



SUBJECT cc MASTER

meeting record

10 DOWNING STREET

LONDON SW1A 2AA

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23 September 1986

From the Private Secretary

Dear Tony,

NATIONAL HEALTH SERVICE

The Prime Minister met your Secretary of State today to continue their discussion of 29 July, (which was recorded in my letter of 30 July) about the future of the National Health Service. Sir Kenneth Stowe was also present.

Your Secretary of State suggested that policy on the NHS should be considered in two timescales: the next 12 months and the next 5 years. The aim should be to make the existing NHS arrangements work as well as possible over the next 12 months while devising, behind the scenes, an agenda for the next five years.

The next 12 months

It was agreed that the presentational initiatives agreed at the Prime Minister's meeting on 9 July (and recorded in my letter of the same date) needed to be pursued vigorously by the new team at the Department. The Prime Minister suggested that the Department might inspire sympathetic organisations to conduct polls which would illustrate the widespread satisfaction of those treated by the NHS with its services. In addition, the following two initiatives should be followed up urgently:-

- (i) The establishment of a clearing house through which patients facing long waiting lists at local hospitals could have the opportunity of seeking their treatment at hospitals in a different locality where waiting lists were shorter. This scheme probably needed to be run outside the Regional Health Authority structure, though clearly the Authorities would need to be fully associated with it. As part of the arrangements, there needed to be systematic arrangements for the publication of advertisements in appropriate newspapers, say every quarter, which indicated the relative waiting times for certain treatments in different localities. It was recognised that the co-operation of the consultants would be essential to the scheme's successful operation.

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Every effort should be made to instil as much competition and publicity as possible into the system so that consultants and others would be given every incentive to perform well. The contract for the establishment of the clearing house arrangements could be put out to competitive tender. Private and Service hospitals could be brought within the ambit of the scheme;

- (ii) The establishment of a central pool of funds under the Secretary of State's control. This could be used, among other things, for encouraging the Regional Authorities to submit "bids" for funds to be used specifically to reduce waiting lists. Funds would be allocated to those schemes which did most to reduce waiting lists.

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The Prime Minister would like to be kept in close touch with the development of these two initiatives and I suggest that your Secretary of State should provide her with a progress report in, say, three months' time. Your Secretary of State will, of course, need to agree the financing of the initiatives with the Chief Secretary in the normal way.

The next five years

While the Prime Minister was reluctant to set up Royal Commissions, there might be a case for establishing one to examine future financing and organisation of the NHS. What was certain was that the Government needed over the next year to feel its way forward in developing its ideas on the NHS. It was important to devise arrangements which encouraged competition within the NHS while maintaining its present advantage of cost control. Any new arrangements should guard against tying the Service to one source of finance. In any new organisation for the Service it would be important too to maximise local options, local financing and local voluntary effort and support. Your Secretary of State said that he would carry forward thinking in his Department on these issues and keep the Prime Minister in close touch.

The National Health Service Management Board (NHSMB)

Your Secretary of State said that he had concluded that the Minister of Health should be made Chairman of the NHSMB and that he should be assisted by a Chief Executive/General Manager. This prescription followed Sir Roy Griffiths' diagnosis that power and responsibility resided with the Minister. The Chief Executive would act as a progress chaser, ensuring action took place. He had not yet decided whom to nominate as Chief Executive, though Mr Peach, who was performing well as acting Chairman, was a real possibility. The Prime Minister agreed that the Minister of Health should become Chairman of the NHSMB. She would await proposals from the Secretary of State for his Chief Executive.

The Secretary of State said that he was anxious to use the talents of Sir Roy Griffiths to act as his Special Management Adviser in much the same capacity as the Prime Minister used Sir Robin Ibbs in pushing forward the drive for efficiency in Central Government. Sir Roy could play an important part in establishing and operating the two initiatives referred to above. The Prime Minister urged your Secretary of State to try to use Sir Roy's talents in this way and said that your Secretary of State could appeal to him in her name for his help. She was very ready to see him at any time if the Secretary of State thought this helpful.

The Prime Minister urged your Secretary of State to carry forward his thinking on the development of the NHS and said that she would welcome a further discussion.

I am sending a copy of this letter to
Sir Kenneth Stowe.

*Yours sincerely
Nigel Wicks*

N.L. Wicks

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