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PRIME MINISTER

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HEALTH: THE POLITICANS DILEMMA

If you have time for some background reading on the NHS, may I recommend the attached pamphlet from the Office of Health Economics?

It begins by identifying some specific areas where the NHS is short of money. But it goes on to argue that no Government will be able to keep on raising taxes so as to meet the ever increasing demands of the NHS.

They identify three other approaches (which are not necessarily incompatible):

- i. Greater efficiency by cutting out centralised bureaucratic allocation of resources and creating an 'internal market' within the NHS so that the money goes where the patients want it to go (cf education vouchers)
- ii. Better allocation of resources. Maybe heroic high-tech medicine is not the best use of limited resources.
- iii. Raising money direct from patients by charging within the NHS or more private provision. The private sector already does a lot in some areas such as care for the elderly.

The pamphlet concludes that the politicians dilemma is that there are powerful vested interests within the NHS (not to mention the Labour Party) who will oppose these three approaches to reform. Instead, they encourage the electorate in the delusion that the solution to all the problems of the NHS is more money from the taxpayer.

By contrast, you may also wish to glance at the attached piece which Ray Whitney has sent me, emphasising what the NHS is achieving.

Janet Eison.

pp. DAVID WILLETTS

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THE REAL NATIONAL HEALTH SERVICE

There is one sure way of reinforcing (or rediscovering) a sense of pride in our National Health Service - and that is to see it in operation. That is what I have had the privilege of doing since becoming a Health Minister last September. During these months I have visited literally dozens of hospitals and other NHS facilities up and down the country. It has been a rewarding experience and one which I wish could have been shared by at least some of the many highly vocal critics of our health service.

I hope they would have been as impressed as I was by the unprompted testimony of an old lady who has suffered from chronic eye problems and has many years experience of hospitals and her fierce enthusiasm for the high quality of treatment she is now receiving at the Moorfields Eye Hospital; with what has been achieved by the millions already spent on the Northern General Hospital, Sheffield - improved out of all recognition from the days when my father-in-law was a patient there - and there is much more improvement to come; with the internationally recognised success and the infectious high morale of patients and staff of the Royal Marsden Hospital in their fight against cancer; with what is being done at the new spinal injuries unit at Odstock, Salisbury; with the range of services provided by a new health centre at Rugby which demonstrated what can be done when general practitioners use effectively the increasing public resources made available to them; with the facilities springing up around the country for the elderly and the mentally

handicapped as our care in the community policies are developed; with the nuclear magnetic resonance scanners, the linear accelerators, the lithotripter and all the other marvels of modern science and engineering which are now being brought in increasing numbers into our health care services.

These are the realities which give life to the statistics. This is what is being achieved by the steadily rising levels of resources devoted to health care under this Government. Not only have we produced more doctors and more nurses - better paid - and a vastly increased hospital building programme (sharply recovered from the ravages of Labour's years); the crucial reality is that better and constantly improving treatment is being given to many thousands more patients.

Everywhere I went I have seen the concept of general management recommended in the Griffiths Report beginning to bear fruit. Bringing together the different professions within the health service and harnessing their specialist enthusiasms and interests to the common good to use the resources available to deliver the best possible result represents a daunting challenge. And in my experience and observation it is a challenge which, very largely, is being met. Whether they are long serving hospital administrators or new arrivals from other backgrounds, I have been impressed by the quality and enthusiasm of general managers now in the service. This year, for example, they are helping to generate £150 million of additional resources by cost improvements in services, resources which will become available for other uses in the Health Service. And all the signs are that these cost improvements will continue in the years ahead.

To emphasise this encouraging reality is not to deny that there are pressures on our health services, as there are on those of every other country. The many thousands of our 70 and 80 year olds now going into hospital for

operations who would not have been there only a few years ago are a welcome demonstration of the fact that we are living longer and with higher expectations of health care - but are also a phenomenon which undoubtedly is laying an increasingly heavy burden on resources. Advances in medical science, accelerating all the time, are having the same effect. I rejoice in the fact, for example, that in Britain we now conduct significantly more heart transplants per head than even in the United States - but such advances have to be paid for.

A major manifestation of the pressure on resources is the time patients have to wait for treatment. We have asked Health Authorities to take steps to combat long waiting times, and they have begun to do so. Nevertheless, whilst recognising the problems we should also remember that people needing emergency treatment are normally seen very quickly; 50 per cent of all admissions are immediate. Even for people who need non urgent treatment the average wait is seven weeks. What the new initiative is concerned about is the exceptional case - those who wait too long.

The question of resources regrettably - but, in the British context, inevitably - has become a battlefield, which threatens the morale of the service itself. It is only to be expected that Opposition politicians claim that they will spend more on the NHS than the party in government and spend it more wisely. The claims of the Liberal and Social Democratic Parties are so vague as to be meaningless and even vaguer than their so called "policies" in other areas - although I see that one of the Liberal spokesman is now tentatively offering a few modest figures. He had better be careful!

Much more instructive are the knots into which the Labour Party is tying itself on this question of funding the National Health Service. Sometimes the Labour Party health spokesman, Mr Meacher, proudly claims that he would spend 3 per cent above inflation on the health services - then he discovers that,

having been so successful in our fight against inflation, this Conservative Government is now doing better than that. He then makes other bids which sends his colleague Mr Hattersley into paroxysms of rage and terror as the Labour Party programmes can be totalled up to £24 billion.....£28 billion.....where will they stop?

The real challenges on health spending come not from the empty rhetoric of Opposition politicians but from the pressures for increased funding set up by many professionals within the health service. They regularly point to the fact that Britain only spends some 6.1 per cent of its GDP on health care (compared with only 5.3 per cent when Labour was in office) whereas the average for Western industrialised countries is 8.5 per cent. What they tend not to point out is that other countries depend on private insurance or direct payment from patients to a very much greater extent than we do in this country. So those who insist that the level and rate of improvement in our health services is insufficient and demand that billions of pounds more should be diverted to the health sector must face up to difficult choices. Are they really calling for a fundamental reorganisation of our NHS approach so that private contributions play a much greater role than they do at present? Or are they calling for reductions in spending on other programmes - and if so which ones do they suggest? Social Security? Education? Defence? Perhaps they are calling for very hefty increases in payments from public funds so that, for example, a nurse now earning a gross pay of £144 a week, instead of losing some £38 in income tax and national insurance contributions will end up losing, say, another £10 a week in higher taxes?

These are legitimate questions which deserve to be debated calmly and rationally. But in doing so I hope they can be discussed in an atmosphere which does not do unnecessary damage to the morale of a service which, as a nation, we may justly be proud.