LETTER FROM WESTMINSTER

Government's spending plans until 1987

WILLIAM RUSSELL

The government's public expenditure white paper for the three years 1984-5 to 1986-7 may have made clear that it is still to be a case of carry on squeezing and curbing public spending, but it did include some extra cash for the health service. It also revealed that Mr Norman Fowler, Social Services Secretary, had won a skirmish or two with the Treasury, notably an acceptance that cash limiting the family practitioner services is not on. That ought to be significant, coming in advance as it does of the general review of how to finance the welfare state in the long term that has been promised. Cash limits have long been regarded by the Treasury as a way of controlling the services that it regards with some suspicion. The unexpected overspending by the family practitioner services last year was one factor that contributed to the economic measures introduced in July by Mr Nigel Lawson, Chancellor of the Exchequer, aimed at getting government spending back on course. These led to cuts in hospital budgets. The white paper has, however, conceded that what really happened was that demand was underestimated.

It says that the government will continue to take account of the increases in demand for family practitioner services, while "aiming to ensure that spending on these non-cash-limited services is considered in the context of the general drive to improve control over public expenditure." An extra £200m is, therefore, being provided for 1984-5. This is double the amount allowed last year, and brings the total up to £2882m. The white paper says that the provision also reflects the government's intention to moderate the increase in drug costs in consultation with the pharmaceutical industry.

Effective prescribing

That determination was spelt out recently by Mr John Patten, the junior health minister, in an adjournment debate on drugs. He said that the decisions that led to the presentation of a prodigious, but necessary, bill to the Exchequer each year were made in the doctor's surgery, and the government was concerned that there should be effective prescribing. "We want this in the interests not of doctors, politicians, or the pharmaceutical industry, but of patients," he said. "Medicines should be prescribed only when they are essential and in adequate, but not excessive quantities." He made it clear that the government thinks that it is incumbent on doctors to do what they can to curb the worst excesses of overprescribing and over-expensive prescribing. It is planning a campaign that will educate doctors to become cost conscious while exercising their critically important freedom to prescribe in the clinical interests of their patients. "There is no reason why clinical freedom and cost effectiveness cannot be linked," he added. "The medical profession must make major efforts not just to ensure that that happens but to demonstrate publicly that it does." Mr Patten said that he warmly welcomed the cooperation of the BMA in encouraging doctors to restrict the amount that they prescribed on any one occasion to no more than was strictly necessary in the patients' interests on clinical grounds. In the campaign there would be more emphasis by

regional medical officers on the need for doctors to try to prescribe generically whenever possible and to limit the quantity prescribed at any one time.

The white paper also restates the government's commitment to maintaining the present basis of financing the health service largely from taxation, another significant passage in view of that long term look at the welfare state and how it can be afforded.

On family practitioner services, the white paper points out that planned net spending on them has doubled in the five years since 1979 and increased by over 18% when measured against the retail price index. "The numbers of doctors and dentists have continued to grow and the demand for ophthalmic and pharmaceutical services has increased," it adds. "The increase in patients aged 75 years and over places a greater burden on the family practitioner services as their need for care and drugs is higher than the average for the population as a whole. The government has received the Binder Hamlyn report on the forecasting and control of expenditure on the family practitioner services and is considering its conclusions." No suggestion of what it intends to do about the report's findings is given.

The white paper does, however, say that some of the increase in spending is due to the fact that new and improved drugs are generally more expensive than those they replace. It adds that the government will continue in discussion with the drug industry to seek improved control over future drug expenditure, while providing a reasonable return to the industry on sales to the NHS.

Government's commitment underlined

Mr Fowler, in a statement to accompany the publication of the white paper, said that there would be record expenditure on the NHS over the next three years, and the figures, which showed spending on the NHS rising faster than spending on government programmes overall, underlined its commitment to it. Total spending over the three years will increase by about £2500m and the plans imply about 3% further real growth in hospital and community health services. "We are planning to achieve the maximum value out of health service spending to meet the growing needs of patients," he said. "The result should be a better health service caring for a record number of patients."

The white paper also notes that the present plans for the health service and other central government groups are based on the decision announced last September by Mr Lawson to provide for average increases in pay and allowances in 1984-5 of 3% from due settlement dates. That 3% figure is apparently not mentioned in what is said to be a tough submission by Mr Fowler to the doctors' and dentists' review body. He also apparently firmly rejected the idea that the BMA is said to have put forward—a request for a catching up payment. If the 17% figure the BMA has allegedly submitted is made up of 11% for catching up and 6% for pay then the fact that Mr Fowler does not mention 3% means that doctors could get a little more than that, although nowhere near 6%. I would not, however, care to hazard a guess how much. One factor that complicates the whole thing is that the nurses should be due at about the same time to get a proposal from their review body, and that settlement cannot be hopelessly out of step with that reached with the doctors' and dentists' review body.