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FILE KW

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

31 July 1990

Dear Andy,

CLINICAL RESEARCH CENTRE

The Prime Minister held a discussion with Sir Roy Griffiths today about the NHS reforms and transfer of community care responsibilities to local authorities. I am sending you a separate minute describing their discussion.

At the meeting the Prime Minister expressed concern about the decision to close the Clinical Research Centre (CRC) at Northwick Park and transfer the staff elsewhere.

The Prime Minister has been told that the result of the closure will be higher costs both during the transitional period of the move and in the long term at Northwick Park.

I understand that the interim report of the Merryfield Committee, set up to consider the proposals, has now been received by the Department of Health. The Prime Minister would like to see a copy of this report.

Yours,

Barry

(BARRY H. POTTER)

Andy McKeon, Esq.,
Department of Health.

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LONDON SW1A 2AA

From the Private Secretary

31 July 1990

Dear Andy,

MEETING WITH SIR ROY GRIFFITHS

The Prime Minister discussed the NHS reforms and community care policy with Sir Roy Griffiths this evening.

On implementation of the NHS reforms, Sir Roy said that the main policy framework was now firmly in place. Specific proposals for individual hospitals to become self governing were coming along well. And more generally there was evidence of both the BMA and medical colleges being much more amenable in their attitude to the reforms.

The task now was to transform policy into successful action. Achieving success in the London area would be particularly difficult. It would be important to avoid too many of the contracts from district health authorities surrounding London being used to sustain or expand local resources. There was a good case for closing some of the London teaching hospitals; but that could not be undertaken in the short term. The Government must sustain an optimistic stance and display confidence about the progress of the reforms while ensuring adequate controls were in place.

The following were the other main points which emerged at the meeting.

i. The Prime Minister understood that the new consultants contracts appeared to reduce managerial authority. There was a worry that the detailed arrangements would allow too many required consultants' sessions to be marked down to training or administration. On the other hand there was no substitute for local management: precise details of consultants' contracts could not be fixed by a central directorate. Sir Roy agreed to pursue this further.

ii. The key to the change in the NHS reforms was the shift from administration to management. There would be discouraging experiences initially in some areas. Emphasis now had to be placed on motivating the staff in NHS, while handling their problems with sensitivity, and aiming to achieve improved quality of service.

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iii. It would also be important to demonstrate improvements by reducing waiting lists. The Yates initiative had shown, on a pilot basis, that it was possible to cut waiting lists by up to one third. The initiative should be extended to cover all health districts as soon as practicable.

On community care, Sir Roy Griffiths said he understood the Government's reasons for delaying the proposed transfer of community care responsibilities to local authorities. But the credibility gap had to be closed: both local authorities and voluntary agencies needed to be convinced that the Government would go ahead with the transfer. The demand for community care services would go on rising; and it was important for more care to be delivered to people in their own homes.

The following were the other main points on community care which emerged at the discussion.

i. Now that the Government had announced a delay in the transfer of community care responsibilities to local authorities (LAs), it was unlikely that there would be major investment in new private nursing homes. It would not be possible for a sufficient return to be made within the time available.

ii. There was evidence of very high charges in some nursing homes in recent years. Some homes had set their fees at a level designed to achieve a quick return on the capital investment.

iii. The biggest difficulty with the transfer of community care was preventing high costs which then fed through into the community charge. Sir Roy had favoured a specific grant approach: each LAs plans would be subject to approval of central government; resources would be released in line with those plans and transferred only from Social Security departments when Government was satisfied. But that approach had not been pursued by the Government. It would now be necessary to consider further how financial plans under the new arrangements could have real credibility, yet acceptable community charge implications.

iv. It had to be recognised that transferring community care services to local authorities was not an ideal solution so much as the least bad of the options. Some local authorities might not be capable of managing community care services any better than their existing services. But others had shown how cost effective care policies could be put in place.

At the conclusion of the discussion, Sir Roy indicated that, while disappointed with the Government's decision on community care, he was convinced that both the NHS reforms and the revised proposals on community care could be successfully introduced. Emphasis must now be placed on translating policy into action. But high quality, practical action-oriented proposals needed to be presented to the NHS policy board, if those reforms were to be successfully implemented. The Prime Minister noted that Sir Roy

was wholly committed to the reforms both of the NHS and community care and wanted to see the NHS reforms in place in person.

Yours,

Barry

(BARRY H. POTTER)

Andy McKeon, Esq.,
Department of Health.