LETTER FROM WESTMINSTER

Big spending before big bang

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These are momentous days for the high command at the Department of Health and Social Security. There is around the place that tingle of excitement about the shared secret of a big surprise to come.

The secret, to be revealed next Thursday—19 November—is the government's plan to reshape general practice and primary health care. Preparation is fast assuming the proportions of a D day operation. Beside it everything else pales into dull routine—whether it be last week's health spending forecasts or next month's move of the DHSS headquarters from the downmarket Elephant and Castle across the river to splendid new premises in the Richmond Terrace restoration, overlooking Downing Street itself.

When the Secretary of State, Mr John Moore, is overheard whispering about the biggest change in the health service for 40 years he is talking not of his change of desk but of Thursday's primary care white paper—his personal perestroika. Two weeks ago on this page I characterised it as medicine's own "big bang" and everything still points to that being true.

The prediction is of renegotiating general practitioners' contracts to accommodate practice targets for specific health care in terms of immunisation, cervical screening, minor surgery, and so on, coupled with a "new deal" for patients in the information that they are given and ease with which they can switch doctors, who will be required to retire at 70. That stands as a speculative summary in advance of the white paper.

Meanwhile, this is merely the week between. That is, between Mr Moore's approaching milestone and last week's public expenditure statement by the Chancellor of the Exchequer. It was no accident that the first item that Mr Lawson highlighted was £700m more on the health service in England next year and another £800m the year after.

For hospitals and community health services there will be £479m more than was planned a year ago. This is a cash increase of 6.3% against an inflation forecast of 4.5%, giving an increase in real terms of 1.8%. Health authorities, however, are officially assumed to beat inflation by fully 3%. For example, another £150m is expected to be released through cost improvements (on top of the £500m already achieved). Then there is to be a new programme of "income generation schemes" from non-NHS sources.

Health Minister Mr Tony Newton explained what this means. Health authorities will be expected to raise money through enterprises like hospital shops and cafeterias, or by selling anything from surplus equipment to advertising space. This should bring in £10m to £20m. Another £90m of income is assumed from private patients' charges.

Spending on the hospital and community health services in England will amount to just under £12 billion next year. Within this total Mr Moore is earmarking £50m as an extra contribution towards counselling, treating, and caring for those with the acquired immune deficiency syndrome. He is also increasing the waiting list fund by £5m to £30m and extending it for a further two years.

What does this package imply? When the number crushers get to work and subtract items like previous underfunding of pay awards or add in a growth factor for "demography and medical advance" the chancellor's munificence can be argued out of existence. Mr

Newton is adamant that everything has been counted: "We have taken into account all the bills health authorities have to meet. We reckon that allowing for all factors there is enough not only for maintenance of services but for some further degree of expansion."

Local managers struggling to contain overspending on this year's budget will not see the bottom line until the detailed allocations for 1988-9 filter down through the regions and districts after the new year. But it is clear that perceptions in the wards and at Westminster are destined to remain far apart. And needless to say the BMA, which was looking for an increase of 7.8%, has publically expressed its disappointment.

The government for the moment has all the big guns and the opposition manifestly lacks any matching fire power. Within the ruling Conservative ranks the prevailing view is that, despite the chancellor's magic, public funding of the health service has gone about as far as it can, if not beyond what is prudent. It is not disputed that more is desirable. The Tory search for new funding, however, looks less to the Treasury than to sources that range from private insurance to a national lottery.

Over £100m saving on competitive tendering

And if the government needed testimony to the success that its managerial approach can achieve it came in evidence given last week to the Commons public accounts committee. It was looking at progress in competitive tendering for the so called hospital "hotel" services of cleaning, catering, and laundry, which was introduced in 1983.

Mr Len Peach, chief executive of the NHS, was able to announce that annual cost savings in these services have now reached £103m and will rise to at least £120m in another year or so. That is no small accomplishment, and since relatively few contracts are going to external contractors, particularly for hospital laundry and catering, it shows the order of in house savings that are attainable. It is little wonder that ministers believe that there is still scope for more savings, possibly extending into the clinical side. Even the hard nosed MPs on the public accounts committee tend to agree.

Returning to the spending plans for next year, the unusually large forecast for family practitioner services deserves attention. Costs in England are expected to rise by £350m next year to a total of £4.2 billion. This amounts to real growth, above inflation, of 5% in general practitioner services, compared with under 3% in the current year. Over the following two years the provisional total rises to £4.7 billion.

Unlike the cash limited hospital budgets, of course, family practitioner services are open ended or what the jargon calls demand led. The budget forecast is only a best estimate. So why have the officials made it larger than usual? Are they expecting a flu epidemic next year? Certainly the drugs bill may be set to rise as savings on the limited list tail off. The hidden element, however, is doubtless a sweetener which Mr Moore has at his disposal to help general practitioners swallow whatever he has in store for them next week.

Finally, the social services select committee for the new parliament was in course of being set up as the *BMJ* went to press. One of Labour's doctor MPs, Dr Lewis Moonie, is among seven new members, along with Mrs Gillian Shepherd, chairman of Norwich health authority and now Conservative MP for Norfolk South West. The new chairman of the committee is still to be settled, in view of resistance to Labour's nominee, left wing MP Mrs Audrey Wise.