

Prime Minister

I suggest a meeting with
John Moore to discuss these ideas
and to hear his own. Agree?

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JMS

13/11

PRIME MINISTER

MJM

11 November 1987

MOVING FORWARD ON THE NHS

The attached paper "A Framework for NHS policy development" is a refined version of our earlier note on this topic, taking account of conversations since the summer with John Moore, Roy Griffiths and others. While John Moore feels it would be inadvisable for him to produce and circulate a note this explicit from his Department, he is happy for us to submit our note to you as closely reflecting his own thinking.

The main areas where he has expressed comments or reservations are as follows:

1 Waiting Lists and Priorities (Section 1)

Mr Moore fully accepts the argument for guaranteeing a maximum waiting time to be offered a bed, and using that as a trigger to shift patients from one waiting list to another. However, he is understandably reluctant to combine that with setting different priorities for different categories of treatment. Our view is that categorising priorities may be necessary to offer realistic guarantees on waiting times for urgent conditions without opening the financial floodgates to an unlimited number of minor conditions which might get swept up in a blanket guarantee. We have agreed to discuss this further with DHSS officials.

2 Increasing Competition and Widening Choice (Section 2)

As you know, Mr Moore fully supports the objectives of an internal market and wants to push ahead with developing an

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accounting system that can handle this. His main concern is that allowing patients to choose their hospital and transferring funds accordingly might result in money flows that went directly contrary to the RAWP re-allocations. While this might not be bad, he is concerned about handling the politics. We will consider this further, but the main point seems to be to emphasise that we are allocating money to the patients not the facilities in an area.

3 Tackling Producer Power (Section 3)

Mr Moore is convinced of the need to tackle consultants' tenure and performance incentives, but is not yet decided on which particular solution we should adopt. He also now accepts the desirability of creating a more competitive market in GP services, although you are aware of some of his reservations on how readily that can be achieved.

4 Corporate Health Prevention Schemes (Section 4.i)

Mr Moore is keen to encourage the development of corporate health prevention schemes, but has found that tax relief is blocked by a probably unintended clause in an earlier finance act. We have agreed to explore this with the Treasury.

Tax relief is surely the wrong way to promote this.

5 Improving Public Facilities (page 8)

Mr Moore is actively pursuing getting private developers to provide commercial services within NHS hospitals. We will discuss with his officials how this can be linked into a package that includes redevelopment and smartening up of public reception areas.

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6 Provide an Annual Report (page 9)

Mr Moore is enthusiastic, and has ideas for an ambitious programme of communicating NHS performance - which can be justified internally by the benefit to staff morale, etc.

7 Identifying NHS tax contributions (page 9)

Our paper suggests that identifying a separate NHS tax charge could have a useful impact in improving public understanding of how much we do spend on the NHS while at the same time allowing us to achieve a very low rate of (residual) income tax. Mr Moore, while conscious of the possible difficulties, agrees that the possibility is worth looking at. We will work up a separate note on this for you to consider whether or not it should be pursued.

This would lead to higher NHS expenditure
I agree - it could not

8 Slim the Management Hierarchy (page 9)

Mr Moore recognises our concerns, but feels it might be best to wait a year for the structure to settle down and then call for an audit of how well the new management structures are working. We agree.

Conclusion

There has been a lot of progress since the election in developing a framework of ideas for how the NHS should move forward. However, it is obviously crucial that we do not lose momentum - or allow good ideas to run into the sand of bureaucratic opposition. While Mr Moore is not pushing for a meeting, we feel it would be helpful for you to set aside time for an informal discussion before Christmas - perhaps using the attached note as an agenda - at which you can run over the issues and nail him down to specific targets for bringing forward proposals in key areas.

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