FILE

10 DOWNING STREET

THE PRIME MINISTER

Personal Sunday 28 Sept 86

Dear Charles.

Your letter about the the NHS was most helpful. I am pursuing vigorously the idea of a clearing system for waiting lists. On Thursday evening I had all the Regional chairmen to dinner and raised it with them. Some of them are very enthusiastic about doing it. First within a region.

I also raised the effect of RAWP with them. Knowing what it means to areas like yours more which lack resources. But they were 100% in favour even some of those whom one would have expected to say 'there are limits to it'.

They were also very pleased with the new management initiative and where it will make a great difference when it is fully operational.

I hope you are fully recovered and ready for the fray once again

Yours ever

Margaret

HOUSE OF COMMONS
LONDON SW1A 0AA

31.8.86

CONFIDENTIAL

Dear Prime Minister.

Having spent almost eight weeks in NHS hospitals during the last 18 months, I am more than ever convinced that our performance in the Health Service will be one of the crucial issues at the next General Election.

In spite of the 24% increase in NHS resources since 1979, there is a general perception amongst staff and patients that we have not delivered what we promised. Ministers seem to have lost the initiative and we face strong and continuous criticism from consultants and GPs, as well as hostile publicity over 'cuts', whether real or supposed. And although we have a good factual case, and though much of the criticism is self-interested where it is not politically inspired, we are in grave danger of losing the argument - particularly in areas like the South-East, where the combination of RAWP and steadily growing demand for services has brought matters to the point where the search for economy has become politically suicidal.

Against this background, I do not believe that the problem can be solved simply by Ministerial changes. There may well be a case for change at junior levels in the DHSS, and I should certainly be in favour of this, as would most colleagues, I think. But a new Secretary of State will not be able to make any impression in time to restore confidence in the Government before the Election unless significant additional resources are made available - and if this can be done, there is much to be said for keeping Norman Fowler where he is.

Any extra money must be put to swift and effective use : there is no time for a 'learning curve'. The much-needed changes at junior level require continuity at the top, and it is essential that there should be real authority at the centre to direct the allocation of funds in a way that will have the desired political effect.

That said, there are also a number of ways in which performance and perceived results could be improved without major additional funding. Most important of these would be the introduction of a central clearing system for surplus capacity as between authorities, coupled with an effective means of crediting one health authority as of right for work done on behalf of another. If this could be done, it would do much to redress present budgetary nonsenses, as well as providing a real stimulus to co-operation between authorities.

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A second, and connected, innovation would be the creation of a central fund, under direct DHSS control, for specialist treatment for which there is a clear national requirement but which is not at present capable of adequate funding from individual health authority budgets. I have one such example in my own area, where a consultant is doing pioneering work on a financial shoestring, treating patients from all parts of the UK, without any central underwriting of the resources involved. An extra £200,000 a year would solve the problem - and I believe that a DHSS fund of not more than £5 million could have a significant impact on the other similar cases that must exist.

The third candidate for reform is that of staff management. At ward level, hospital morale is still good : above that, there is a lot wrong, and much of this stems directly from the general assumption - if it is not more than that - within the NHS that staff should not be made redundant when organisational change occurs. This means that necessary restructuring does not reduce numbers and save costs, because 'jobs' still have to be found for unwanted staff. This is surely an area where central direction must be asserted, and we should not be afraid of union resistance.

One final area which does need extra money - the care of the old and infirm. Demand in this field has grown enormously : the burden on individual families is causing increasing problems, both social and political : and the lack of adequate facilities for residential care is in many cases compounding the shortage of hospital beds and adding to NHS staffing costs. There may be no quick answer available, but I believe it is very important that we should now be seen as having identified the problem and being willing to tackle it.

I hope some of these thoughts are helpful - even if none of them is necessarily new.

Yours sincerely,

Cranley Onslow.

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