Nat Health

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Treasury Chambers, Parliament Street, SW1P 3AG

D Brereton Esq
Department of Health
and Social Security
Alexander Fleming House
Elephant & Castle
London SE1 8BY

22 July 1980

Dear Don,

"PATIENTS FIRST": STATEMENT

Thank you for sending me a copy of your letter of 21 July with a draft of your Secretary of State's oral statement for tomorrow afternoon on NHS reorganization.

In the light of the recent Ministerial exchange of letters the Chief Secretary is generally content but would hope that some reference to improving the efficiency of the health service could be included. He suggests therefore:

i) that the third sentence of paragraph 3 might end:

"including the allocation of resources and assisting in the maintenance of overall financial control";

ii) that the first sentence of para 10 should read:

..."is better and more efficiently managed", and

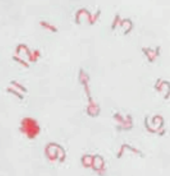
iii) that the last sentence of para 10 be revised to read:

"at present costs, this would save some £30m a year".

I am copying this letter to Nick Sanders and to other recipients of yours, as well as to David Edmonds (DOE) given the DOE interest in the links between health and local authorities.

Yours sincerely,
Alistair Pirie

A C PIRIE
(Private Secretary)


23 JUL 1980

cjt

cc Mr Ingham

① MAP to see
② PRIME MINISTER
Mr Jenkin's draft NHS statement for tomorrow
MS 22/7

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

Nick Sanders Esq
Private Secretary
10 Downing Street

21.7.80

Dear Nick,

"PATIENTS FIRST" : STATEMENT WEDNESDAY 23 JULY

I attach a draft of the Secretary of State's oral statement on "Patients First" to be made at 3.30 in the House on Wednesday afternoon; it is still subject to detailed amendment. Lord Cullen will repeat the statement to the House of Lords. I understand that the Secretary of State for Wales will announce his proposals in a Written Statement the same day and the Secretary of State for Scotland in a Written Statement next week.

Copies of this letter and statement go to John Halliday (Home Office), Jim Buckley (Lord President's Office), Alastair Pirie (Treasury), Godfrey Robson (Scottish Office), John Craig (Welsh Office), Robin Birch (Duchy of Lancaster) and Murdo McLean (Chief Whip's Office).

Yours ever
Don

D BRERETON
Private Secretary

encl

YDS

"PATIENTS FIRST" : DRAFT PARLIAMENTARY STATEMENT

With permission, Mr Speaker, I will make a statement on changes in the organisation and management of the National Health Service in England. We have received over 3500 comments in response to last December's consultative document, "Patients First". I have had an analysis of these comments prepared and copies are available in the Vote Office. There is considerable support for our proposal that the organisation of the NHS should be streamlined. I am today therefore issuing a circular to health authorities on the changes to be made to achieve this. Copies of this, too, are in the Vote Office.

2. On structure, we have decided to remove a tier of administration. Instead of 90 area health authorities on top of 199 districts, a single tier of District Health Authorities will be created. Each will service populations of, generally, between 150,000 and 500,000. I have asked the Regional Health Authorities to make recommendations to me on the boundaries of the new authorities by the end of next February after full consultation with interested bodies. I have told them that in order to minimise disruption, the new District Health Authorities should as far as possible follow the boundaries of existing health districts (including single district areas) because this should in most cases provide a satisfactory pattern.

3. I want the new authorities to enjoy considerable autonomy in managing their affairs. Greater freedom should encourage a greater sense of responsibility; and smaller authorities, closer to the communities they serve, should be more responsive to local needs. Regional Health Authorities have an important role to play in this transition; they will continue longer term mainly for strategic purposes, including the allocation of resources. Later on, I will review other aspects of their role in the light of the simplified structure below regional level, with a view further to enhancing local autonomy. In the light of these changes, representatives of the doctors have agreed to enter

into talks with my Department and the NHS on the future management of medical staff contracts. The discussions will seek a way of reconciling the doctors' concerns with the greater autonomy for districts now planned.

There is also strong support for our other main proposal - to strengthen management at the local level and reduce intermediate tiers between the District and the local unit. Each District Health Authority, which will be served by one single management

team, will therefore arrange the district's services into defined units, appoint suitably senior people to manage them, give those people their own budgets and arrange that as far as possible support services are organised at that level. My objective is to get decision-making as far as possible down to the hospital and the community level. In order to give authorities greater freedom to do this I am removing most of the existing requirements to appoint specified officers.

4. I attach high importance to effective collaboration between the NHS and local authorities. The creation of new District Health Authorities will mean that in many parts of England, health authorities and local authorities will no longer have common boundaries on a one-to-one basis, though it is my hope that in most cases two or more district health authorities will make up one complete non-metropolitan county. I am proposing, in line with many views put to us, that Health Authorities should average around 16 members - significantly fewer than existing AHAs. Within this total, I propose that local authorities should appoint four nominees. I propose to retain the present statutory requirement for joint arrangements for collaboration.

5. There has been considerable support for Community Health Councils; they will be retained in the new structure. There should be one Council for each DHA. Later this year I will issue a consultative paper seeking views, on such matters as their membership role and powers. When we have had experience of the working of the more locally-based district health authorities, I will review the longer term case for retaining these separate consumer representative bodies.

6. As foreshadowed in "Patients First" I intend to retain the structure of Family Practitioner Committees, but I shall wish to study all the suggestions that have been made to improve collaboration with health authorities, especially in the planning of primary care.

7. I attach importance to close working between the NHS and universities with medical schools. I will discuss with interested

bodies the present arrangements for designating some health authorities as teaching authorities. I wish to take account of, for instance, the extent to which medical students are now taught in hospitals in non-designated AHAs and districts.

8. The changes I have announced imply no criticism of health service managers, who have had to work in what turned out to be an unduly complicated structure. It is much to their credit that the Service has achieved what it has. However, staff at all levels will be affected by the changes, and there must be full consultation with staff interests on the ways in which they are carried out. Staff must know that they are going to be treated fairly. We have put forward what I hope are seen as fair proposals for the filling of posts in the new Authorities, for staff protection and for premature /early/ retirement and redundancy compensation. These proposals are being discussed with the Staff Side, and I hope that satisfactory agreements, providing substantial reassurance to staff, can be reached soon.

9. The 1974 reorganisation represented a major step forward in the integration of hospital and community health services including primary care. It is the Government's policy, like that of our predecessors, that people should receive care in the community wherever possible. Further, the National Health Service is often criticised for neglect of prevention and of the more positive aspects of health promotion. The changes I am announcing in structure and management will, by making the Health Service much more a local service, serving local communities reinforce this priority for community care, and should lead also to the closer involvement of ordinary people with policies positively to promote good health. In this, the role of the relatively new medical specialty of community medicine will be of increasing importance.

10. The main purpose of the changes I am announcing is to provide a Health Service which is better managed, and where local decisions can be taken much more quickly by local people. At the same time, I am confident that it will be possible to make significant reductions in management costs, and I have told the Health Service that I expect these to be reduced, after a special period by some 10%. At present costs, this should enable some £30 million a year to be added to the resources to go directly into spending on the health of the people.

11. Mr Speaker, management and structure, though important, cannot solve all our problems. In the Autumn I intend to issue a document outlining the Government's strategy and priorities for the National Health Service, which will deal with many more of the recommendations of the Royal Commission and other matters. Moreover, the Government has already embarked on a number of initiatives designed to get better value for money, restore better links between the Health Service and local communities, and improve the quality and standards of the care which our people are entitled to expect. The proposals I am announcing today will, when carried into effect, help us to achieve these objectives.