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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

31 July 1989

Pie Jack

Dear Andy,

*Becc
11/7*

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NHS IN WALES: IMPLEMENTATION OF WHITE PAPER

My Secretary of State has asked me to circulate the attached text of a letter which he intends sending to the Chairmen of District Health Authorities and Family Practitioner Committees in Wales. It is proposed that the letter should issue by post tomorrow and be made public on Wednesday morning.

... I am copying this letter to Paul Gray (No. 10), David Crawley (Scotland), Mike Maxwell (Northern Ireland) and Carys Evans (Chief Secretary's Office).

*Yr ffaithful
Stephen*

S R WILLIAMS

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Secretary of State for Wales' Letter to
DHA and FPC Chairmen in Wales

I set out my broad proposals for further improving the NHS in Wales in Chapter 11 of the "Working for Patients" White Paper (Cm 555). Since the publication of the White Paper, the Parliamentary Under Secretary of State, Mr Ian Grist MP, senior officials of the Welsh Office and I have had extensive discussions with the health authorities, the family practitioner committees, and with representatives of the medical and other professions and with staff and other interests so that we could together shape a detailed programme of action which would improve patient care for all throughout Wales. To assist these discussions, I made available copies of the detailed working papers for England which followed the White Paper and which were published by the Secretary of State for Health.

2. Those discussions have shown clearly the substantial degree of support that exists for the Government's objectives in the White Paper. They have shown clearly how much mis-understanding there has been of what we have proposed and how much mis-representation. They have enabled me to emphasise that there is no intention whatsoever, either now or in the future, of privatising the NHS or of reducing expenditure. Neither is there any truth whatsoever in the suggestion that people will be denied the drugs or other treatments they need, or have to travel long distances against their will for treatment. On the contrary, the proposals will build on the substantial expansion of patient care which has taken place since 1978/79 and which has been made possible by record levels of resources.

/The detailed discussions...

3. The detailed discussions we have held have shown a clear endorsement for our intention that district health authorities will have a clear duty to ensure an adequate range, quality and depth of local services, but that this duty should be fulfilled, not simply from services provided by directly managed hospitals, but from wherever it can best be secured in the interests of patients.

4. I will continue to ensure that the people of Wales receive quality health care through the approval of district health authorities' strategic plans, the accountability to me of the family practitioner committees, and the business plans of any NHS Hospital Trusts which are established, and through a process of systematic annual review.

5. The discussions have also shown general endorsement for the Government's view that the maximisation of patient care depends on responsibility for key day to day decisions being delegated to unit level, to hospitals and to wards, and to equivalent levels in the community health services. Although significant progress has been made since 1984, through the introduction of general management at all levels, it is clear that an accelerated programme of action is needed to meet the challenges facing health care, in particular from increasing numbers of very elderly people and the ever increasing range of available treatments. A key issue in this year's annual review with district health authorities is a detailed examination of the scope for further delegation of management responsibility to operational levels.

6. Central to the effective delegation of management to all units are the Government's proposals for contracts for services, the introduction throughout the NHS of arrangements for quality assurance, including medical audit, and the introduction of the information systems needed to support these and related developments.

7. Directly managed hospitals and community services units will have contracts with their DHA, other DHAs, any GPs with practice budgets and other purchasers, to provide agreed levels and quality of services. They will continue to be accountable for the discharge of these responsibilities to their managing district health authority.

/Each district health...

8. Each district health authority will work closely with general medical and dental practitioners in its area to ensure the provision of fully adequate services for the local population. In particular they will ensure that contracts reflect all reasonable patterns of referral and provide for essential inter-connections of care, for instance between hospital and community services. The DHA will hold a reserve to ensure that referrals not covered by a contract are possible, unless it can be shown beyond question that the proposed referral is wholly unjustified on clinical grounds, or where an alternative referral would be equally efficacious for the patient, taking into account the patient's wishes. GPs with practice budgets will be able to refer patients, in respect of the procedures covered by the budgets, which will include most elective surgery, to where they consider offers the best quality treatment, and the best value for money, taking into account the patient's wishes.

9. Generally, contractual and capital charging arrangements both within Wales and as between Welsh and English health authorities will be as outlined in the working papers published by the Secretary of state for Health, except that the Welsh Office will, where appropriate, discharge the functions which in England will be undertaken by regional health authorities.

10. Funding arrangements will be adjusted to accord with the principle that population weighted for age and morbidity should be the prime determinant of revenue allocations. I will be looking to the joint Welsh Office/NHS Resource Allocation Working Group to provide advice on this and on any changes that may need to be made to the arrangements for capital provision. Particular attention will need to be given to the process of transition from current arrangements so as to avoid the need for any sharp adjustments within individual authorities. I shall, of course, consult authorities on the Working Group's recommendations before determining how revised funding arrangements might best be brought into effect.

11. The success of these arrangements depends upon quality assurance at all stages of care and on timely and accurate information about available treatments and their costs. I am today publishing for consultation outline proposals for a quality assurance strategy for the NHS in Wales, which I intend to produce in final form later this year. I am grateful to the Quality Assurance Working Group, which comprises experts working within the NHS, including doctors, working under the Chairmanship of my Department, for its work so far.

/The strategy will draw...

12. The strategy will draw attention to the importance of quality as an integral part of good management, in which every member of the NHS has a part. It will look at standards and how they are monitored, the mechanisms needed for implementation and priorities for action, building upon existing good practice. Pembrokeshire DHA, for example, has introduced a training programme "Aspiring to Excellence".

13. As an essential component of this emphasis on quality assurance, I have established an all-Wales Advisory Group on Medical Audit. The structure for medical audit within hospital and community health services is to be in place by April 1991, and within 3 years for general practice.

14. I have commissioned a detailed review of the information needs of the NHS in Wales and the information systems required to meet them. The review has involved widespread consultation, the results of which are being taken into account in the preparation of an information and information technology strategy framework for Wales, which I intend to publish in the early Autumn. The strategy will cover all aspects of health service information needs, including the extension of the Resource Management Initiative and other recent initiatives, such as the Community Health Information System in East Dyfed. The Welsh Office is evaluating possibilities for a full resource management pilot in Clwyd to begin later this year, and all districts have been asked to consider how their own strategies can be developed within the Welsh framework. The new systems will be designed to improve clinical and management data and increase clinicians' involvement in management so as to improve patient care. The Management Information and Technology Steering Group will continue to oversee the development and implementation of the strategy.

15. These arrangements for specific local contracts, making explicit the level, cost and quality of services to be delivered, within strong, agreed strategies for quality assurance and resource management, will ensure a responsive and efficient service. My discussions with Chairmen, senior doctors, nurses and others working in the NHS leave me in no doubt that this effective discharge of local decision-making will improve patient choice and convenience.

/In shaping these...

16. In shaping these arrangements, I have made it clear that I would expect to approve an application for a hospital or other NHS unit to be reconstituted as an NHS Hospital Trust where I am satisfied that top management, consultant medical staff and other senior clinicians will be able to take advantage of the significant freedoms the Trust would enjoy to deliver improved services to patients and continue to make their essential contribution to health care. I have asked DHA Chairmen to discuss within their districts and with their units the possibilities for the establishment of self-governing trusts within the NHS. Following these discussions I would wish to examine any proposal in outline so that thereafter a detailed plan could be put to me for approval.

17. Trusts will be accountable to me for the general discharge of their responsibilities, and, in respect of specific contracts for services, to the relevant district health authorities, GP practice budget holders and others who have placed contracts. I will specify the services which a Trust is required to provide locally, and where appropriate on a wider basis, and any additional functions such as education, training and research which it will be required to undertake. Changes in these specified services will have to be agreed by the relevant DHA or DHAs and, in the event of disagreement between the Trust and the DHA about a proposed change, the matter would come to me for determination. I would expect to authorise changes only where I am satisfied either that adequate alternative provision has been made for the provision of services for the relevant population, or where it is clear that the service is no longer required. In all cases of proposed change in a designated regional service provided by an NHS Hospital Trust, my approval will have to be secured.

18. I am grateful to the health authorities and the professions for their positive response to my proposal to establish treatment centres, which will build on my Department's sustained drive to reduce unacceptable waiting times, under which over £4 million has been made available to health authorities since 1986/87. Welsh Office officials are now working with health authorities in drawing up detailed proposals for centres in both North and South Wales which will be intended to make a substantial impact on waiting times for key disabling conditions requiring surgery, such as hip replacement. I shall announce the details later this year.

/The NHS Value for...

19. The NHS Value for Money Unit has been established in the Welsh Office. Working closely with the NHS, it will provide advice on cost improvement and the generation of additional income to further enhance patient care.

20. The development of more effective arrangements for the delivery of primary care is a major priority. I am confident that the proposed new contract for GPs will bring benefits to patients throughout Wales by rewarding GPs for providing the services their patients need. I am paying special attention to ensuring the quality of services provided by GPs in rural and deprived areas. The Government has agreed with the profession that the present Rural Practices Payment Scheme needs updating and that work on this will be taken out of the present package and considered by the Central Advisory Committee on Rural Practice Payments. In the interim the present system will continue. The Government proposes a new capitation fee for doctors serving deprived areas, to compensate them adequately for their extra workload. The Welsh Office is consulting the profession about the index to be used in Wales to define deprived areas and the distribution mechanism.

21. The Welsh Office will consider applications for GP practice budgets, decide whether a practice may have or retain a budget, and determine its level. In addition to the arrangements for medical audit in general practice, with the assistance of the FPCs the Welsh Office will monitor practices' discharge of these responsibilities to ensure that quality patient care is being delivered to all. Particular attention will be given to ensuring that the most vulnerable, including elderly people and those with chronic sickness, are fully protected. Also working with the FPCs, the Welsh Office will ensure that the arrangements for indicative drug budgets optimise patient care so that patients always get the treatment they need. Discussions will continue between my Department, the district health authorities, the family practitioner committees and the medical profession on detailed arrangements.

22. I expect general managers to be appointed to all FPCs in Wales by the end of the year.

/The significant programmes...

23. The significant programmes of action which DHAs and FPCs are tackling, and the consequent need to minimise avoidable organisational disruption, mean that it would not be sensible for some time ~~to come~~ to propose their amalgamation. Nonetheless, they will be expected to work closely together, and with the social services authorities and others with a part to play, particularly in the development of primary care community services, as proposed in my response to the Review of Community Nursing Services in Wales, which I published in April.

24. The delivery of effective health care depends crucially on the availability of a well educated and well trained workforce. The White Paper makes clear the Government's commitment to safeguard the quantity and quality of education and training. Significant progress has already been made in Wales through the work of the Manpower Steering Group, established by the Welsh Office. The Group has established a manpower resource planning programme to examine the future manpower requirements of the NHS in Wales and to enable action to be taken at the local and all-Wales levels to forestall potential difficulties. The Group has also embarked on a comprehensive training and development programme for NHS staff in Wales and has recently undertaken a review of pre-qualification training provision for a number of non-medical staff groups within Wales. The NHS in Wales is therefore well prepared to take on board the manpower planning, training and education implications of the proposals contained in "Working for Patients" and work will continue to build on the considerable progress which has already been made.

25. The education and training of the nursing workforce in Wales is being restructured through the implementation of the Project 2000 proposals, in order to meet the needs of a changing service and the skill requirements of the 1990's. The new arrangements, which I intend should be implemented in full in Wales by Autumn 1991, offer an exciting improvement in the education of the next generation of nurses to complement the White Paper proposals, and will ensure the preservation and development of educational opportunities in a variety of care settings.

26. The implications of the White Paper for under-graduate education and training of doctors and dentists are being considered by an expert group under the Chairmanship of the Permanent Secretary of the Department of Health, Sir Christopher France, with which the Welsh Office is closely in touch and of which the Provost of the University of Wales College of Medicine, Professor Sir Herbert Duthie, is a member. The group is expected to come forward with further proposals later this year.

/I have decided to...

27. I have decided to accept the recommendations of the Resource Allocation Working Group for Wales that the additional service costs of teaching should receive greater protection in the revenue formula, in line with the changes in the 'Service Increment for Teaching' (SIFT) to be introduced in England.

28. In the area of post-graduate medical and dental education, the Government remains committed to the principles of "Achieving a Balance" and work is continuing towards the implementation of those proposals. I have recently established a Welsh Council for Post-graduate Medical and Dental Education, under the Chairmanship of Mr Michael Griffith, Chairman of Clwyd Health Authority, whose members cover a wide range of educational, professional and service interests. The Council will have responsibility to advise on and make provision for the delivery of post-graduate and continuing medical and dental education in Wales.

29. The Health Promotion Authority for Wales is now putting the finishing touches to its proposed strategy for the next 5 years, and plans to agree the final version with me in the near future. I intend that the strategy should be launched before the end of the year, when extensive discussion throughout the Principality will begin. The strategy will subsequently be distilled into detailed programmes of health promotion action designed to improve the health of the people of Wales. The strategy will seek to engage the active co-operation of a wide range of agencies and all sectors of the community.

30. I have recognised from the outset that the introduction of this major programme of improvement to the NHS requires adequate investment. The Government's commitment to that investment is reflected in our provision of additional resources for the NHS approaching 45% in real terms since 1978/79. We are already investing in key aspects of the reforms, such as the introduction of essential information systems. Some £10 million has been made available over the past 3 years which has made possible, for instance, Patient Administration Systems in 5 districts and computerisation of the Prescription Pricing Office. To accelerate the programmes, including those for medical audit, information systems and treatment centres, I am now making available an additional £5 million in the current financial year. Subject to satisfactory progress being made by health authorities in fulfilling these programmes, I will be prepared to consider making further resources available later in the year.

/I will publish shortly...



31. I will publish shortly for consultation my proposals for the restructuring of CHCs in Wales to enable them to make a major contribution to the developing NHS.

32. This programme of action requires continued detailed discussion and joint working between the Welsh Office, the health authorities and family practitioner committees and the medical and other professions, which will be led by my Health Policy Board's Executive Committee and the NHS Directorate. The existing arrangements for consultation and co-operation are well placed to do this. In particular, the important work of the Welsh Health Planning Forum will continue and be developed.

33. This accelerating programme of work, together with the further improvements to the arrangements for the effective promotion of community care which I announced on 12 July, will provide a coherent framework for the continuing development of health and personal social services throughout Wales into the next century.

34. I am copying this letter to a wide range of professional, staff and user interests, and arrangements are in hand to let you have bulk supplies of a bilingual text within the next few days, so that all those working in the NHS in Wales are fully informed about our framework for further improving the Service.

