individual medical treatments cost.

6. The managerial autonomy of hospitals will be further enhanced and hospital management and clinical staff will be given direct responsibility for the services they provide. They will move as quickly as possible to a position where they are, in effect, contracted to provide a given level, range and quality of service.

7. It will be possible by the early 1990s for a major acute hospital that so desires to become self-governing, provided that it shows clearly that it will have the capacity to provide efficiently and effectively an adequate range and depth of services to the population it serves. The Secretary of State will determine that range and depth of services. During the 1990s a wider range of Welsh hospitals might be regarded as potential candidates for self-government providing the Secretary of State is satisfied that they can carry out the functions required of them.

Widening the choice of health care

8. These changes in the management of hospitals will take place against a general background of widening choice of health care.

9. Private sector hospital care is relatively poorly developed in Wales, with just 215 in-patient beds. And there are just 54 pay beds in NHS hospitals. These facilities will need to expand to increase patient choice.

10. 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 treatment centres to ensure the rapid turn-round

CONFIDENTIAL

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.

11. The drive to widen choice in health care for the benefit of patients will be supported and encouraged by changes in the way in which resources are allocated. Money must move with the patient so that hospitals which are efficient and effective, and attract more work, get the resources they need. Detailed proposals will be the subject of consultation.

Assuring quality of care

12. 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. The NHS in Wales will embark upon a programme to improve the quality of acute care and other services, commencing with proposals in 1989 for better ways to inform patients about services and to take account of patients' views in the development of services.

Additional Consultants

13. Between 1982 and 1987 there was an increase of 121, or 18.5%, in the whole-time equivalent number of medical consultants in Wales. Proposals for additional permanent posts will be announced shortly.

Closer involvement of doctors in management

14. 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 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 the role of the GP

15. The NHS in Wales has taken the lead in encouraging 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 experience gained will be used to develop the role of GPs in service planning across Wales.

16. 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 will have up-to-date information on which to base their decisions.

17. 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. At first, practices with lists of at least 11,000 will be eligible to apply to hold budgets; this represents about 30 practices in Wales. Details of the scheme will be set out in the detailed document which the Secretary of State will publish following the Review. Subject to suitable arrangements being worked out with the appropriate health authorities, the Government would like to see a number of GP budgets in operation by the early 1990s.

Promoting better health

18. 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.

The health authorities

19. 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 to appoint at least one member to each authority in Wales from 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.

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

The Family Practitioner Committees

21. The Family Practitioner Committees have major leadership and management tasks, which are taken further by the proposals in this Review. They too will therefore have newly structured memberships, along the lines set out in Chapter 7. Each FPC in Wales will have a Chief Executive, selected by the Committee following open competition, who will be a member of the Committee.

The consumer voice

22. 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 focused way. The Secretary of State will publish proposals along these lines for consultation.

Value for money

23. 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 in the NHS Directorate. There will be increased emphasis on independent value for money studies. To help secure this the external audit of the NHS in Wales will become the responsibility of the Audit Commission.