

SECRET



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

5 September 1989

SUBJECT CC MASTER

Dear Andy,

PRIME MINISTER'S BILATERAL WITH MR. CLARKE

Your Secretary of State came to see the Prime Minister this morning to discuss the position reached on the implementation of the NHS Review. They had before them your Secretary of State's July minute providing a progress report on "Working for Patients" and your letter to me dated 20 July on central management of the NHS.

I should be grateful if you would ensure this letter is given a restricted circulation.

The Prime Minister opened the discussion by reporting on her July meeting with Dr. Margaret Turner-Warwick of the Royal College of Physicians. She found this disappointing. Although Dr. Turner-Warwick professed a willingness to support aspects of the Government's approach, she had baulked at the fundamental principle underlying the reforms of greater personal accountability and she remained obsessed by central planning. Your Secretary of State said he had had exactly the same impression from his discussions with Dr. Turner-Warwick and other representatives of the Royal Colleges.

The Prime Minister asked your Secretary of State for his assessment of the present overall position. He said that his enthusiasm for the White Paper approach was undiminished; the more he worked on it the more he was convinced it was an excellent package. He also drew encouragement from the series of supportive newspaper leaders which had appeared in recent days. This confirmed him in the view that the substance of the reform package was entirely right, and it would be wrong to make concessions or drop aspects from the package. This would be wrong in principle and would undermine the position of those in the NHS who were supportive of the Government's approach.

At the same time it was necessary to give continued attention to tactics and presentation. Thus far in their

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campaign of opposition, the BMA had been good at dominating the headline news both in the papers and on TV; and the Government's main failure had been its attempts to explain to the general public the benefits which will flow from the reforms. But the BMA's approach was increasingly seen by many observers - as witnessed by the recent newspaper leaders - as having gone over the top. As a result they had had little or no impact on opinion in Parliament or amongst serious commentators. Meantime, your Secretary of State was encouraged by the extent to which managers, and some doctors, were making progress in planning the implementation of reforms such as self-governing hospitals.

Continuing, your Secretary of State said he saw two priorities on presentation. First, it was necessary to produce better material which would explain effectively in layman's terms the benefits for patients which would flow from the reforms. Second, work was under way analysing the 22 health authorities with the worst waiting lists, designed to ascertain the reasons why their record was poor. Once this material had been fully checked, he saw considerable scope for making good presentational use of it.

The Prime Minister welcomed and agreed with your Secretary of State's assessment. She supported the presentational work he had put in hand, and urged that the assessment of the 22 authorities with the worst record should be complemented by an assessment of the 10 or so authorities with the best record, so that material was available to explain the reasons for success. She would want to use the results of all this work at Prime Minister's Questions.

As regards the pace of implementation, the Prime Minister was very keen to make rapid progress. Your Secretary of State agreed. He wanted the Bill to be introduced as soon as possible in the new Parliamentary session, with a view to Royal Assent being achieved by April 1990. An early date for Royal Assent was important because a number of key aspects of implementation could not proceed until then. This in turn would maximise the scope for the amount of solid progress that could be made in the next couple of years; although it was not a figure he proposed to use in public, he was hopeful that 50 self-governing hospitals might be established within this period. The Prime Minister commented that it would be important to get over the problem of opponents of the reforms seeking to stop self-governing hospitals being established. She also felt it important that, in implementing GP practice budgets, care should be taken to ensure that budgets were not set at too low a level. More generally, in distributing the additional resources that had been made available to the NHS, it was important to direct these to key aspects of the reforms. Your Secretary of State agreed; additional funds should be used to pump-prime the reforms, not to seek to buy off the BMA and other opponents by concessions on the substance of the reforms.

Discussion then turned to the scope for encouraging more people in the medical professions to speak out in support of the Government's proposals. Your Secretary of State said he strongly favoured this aim, but it would be difficult to achieve. He felt, however, that encouragement should be drawn from the fact that Royal Colleges were largely silent and were not actively supporting the BMA's campaign; this was the most that could be hoped for, since it was unrealistic to expect the Presidents to speak out openly in support of the Government. Similarly, the best that could be hoped for the nursing organisations was that they would keep on the sidelines of the debate; he thought this was likely to continue to be the case with the change in the General Secretaryship of the Royal College of Nursing.

The Prime Minister asked whether more presentational use could be made of the six experimental hospitals under the Financial Management Initiative. Your Secretary of State urged caution on this; it was unlikely that all of the six would opt to become self-governing. It was also essential to resist pressures to suspend further changes until the results of these and other limited experiments had been assessed. This would be a recipe for frustrating progress with the reforms. The right approach was to press on with progressive change, not forced on unwilling participants, but undertaken by volunteers both at the hospital and GP level. He also pointed to the importance of taking action to raise morale in the district health authorities by stressing to them the importance of the new type of role they would have under the reforms.

Discussion then turned to progress on implementing changes in the central management of the NHS. Your Secretary of State said he was encouraged by this. The Chief Executive was making excellent progress in implementing the necessary controls and ensuring that the right people were in the right jobs; this process was helped by his earlier inside experience as a Regional General Manager.

The Prime Minister asked about the latest figures on numbers of eye tests. Your Secretary of State said that it was too early to make a proper assessment. The fact that numbers of eye tests had dropped off sharply following the introduction of charges was no surprise; this was simply the mirror image of the surge in numbers of tests prior to the change. He thought it was likely that the number of eye tests would return to normal levels by, say, early next year, notwithstanding the fact that most opticians were sticking together in imposing a substantial charge.

Your Secretary of State said he had been pressed by some senior colleagues also to consider making concessions on the implementation of the new doctors' contract with a view to reaching a new agreement with the BMA. He would look at this but, as with the basic NHS reforms, he did not

see the case for making concessions. The need with the contract was to press on rapidly with implementation. The Prime Minister took note.

Yan.  
Pat

Paul Gray

Andy McKeon, Esq.,  
Department of Health.

THIS week's annual reunion of Britain's top brothers and sisters will be sadly incomplete. For when the Trades Union Congress meets in Blackpool tomorrow, the British Medical Association will not be there. This is a shame: the doctors' union belongs at the TUC. Its unscrupulous anti-government campaign has more than earned it an honoured place at the top table of Thatcher-hating organised labour; indeed BMA leaders must merit a TUC gold medal or two. The BMA, after all, is only doing for the doctors what the Transport & General Workers Union did for the dockers: to persuade them, with apparent success, that they have a veto on change, that the clock will stand still at their command and that the country owes them a living on terms they can dictate. To the BMA, as with the T & G, it follows as automatically as "say Aaaagh" that anyone who dares suggest otherwise must be a knave.

This is certainly how the BMA's current poster campaign portrays Mr Kenneth Clarke, the embattled but unbowed health secretary whose ambition it is to make the National Health Service serve its customers better. "What do you call a man who ignores medical advice?" it asks. "Mr Clarke", it answers. Joseph Goebbels would surely have approved. But such glibness could be self-defeating. The jibe may seem a good silly season wheeze to the BMA's advertising agency; but it could be one

# What a carry on, doctor B2=



## THE SUNDAY TIMES

wheeze too far. Certainly, in terms of informed, democratic debate about the way forward for the most vital part of our welfare state, it is pure poison. Its unmistakable message is that doctors know best about the service that employs them and that all we have to do is carry on forking out £23 billion a year and keep our mouths shut until we are told to open them. The BMA's clear intent is to warn off any politician who dares question the way doctors perform their duties or the way hospitals meet the growing demands on them. The government's reforms are intended to produce an NHS which is far more responsive to the medical needs of the nation and which uses resources to everybody's benefit; the BMA prefers an NHS bureaucracy which continues to be run for the benefit of the medical establishment.

But the BMA is the repository of much political quackery and its record of writing the right prescription for the NHS is hardly inspiring. In 1948, it wanted to stifle the service at birth. Its objections were only muted by Aneurin Bevan's decision to stuff the doctors' mouths with gold. The BMA has kept a close eye on general practitioners'

terms and conditions of employment ever since, quite properly so. Where it runs into trouble is when it claims a special devotion to the principles of a universal medical service, free at the point of demand. It is an untenable claim at the best of times. Judged by the BMA's poster campaign, it stinks of hypocrisy. The BMA last came adrift when it claimed that its clinical judgement was under attack simply because the government cut a batch of high-cost drugs from NHS lists where cheaper, more effective alternatives were available.

With that experience in mind, doctors should take care in the controversy swirling about them. Those who peddle the BMA line, that the end of health care as their patients know it is at hand, are in danger of forfeiting their privileged position as medical practitioners. Plain folk turn to them for care and advice in times of need, sometimes of crisis. "Doctor knows best" has a powerful popular echo. It is one the BMA poster

brazenly exploits. Doctors should beware. If, by mischance, the BMA broke the government's resolve to shake up the NHS, it would have defended a powerful vested interest at a heavy cost — the loss of ethical integrity. What sort of victory is that?

A BMA victory has to be resisted, therefore, with determination by those who wish to see new life breathed into the NHS for the benefit of patients and doctors alike. The government must rally to Mr Clarke, not least the Treasury ministers who guard the till. Structural reform is seldom cheap; in the NHS, such is the power of its professions and the strength of public expectation, it is impossible. If GPs have to be bought off again, as they were in 1948, so be it. The price will be worthwhile if the pay-off comes in improved financial discipline and a new competitive striving for excellence. Competitive, consumer-oriented? Yes, why not? Why should patients be at the mercy of a command health service where they wait for hours in hospital corridors until they are eventually called, where preventive health care is still a Cinderella service and where to complain is deemed to be a trouble-making eccentricity?

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cf PA - Heron. Dec 15/75

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The government cannot afford to falter now — on NHS reform or any of its other campaigns to modernise Britain. To cut and run now in the face of the BMA, the National Consumer Council or the rest of the chorus of institutional wailers opposed to change, would be taken as sure proof that this government has lost its way. It cannot afford to do so politically, and it would be wrong to do so tactically.

The government's political position remains one of great basic strength. But it can only remain strong by being true to its reforming principles. When first mooted, the sale of council houses, the privatisation programmes and local government reforms were all considered marginal ambitions and were widely unpopular. Today they are seen as the core of the Thatcherite legacy which any incoming government would touch at its peril. If the Tories had listened to the opinion polls on the abolition of the Greater London Council, Mr Ken Livingstone would still be the master of County Hall. Who mourns that he is not?

Mr Clarke should not falter, therefore, in his determination to win the battle of the NHS. Once his reforms are in place and working, people will wonder what the fuss was about. The BMA has overreached itself with its poster campaign and should return to more positive paths of negotiation. The NHS is not in danger; the BMA is. It cannot fool all the patients all the time.

Sunday Mirror

# Rocket booster

MRS Thatcher has asked Sir Francis Tombs to advise on the Trident missile and other aspects of Britain's nuclear programme at Aldermaston.

That's got to be good news for taxpayers whose cash finances the projects.

Sir Francis, 65, was the engineer chosen to steer once bankrupt jet engines giant Rolls-Royce to big profits and sell shares to investors at £1.70.

In his first year profits jumped from £26-£81 mil-

lion. Last year they hit £168 million. The shares are now around £

A key to the success of Sir Francis — who studied electrical engineering at night school — has been his tough bargaining.

He persuaded Boeing to offer airlines planes with Rolls engines, then he encouraged British Airways, Qantas and TWA, to choose his engines.

Not bad for someone who left school at 16 and went to work at GEC as a £2.50-a-week office boy.

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