



13  
ATM(a-c)

MR GRAY

cc Mr R T J Wilson  
R Christopherson

NHS REVIEW - PARA 1.7

I have had a ~~start~~<sup>shot</sup> at redrafting Para 1.7 as suggested at this morning's meeting and the result is attached. I do not claim it is authoritative or polished, but I confess to being rather pleased at the way it has come out presentationally.

Could I draw attention to three things:

- I have moved up the consultants point because it follows more logically on the hospital stuff
- I believe it is quite possible to deal with the depoliticisation and audit points quite acceptably, and without any offence to the ordinary reader, if we present them in what I believe the group calls patient-friendly terms.
- I think it would be useful to print in bold the summaries of key proposals as underlined.

**BERNARD INGHAM**  
January 17, 1989



DRAFT    17 JANUARY 1989

The Government is proposing 7 key measures to achieve these objectives. They are:

First:        to maximise the NHS's ability to respond to the needs of patients as much power and responsibility will be delegated to local level. These include the delegation of functions from regions to districts and from districts to hospitals. The detailed proposals are set out in the next chapter. They include power to settle the details of pay and conditions of staff and financial incentives to make the best use of their assets.

*as possible*

Second:      to stimulate a better service to the patient, major hospitals will be able to apply for a new self-governing status as NHS Hospital Trusts. This means that, while remaining within the NHS, they will be free to offer their services to other parts of the NHS and to the private sector. They will have an incentive to attract patients so they will make sure that the service they offer is what their patients want. And in turn they will stimulate other NHS hospitals to respond to local requirements. NHS Hospital Trusts will also be able to set the rates of pay for their own staff and, within annual financing limits, to borrow money to help them respond to patient demand.

Third:        to enable hospitals which best meet the needs and wishes of patients to benefit financially from doing so. The old barriers to money required to treat a patient crossing administrative area boundaries will be scrapped. All NHS hospitals, whether run by health authorities or self-governing, will be free to offer their services to different health authorities or to the private sector. Consequently, a health authority will be able to discharge its duty to use its available funds to secure a comprehensive service, including emergency services, by obtaining the best service it can whether from its own hospitals, another authority's hospitals, from self-governing hospitals or from the private sector.



Fourth: to reduce waiting times, help give individual patients appointment times they can rely on and cut the long hours worked by some junior doctors, X new consultant posts will be created over the next Y years. These new posts will be over and above the Z already being created under the Government's "Achieving a Balance" initiative in July 1986.

Fifth: to help the family doctor (or general practitioner, (GP)) improve his service to patients initially large GP practices will be able to secure their own budgets to buy a defined range of services direct from hospitals. Again, in the interests of a better service to the patient, GPs will be encouraged to compete for patients by offering better services. And patients will be totally free to choose (and change) their own GP as they wish.

Sixth: to streamline and sharpen up the efficiency and accountability of NHS management regional, district, hospital and general practitioner management bodies will be ~~sharply~~ reduced in size and reformed on business lines, with executive and non executive directors. The Government believes that in the interests of patients and staff the era in which the £24billion NHS has been run by neither truly representative nor proper management bodies must be ended. The confusion of roles will be replaced by a clear remit and accountability.

Seventh: to ensure that all concerned with delivering services to the patient have the basic information to assess and improve their performance a system of auditing and monitoring the use of resources is to be steadily applied throughout the NHS. To secure self-governing status a hospital will for example have to have a medical audit in place. Similarly, as with the hospital service, the Government intends to work with the medical profession to establish a system of medical audit in general practice.

*Medical  
audit  
Audit Commission*

The Government will publish in the near future X technical papers elaborating in detail on how these key proposals are to be implemented.