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SUBJECT CC MASTER

Filed on PM
Meeting with Finsberg MP 10 DOWNING STREET
3/86.

From the Private Secretary

20 March 1986

Dear Jane,

The Prime Minister together with your Secretary of State met Sir Geoffrey Finsberg, M.P., today at his request to discuss the proposed closure of two wards of the Royal Free Hospital on 1 May.

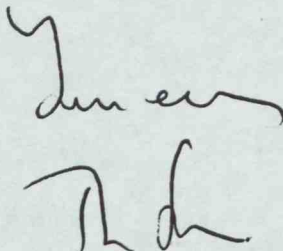
Sir Geoffrey Finsberg said that he found it difficult to justify publicly the closure of two wards in a hospital which was relatively new. The Chairman of the Health Authority was conscious of the need for economies and had done as well as possible given the unhelpful composition of the Authority itself. Its problems were exacerbated by the RAWP process which in his view had gone too far in re-allocating resources away from London. Your Secretary of State said that he had made a close study of the figures and had concluded that the problem faced by the Hampstead District Health Authority was not a result of RAWP. Provision for 1986/87 was, after allowing for inflation, only 174,000 less than in 1985/86 on a cash limit of nearly £56m. This compared with a shortfall declared by the Authority of some £2m. There was clear evidence of scope for economies: for example £1m. could be saved by putting domestic services out to tender. The Authority had been notably slow in doing so. Moreover, there were a number of areas in which there was evidence that the Royal Free was not as efficient as it might be. For example, the overall length of stay was much higher than in comparable hospitals and the number of operating theatres for each available bed was the highest in the country.

Your Secretary of State went on to say that he appreciated the problems which RAWP caused in London but the policy of moving resources to where the population and therefore the demand was remained valid. He had sought to operate RAWP as sensitively as possible and he foresaw considerably difficulties were the policy to be abandoned.

The Prime Minister said that as a London Member she could understand Sir Geoffrey's concern at the operation of the RAWP formula and she noted that it was under review. Nevertheless, the difficulties of the Hampstead District Health Authority did not seem a product of the RAWP arrangements, but rather of an unwillingness on the part of

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the Authority itself to operate as efficiently as possible. Nevertheless, it was vital that the Government's position should be defended and accordingly she asked that Sir Geoffrey Finsberg should be provided with as much information as possible on areas in which efficiency might be increased. Your Secretary of State undertook to do this: he also agreed to a request from Sir Geoffrey for a meeting between Sir Geoffrey himself and the Chairman of the Health Authority with a DHSS Minister. No doubt you will be arranging this.



Tim Flesher

Miss Jane McKessack
Department of Health and Social Security