

SECRET and PERSONAL

PRIME MINISTER

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NHS REFORMS

Since the presentation on 14th June I have been reflecting on the Government's position in relation to our proposals for reforming the NHS. It goes without saying that there are some major political problems for us, but I thought you might find it useful to have my personal views on some of them.

2 As a Government, we committed ourselves to our reforms because we believe they will lead to a better health service run in the interests of patients. Since the publication of "Working for Patients" we have been engaged in what I call competitive prophecy - our opponents have asserted that the NHS is headed for chaos and we have asserted even more strongly our vision of a much improved NHS. If we now show that we lack confidence in our proposals the general public, let alone our opponents, will draw the obvious conclusion. The growing number of those within the health service who are anxious to build on the changes we have proposed will fade away. We shall be left in a totally unconvincing posture.

3 But we would not be allowed to take the NHS off the political agenda. The opposition we have always faced in certain parts of the professions would be reinvigorated, and our allies in NHS management would be demoralised. Worst of all, our proposals for reform would overhang the election. The Labour Party would join with the BMA in urging the public to vote against us to prevent the reforms being put into effect. They would both forecast that the return of a Conservative Government would mean commercialisation, privatisation and cuts. I fear we should be handing our opponents an election issue which would precisely suit their purpose - the defence of the NHS against "reforms" on which even the Government appeared to have hesitated. I have never thought that we can win an argument against fear aroused by our opponents by their description of what the reforms will mean. We can only win when the argument is about the reality of changes accomplished and in place.

4 I am sure that we are both equally concerned with these difficult problems and we are in complete agreement in wanting to avoid an outcome which would loom large in the election. It is clear that we cannot afford turbulence at the launch of our reforms. The ideal which we should aim for must be sufficient change to show that we have confidence in our policies and to retain the backing of our supporters, both in the NHS and beyond, who see us as a Government committed to improving the way things are managed.





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5 All this leads me to the conclusion that we ought to proceed with what I have been describing for months as the evolutionary approach. I think we have so far failed to explain clearly enough to you how we are planning to phase in key elements of the reforms. It is important to understand that various key steps hang together and cannot be taken separately. They all have to be taken at once in a controlled way. We should proceed with the launching of some NHS Trusts - although recent Press comments about slowing down the reforms may well in themselves reduce the number of candidates. We should press on with the creation of GP fund holders, but again the numbers will be more limited than they might have been if doubts about our commitment to the reforms grows. We cannot sensibly set up either without establishing the separate roles of commissioners and providers with service agreements or contracts between them. Money cannot sensibly flow to self-governing units unless we move to resident based funding for District Health Authorities. Our candidates for self-governing status are scattered across the country and we would be reduced to a mere handful if we only allow these changes in two Regions which is not, in any event, practicable for many other reasons.

6 What is crucial is to have all the really important pieces of the reformed structure in place. They will demonstrate the practicality of our proposals and vindicate the commitment of many in the NHS who wish to see them implemented. We have to accept that there will always be a protesting chorus within the Health Service; better for them to protest about things which others will be operating and supporting than about our alleged irresponsibility in marching the NHS to the top of the hill and then marching them down again.

7 I see our major choice lying between a sustained but carefully managed commitment to the approach we believe to be right, and which we evolved after a full review, or approaching the election accused of misjudgement and last minute doubts. I am sure you are right to want to insist on the most careful management. I have sent over to you papers which I hope will demonstrate how carefully and systematically we have been approaching the many demanding problems of implementation. I have not lost confidence and I believe those problems are surmountable. What would be insurmountable would be an election fought over the future of an NHS which we had, apparently, abandoned to speculation and the frightening descriptions by our opponents of the Tory reforms to come.

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 Department of Health  
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