



SUBJECT cc MASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

9 February, 1988.

Dear Geoffrey,

## NHS REVIEW

The Prime Minister yesterday held a meeting to discuss the review of the National Health Service (NHS). Those present were the Chancellor of the Exchequer, the Secretary of State for Social Services, the Chief Secretary, the Minister for Health, Sir Roy Griffiths, Sir Robin Butler, Mr. Wilson and Mr. Monger (Cabinet Office) and Mr. John O'Sullivan (No.10 Policy Unit). The meeting had before it a note by the Cabinet Office on the work programme of the group, and a paper by Sir Roy Griffiths on the NHS costing systems.

In discussion the following were the main points made:

- a. Thinking needed to start with the fundamentals. What was the State's responsibility for ensuring that health care was available when needed? If it had such a responsibility how was it best discharged? It did not necessarily follow that the State itself should provide the treatment. Considerable thought had been devoted to these questions among those interested, both in this country and abroad, and Sir Roy Griffiths undertook to provide the group with a reading list.
- b. Ideas for an internal market in the NHS needed to be treated with caution. Markets usually worked because participants were motivated by the desire to make profits and create wealth. For a market approach to be effective, a major change in attitudes by those working in the NHS would be needed. One of the key issues was how this change of attitude could be brought about.
- c. The resource management project in the NHS was of major importance. What took time was not so much the construction of the new management systems as the process of involvement and commitment by NHS staff. But even if for this reason it was bound to take time to implement the new system, it should be possible to evaluate the project earlier than was now proposed. It would be useful for the group to consider a paper setting out the

lessons - however tentative - which had been learned already and reviewing the timetable for evaluation and implementation. It would be desirable for some evaluation of the project to be ready by July this year if possible.

- d. All the work suggested in paragraphs 6 and 7 of the Cabinet Office note was worth undertaking. It would also be useful to add to the list in paragraph 6 a paper on waiting times, and to extend the scope of the paper in paragraph 6(e) to cover the monopoly position of other providers of health care.
- e. While radical change was very desirable in the long term it was not realistic to expect it to be fully brought into effect during this Parliament. The group might therefore also consider what practical steps could be taken in the shorter term. For this purpose, a distinction might need to be made between changes that would require legislation and those that would not. It was, however, essential for any medium-term measures to be compatible with the desired longer term direction of change.
- f. It was probably too soon for the group to consider possible structures for a reformed NHS. The choice of a structure was, however, the most important and difficult question it would face, and should not be deferred too long. As a first step, it would be greatly helped by having a full description of the structure of health care in selected other countries (e.g., the United States, Germany and New Zealand).
- g. A programme of informal discussions might be arranged with those who could provide helpful comment and information, both from this country and abroad. These discussions would need to take place privately, and to be handled with great care, since those who were not consulted must not feel left out, and no indication could be given at this stage of the Government's own views.

The Prime Minister, summing up the discussion, said that the Cabinet Office should now arrange for work to be set in hand on all the papers described in paragraphs 6 and 7 of its note. Two papers should be added: one describing the structure of health care in selected countries abroad, and one on waiting times. The paper on consultants' terms and conditions (6e) should be extended to cover other monopoly suppliers of health care. The group would not consider structures further until this work had been done. The Secretary of State for Social Services should arrange for a paper to be prepared on any lessons so far learned from the resource management project, and on possibilities for accelerating its timetable. Sir Roy Griffiths had undertaken to circulate a reading list. The Minister for Health and Mr. O'Sullivan should make suggestions as to individuals who might be consulted informally. The group recognised that it would take some time for all this work to be completed, but a

first batch of papers should be circulated in about a fortnight, for a meeting in three weeks' time.

I am sending a copy of this letter to the Private Secretaries of the Ministers at the meeting, and also to the others present.

Yours,  
Paul.

Paul Gray

Geoffrey Podger, Esq.,  
Department of Health and Social Security.