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SECRET

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Cc BHP.  
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PRIME MINISTER

DRAFT WHITE PAPER ON THE REFORM OF THE NATIONAL HEALTH SERVICE  
C(89) 2 and E(A)(89) 2:  
Memorandum by the Secretary of State for Health

DECISIONS

1. The purpose of this item is to secure formal Cabinet approval of the proposals in the White Paper and agreement that it should be published on 31 January.
2. You may wish to begin with a few general comments about the proposals, on the lines suggested below, and then to invite the Secretary of State for Health to introduce the White Paper.
3. In the discussion which follows you may wish to make the point that the Cabinet is being invited to endorse the substance of the proposals: the Secretary of State must retain discretion to polish it provided that he does not change the sense. You may also wish to check that there are adequate arrangements for co-ordinating public presentation with the Secretaries of State for Wales, Scotland and Northern Ireland, backed up by agreed briefing.

OPENING REMARKS

4. In opening the discussion you may wish to draw on the following:
  - i. The central theme of the reforms is the need to provide a better Health Service for patients: raising the performance of all hospitals and GP practices to the level of the best. It is particularly important to bring about first, a greater devolution of responsibility throughout the NHS, so that so far as possible those who provide the service can take the decisions; and second, to allow the

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money to follow the patient, so that the resources go to the hospitals which do the work.

ii. The proposals for self-governing hospitals and for GP practice budgets are major, fundamental reforms. Both are designed to lead to greater choice and value for money for patients who, as taxpayers, are providing huge sums for the NHS. There is no question of the hospitals 'opting out' of the NHS.

iii. Another key theme is to get the public and private sector working together. A healthy and growing private sector adds to the choice for patients. The proposal for tax relief for the elderly is important in this context and will be welcomed.

iv. Finally, there will be an important drive to sharpen up the accountability and efficiency of NHS management. The aim is to take out the political element in District Health Authorities and to streamline the system so that there is a proper chain of command running from the bottom to the top, with the Audit Commission providing more effective audit arrangements. On the professional side, there will be much greater use of medical audit and better arrangements for consultants.

#### HANDLING

5. After the Secretary of State has introduced the White Paper, you may wish to give members of the Cabinet who are not on E(A) a chance to comment. This includes the Secretary of State for Social Security (who was involved in the early months of the Review), the Secretary of State for Foreign and Commonwealth Affairs, the Home Secretary, the Secretary of State for Defence and the Secretary of State for Education and Science.

HRB

ROBIN BUTLER

Cabinet Office  
25 January 1989