Prime Minister

Agree to write as proposed?

JCW 18/7

PRIME MINISTER

17 July 1986

WAITING LISTS

At last! In December, you asked Norman Fowler to come forward with practical proposals to cut waiting lists. Seven months later, he wants to take the first steps with 24 hours' notice. It resembles the way a bad NHS consultant treats his patients - a good long wait and you're suddenly told your operation is tomorrow. This is an outrageous example of Norman Fowler keeping you on his waiting list.

It is not as if he has come up with anything bold or novel. Norman Fowler just wants to ask Districts to review long waiting lists and put forward proposals by October. That on its own is too limp. The following four suggestions would add some backbone to the initiative.

Defining "long" waiting lists

The waiting list campaign should follow the Restart model - define a particular problem, and then deal with that. The waiting list of about 670,000 looks difficult to attack. But of that, about 130,000 people have been waiting for more than a year; and of those, 33,000 are concentrated in the 13 worst Districts.

Norman Fowler talks vaguely of reducing long waiting lists. Instead, we need to define the problem precisely and set ourselves a target for dealing with it. That will concentrate minds in the DHSS and in Districts. I recommend an internal target (we needn't publish it) of a 25% reduction in people waiting more than a year, by December.

Good boys and bad boys

The DHSS regards every problem as nationwide. They hate making "invidious" comparisons between good and bad Districts. They want to treat waiting lists as a macro

problem, and risk being told there's a macro solution - more money. But why is it that last year there was a waiting list of 1,760 for general surgery in Tees South - half of whom had waited for more than a year - whilst there were 51 on the waiting list in Tees North, none of whom had waited more than a year? If we bring it down to specifics, the problem is more vivid and more manageable. Success should be identified and rewarded: failure needs special assistance and effort. I recommend linking a bad and a good District within one Region so that one can learn from the other?

The DHSS concern is that too high a profile would antagonise the consultants, who would then refuse to cooperate.

We must be serious

Districts get a host of fussy instructions and requests from the centre. They sensibly ignore most of them. They only respond if Ministers make it clear that this is something they really care about. The DHSS don't want to make a fuss about waiting lists until they're sure that we can succeed. But we probably won't succeed unless we begin by making a fuss. So Ministers have to emphasise that reducing waiting lists is a top priority. Polls certainly show that it is one of the big criticisms of the Health Service. One obvious signal would be to stress waiting lists in the Conference motion on health this year.

A free market

Districts may try to reduce waiting lists just by carrying out more operations in their own District hospital. But the best and cheapest solution may be to buy operations from a London teaching hospital, or from the private hospital down the road. That would also wrong-foot the Opposition: are they against reducing waiting lists if that means buying work from the private sector?

Conclusion

I recommend that David Norgrove write to the DHSS making the points that:

a. we need a clear internal target;

b. we should focus on the best and worst Districts;

c. we should stress the importance of this initiative;

d. the campaign to cut waiting lists can strengthen our push to a free internal market in the NHS.

David Willetts

DAVID WILLETTS

NAT HEALTH

EXPENDITURE

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ABG

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

21 July 1986

Dear Mr Laurance

WAITING LISTS

The Prime Minister has seen your Secretary of State's minute of 15 July about the proposed initiative on waiting lists.

The Prime Minister is content, subject to the views of colleagues, that this announcement should be made. In carrying the initiative forward she believes that it would be helpful to set an internal target for what might be achieved, for example, to aim to reduce by a quarter the number of people waiting more than a year and to achieve that by December. A target along these lines would help to focus the initiative. It would also be useful to distinguish between Districts, so that comparisons can be made between the best and the worst. This might be carried to the point that a bad and a good District within one region could in a sense be "twinned" so that one could learn from the other. The Prime Minister also hopes that the initiative will take forward the development of an internal market within the NHS, so that a hospital short of resources or capacity in a particular area could buy operations from other NHS hospitals or even from private hospitals.

Finally, the Prime Minister recognises the wish not to make too much of a splash with the announcement before the initiative has begun to achieve results. On the other hand, publicity is itself a way of applying pressure to achieve results and it may well be helpful for Ministers to emphasise that reducing waiting lists is a high priority.

I am copying this letter to Joan MacNaughton (Lord President's Office), Colin Williams (Welsh Office), Jim Daniell (Northern Ireland Office), Robert Gordon (Scottish Office), Jill Rutter (Chief Secretary's Office, H.M. Treasury) and Andrew Lansley (Chancellor of the Duchy of Lancaster's Office).

Yours Sincerely

Monica Jolley

PP DAVID NORGROVE

Tony Laurance, Esq.,
Department of the Health and Social Security.

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FEA

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From the Secretary of State for Social Services

David Norgrove Esq
10 Downing Street
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SW1

12 August 1986

Dear David

WAITING LISTS

Thank you for your letter of 21 July conveying the Prime Minister's agreement to our proceeding with our initiative on waiting lists.

As regards targets, my Secretary of State will want to consider very carefully what targets can be set - internally or even for individual health authorities - once he has received the reports he has called for from Regional Health Authorities. He agrees that we need to look at the situation district by district, and that districts with a serious problem should be encouraged to consider, as one option, the use of any spare capacity there might be in other districts or of the private sector.

We will keep you in touch with this initiative as it develops.

I am sending a copy of this letter to Joan MacNaughton (Lord President's Office), Colin Williams (Welsh Office), Jim Daniell (Northern Ireland Office), Robert Gordon (Scottish Office), Jill Rutter (Chief Secretary's Office, HM Treasury) and Andrew Lansley (Chancellor of the Duchy of Lancaster's Office).

Yours ever

A LAURANCE
Private Secretary

NAT. HEACTH: Expenditure + Efficiency

PC-6

David

I've spoken to Tony Lawrence about Waiting Lists - your letter of 13.5.86. They certainly haven't forgotten it - referred to in their recent public expenditure stuff.

It is likely to feature prominently in their presentation to PM at the end of the month.

Content for us to stop chasing?

Yes, thanks. Julie

18.6.86

10 DOWNING STREET

Prime Minister 2

See X.

Queues are inevitable, surely, in any system of health provision which is not regulated by price.

DRN
19/6.

Daily Telegraph

WEDNESDAY, JUNE 18, 1986

Why the fiddling has to stop to help the NHS pay its way

By GRAHAM TURNER

THE STATE of the National Health Service promises to be one of the great election issues. The Prime Minister may protest that spending on the NHS went up by 17 per cent above inflation between 1979 and 1984, and that it employs twice as many people as it did only a decade ago, but she might as well save her breath.

Even her own Ministers declare publicly that more money needs to be spent on the Health Service, while groups of consultants all over the country have now perfected the technique of the cosmic moan.

The first option for Mrs Thatcher is to pour in more taxpayers' money; a second is to change the basis of the NHS's funding so as to add extra sources of revenue to the present tax-based system.

One Minister — not involved with Health — raised eyebrows this week by saying there is no case for spending more on this "ramshackle system spatchcocked together by Labour after 1945". Instead, said Mr Geoffrey Pattie, we should spend more on private and independent facilities.

But there are plenty of backers for the idea that the NHS is grossly underfunded: we spend a mere 6 per cent of GNP on health care, they point out, while the Swedes spend about 10 per cent.

Yet, according to Swedish consultants, patients in that country's largest cities have to wait up to a year to have a cataract removed, at least a year for a hip operation, 2½ years for non-critical varicose vein surgery. As Gordon Best, director of the King's Fund College, which runs a management school for the NHS, says: "There is no relationship between how much you spend and the length of waiting lists".

Thus, even pumping an extra £100m. or £200m. into the Health Service with the specific aim of cutting waiting-lists (860,000 at the last count) would be unlikely to bear much human or political fruit. Given the depth of the NHS bureaucracy, it might easily be soaked up before it ever reached the patients.

DHSS officials add, perhaps unduly cynically, that many consultants like to keep their waiting-lists long because it strengthens their claim for more NHS resources, ministers to their self-esteem and gives them a good excuse to charge their private patients fat fees.

But there is a third option—trying to run the NHS so that it costs less and gives a better service to its customers. A few modest and uncertain steps down the road to the management option were taken after the report on the Health Service by Sir Roy Griffiths, Sainsbury's deputy chairman. General managers were appointed in place of the previous woeful tangle of committees and a so-called Management Board set up.

The impact of the general managers has been very variable. "There's no sign of dynamic change here", admitted a senior official in one big NHS region. "It's still the same totally inert body it always was."

Pumping in an extra £200m is unlikely to bear much fruit

As for the NHS Board, it has been a serious disappointment. Its first chairman, Victor Paige who resigned the other day, had neither the authority nor the charisma which the job demanded. Indeed, given the massive management task which the NHS represents (it is a £19b. business with more than a million employees), it was a disastrous appointment. If BL needed a Michael Edwardes, the NHS surely demanded no less.

Mr Paige was given no real power. Instead of being his Secretary of State's right-hand man and clothed in his full authority, he worked from an office in the DHSS and, by all accounts, had little impact either there or in the regions. "He came here once", said one regional official, "and our attitude was hail-fellow-well-met, goodbye and take a running jump at yourself".

That, moreover, was exactly how many senior civil servants preferred it. They were terrified that Griffiths would be appointed, and that they would forfeit not only their power but also (in some cases) their jobs.

One section of Griffiths's draft report, which never saw the light of day because the DHSS "thought it might be misunderstood", remarked that the Secretary of State spent half a day a week on the management of the Health Service if he was lucky, the Minister of Health a day, the DHSS's Permanent Secretary half a day.

Further down the line, health economists like Professor Alan Maynard maintain, there is a "pathetic" ignorance of costs. "If a Shell executive didn't know what petrol cost, he'd shoot himself", said Maynard. "But ask a doctor the price of a hernia operation and he hasn't a clue. We have simply got to start managing the NHS".

Nor are the savings in prospect insignificant. The Health Service, declared a senior DHSS official, was grossly over-funded. Wherever he went around the country, he found ridiculously wasteful things going on. There was no reason why there should not be savings of 20 per cent in many areas. A properly constituted Management Board, remarked one of his colleagues, could certainly aim at a 10 per cent saving across the board, say £1.75b.

To achieve those savings, Mrs Thatcher needs to do a number of things. She should appoint a businessman of real stature—Griffiths himself, for example—to be director-general of the NHS Board. She should move him out of the DHSS and into his own headquarters, and ensure that he has real power, including a veto over all senior appointments and the authority to carry the smack of firm management into every corner of the Health Service.

He and his staff should have the clout, for example, to visit the six least-efficient NHS districts and invite them to pull up their socks or face not having their contracts renewed. They should also be able to instruct general managers to cut waiting-lists to, say, six months within a year or suffer the same fate.

The truly caring thing to do is ensure it is efficiently run

Mrs Thatcher should also recognise that Mr Fowler is not the man to oversee such a change. She should replace him with Kenneth Clarke. He and Griffiths together could transform the effectiveness of the Health Service.

What she should *not* do is appoint another under-powered chairman or allow Mr Fowler to persuade her that more money needs to be poured in. That would simply undo her good work in focusing people's minds on costs. On the contrary, she should hold firm to her belief that the truly caring thing to do for the NHS and its patients is to ensure that it is efficiently run. When that has been done, and only then, can she properly turn her mind to ways of finding extra cash for the areas that genuinely need it.

She dislikes what she calls "Wilsonian fiddling". Very well then, let her make sure that the fiddling stops.

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DCL 18/6.