PRIME MINISTER

P 03525

PROGRESS WITH THE NHS REFORMS

[Mr Clarke's minute and letter of 20 July]

1. Your meeting with Mr Clarke provides an opportunity to stand back and consider how to implement the NHS reforms successfully and win the public argument about them.

2. Legislation will be introduced at the beginning of the next Session and should receive Royal Assent next July. There will then be a limited period in which to achieve practical results and demonstrate that the reforms work without the damage to patient care claimed by critics. You may wish to concentrate on:

i. the attitude of the medical profession and nurses. Mr Clarke warns against any apparent wavering in the Government's purpose. He says that the public stance of universal hostility from the medical profession conceals a considerable area of common ground and that the BMA are about to see their position transformed as the Government continues to make excellent progress with implementation and legislation. You may wish to ask about the prospects for building up support for the reforms within the NHS and possibly isolating the BMA.

ii. implementation. The discussion of implementation in paragraphs 8 and 12 is in very general terms. There is more detail in Annex C but it does not say how many self-governing hospitals it is hoped there will be by April 1991 nor how many GP practices will have their own budgets. You may wish to ask Mr Clarke about his plans.

iii. winning the public debate. Mr Clarke says that he will continue to take every available opportunity to explain

"Working for Patients", stressing the impact it will have on patient services. You may wish to discuss whether more can be done to answer legitimate concerns and convince the public that the reforms are about improving patient care. For instance, the White Paper listed measures which were meant to be of immediate practical benefit to patients such as reliable appointments systems in hospitals, proper facilities for parents with children and rapid notification of diagnostic tests; but this paper does not mention them.

3. You may also wish to check up on progress with the changes to the central management of the NHS, on which Mr Clarke has made a separate report.

MAIN ISSUES

The attitude of the medical profession

4. Mr Clarke says that the opposition to the reforms is mainly wind and fury which has had amazingly little effect on progress towards implementation. He believes that a steadily growing number of doctors in the NHS are beginning to understand what the Government are doing and why, and to back all or part of it. He is confident that the whole climate of debate will change when most of the service feel involved in preparation for the reforms in their own units and practices.

5. You may want to begin by discussing the attitude of the medical profession and whether more can be done to encourage and bring out publicly support within the NHS. Decisions on the Public Expenditure Survey and the next round of Review Body reports may also be relevant but you may not wish to discuss them with Mr Clarke at this stage.

i. Health service chairmen and managers. The paper says that they support the reforms (para 17). If they were to do so more publicly this might be a useful step in reassuring

the public. You may wish to ask whether they could be encouraged to speak up.

ii. medical profession. Mr Clarke is confident that there is growing support for the reforms among doctors. It might be useful to ask for more details and consider whether there is any prospect of gradually isolating the BMA. The paper says that some of the medical professional bodies, notably the Royal Colleges, do not approve of the BMA's approach but that they could not be persuaded to give the Government vigorous support (paras 4 and 7). Even so, more might be done. For instance, the paper hints that the BMA's advertising campaign may be illegal (para 6): if so, members could presumably challenge it. You may wish to discuss whether there is likely to be any split in the profession.

iii. nurses. Mr Clarke says that the opposition of the nurses has been less publicised and also that they are the most powerful lobby with the public (para 4). He intends to handle their concerns "positively and sensitively". You may want to ask what he has in mind.

Implementation

6. The most convincing evidence to support the reforms will come from successful implementation. Mr Clarke says that if the Government maintains present progress, the patient will begin to see tangible benefits and improvements in the quality of service "well before 1991" (para 18). You may wish to explore his plans.

i. legislation. Our understanding is that the Bill is on course for introduction at the beginning of the next Session and that it should get Royal Assent next July (Mr Clarke hoped for May but the business managers considered this impracticable). You may wish to check that work is still on schedule and discuss how Mr Clarke plans to handle the argument in Parliament.

ii. number of self-governing hospitals and GP practice contracts by April 1991. Mr Clarke says that the first ones "will be pilots in effect" (para 11). The paper is not specific about how many he is aiming for by April 1991. It is important that the targets are realistic and satisfactory, and that they are going to be met. You may wish to ask.

iii. Family Practitioner Committees. The paper says that arrangements are in hand for appointing general managers to FPCs; but there is otherwise very little about what is being done to bring about the major changes proposed in their role by April 1991. Annex A says that the uncertain position on GP contracts has impeded progress in discussions with the medical profession. You may wish to ask whether this is going to be a problem area.

Practical benefits for patients

7. One important gap in the paper is progress with practical benefits for patients. During the review discussions, Ministers thought that it might be necessary to get the support of the public against the opposition of professional vested interests by giving evidence of practical improvements in the treatment of patients. This was reflected in paragraphs 1.11 to 1.13 of the White Paper. This said that some of the reforms would take time to work through and that in the meantime the Government would expect health authorities to take more direct action on a number of fronts to tackle the problems of greatest public concern. It specifically mentioned:

i. waiting lists;
ii. reliable appointments systems;
iii. waiting areas, eg. for parents with children;
iv. clear information leaflets;
v. better procedures for complaints and suggestions;

vi. rapid notification of the results of diagnostic tests;

vii. a wider range of optional extras which patients could pay for;

viii. changing GPs. Chapter 13 promised that in 1989 the Government would introduce regulations to make it easier for patients to change their GPs.

8. You may wish to ask what progress is being made with these practical improvements in the treatment of patients. To the extent that they come through first, as early signs of the benefits which are to be expected from the reforms, they should help to reassure the public about other criticisms. Should these reforms be a priority in allocating any additional expenditure?

Meeting legitimate concerns

9. Mr Clarke refers to the need to meet the legitimate concerns of the medical profession (para 1) and says that "many of their concerns are based on deeply felt concerns about the effects on the quality of health care" (para 4). You may wish to ask what this means and what he intends to do about it. Some of the concerns listed in annex A, particularly those of the nursing profession, appear to be ones which will anyway need to be resolved as part of the implementation process: for instance, the lack of a clear definition of core services and the case for multi-disciplinary clinical audit.

10. Mr Clarke also refers to "continuing pressure from some of our sensible supporters on some issues, such as expenditure controls on drug prescribing or restricting GP freedoms to refer" (para 4). You may wish to ask how he intends to deal with such concerns.

CENTRAL MANAGEMENT OF THE NHS

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11. The paper of 20 July circulated by Mr Clarke has been agreed by Sir Roy Griffiths, Sir Chistopher France and Mr Duncan Nichol. There are a lot of points which could be raised. You may

want to focus on the main issues raised at earlier meetings.

i. separating the Management Executive from the policy functions of the Department. It is not easy to judge from the paper how far this has been accomplished. The table shows 745 staff dealing with policy and other functions, including 158 on finance; 860 staff in the Management Executive, including 44 on Health Authority finance; and 1090 staff in common support service functions. It has been decided that responsibility for policy and execution in the Family Practitioner Services should remain in a single group (see covering letter) but that Accounting Officer responsibility for the Services should be split (annex A). It is proposed however that there should be a single Administration Vote covering both the policy part of the Department and the Management Executive (para 7 of the paper). You may wish to check whether Treasury Ministers are content.

ii. delegation and devolution. Your last meeting concluded that the Chief Executive would need to have sufficient powers delegated to him by the Secretary of State, for instance in relation to Regional Health Authorities including their chairmen, to enable him to manage operational matters effectively. The paper simply says that delegation to the Chief Executive of the Secretary of State's powers, eg in relation to Regional Health Authorities, and devolution within the NHS will be dealt with through the continuing work of the Policy Board and the Management Executive.

iii. slimming down the Department. You asked at the last meeting that the report should cover progress in slimming down the overall numbers in the Department. The paper says that the Department is implementing plans to remove the work of some 4,800 staff, mainly by transferring them to the NHS,

and is considering transferring a further 1,200 posts starting in 1991. This would leave 2,700 covering the Management Executive, the Policy group and their common services. "These numbers will fall as a result of the management plan which the Department is developing, and might be reduced still further when the new NHS arrangements are in place".

iv. appointments. The Chief Executive is to have power to make Senior Open Structure appointments, subject to clearance by the Secretary of State and the permanent Secretary, who will seek the necessary central approvals (para 4). This is as agreed at your last meeting. There is however a reference to developing further arrangements for secondments and the use of agencies including possibly a "central NHS body to provide the Chief Executive with a base for the NHS support he may require". What lies behind this is unclear. The Treasury are concerned that it could become a way of avoiding controls over numbers, grading and pay.

12. You will wish to consider how far to discuss these points at the next Ministerial meeting, given the overriding importance of making progress with the main NHS reforms. One possibility would be to ask Mr Clarke for separate short notes on these four topics, giving more specific details of the arrangements being put in place under each heading.

RTJW.

R T J WILSON
Cabinet Office
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