Letter from Westminster

All change at the DHSS

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The question is, of course, did he slip, or was he pushed. I am not sure that I know the answer, except that it probably was a bit of both. Either way, inside the space of seven months there has been a clean ministerial sweep at the Department of Health and Social Security. Officially, the explanation for the transfer of Dr Gerard Vaughan from being Minister of State at the DHSS to Consumer Affairs Minister is that it was done by the Prime Minister to expand his experience. Dr Vaughan's only ministerial job has been at the DHSS, and he has been a health spokesman in and out of office for the past seven years. That may well be, but equally there is little doubt that he and Mr Norman Fowler, the Social Services Secretary, did not see eye to eye on a fairly wide range of issues while they might not have been poles apart on the basic principles of health policy. These differences, and Mr Fowler's alleged desire to be reunited with Mr Kenneth Clarke, who was his junior minister in the Department of Transport, meant that when Mrs Thatcher decided to fill the Consumer Affairs job Mr Fowler was in no doubt as to who he wanted if Dr Vaughan was going. Certainly, Mr Clarke deserves his promotion. He won golden opinions at Transport, and unkind people even say that he was the brains behind Mr Fowler there, and this is why his presence at the DHSS was so keenly sought.

The change does signify that there is likely to be a different attitude at the DHSS to the medical profession. Dr Vaughan and Mr Patrick Jenkin, the previous Social Services Secretary, went to great pains to rebuild the links with the medical profession severed under the Labour Government.

Mr Fowler and Mr Clarke are likely to be more political in their response to problems, and it could be that now it will be the patient's rather than the doctor's point of view that will prevail—there are, after all, general election votes to be courted from now on. One result of the changes is that it looks as if the expected report on alternative financing has been shelved. Dr Vaughan was pretty well committed to its appearance, and while a decision on what to do has still to be taken—it is something Mr Fowler will want to discuss with Mr Clarke—it looks at best like being a general statement of the problem of expectations outstripping resources and the opening of a great debate on what is to be done.

The other "victim" of the reshuffle at the DHSS was Mrs Lynda Chalker, who has moved over to Mr Clarke's old job at Transport. Her place has been taken by Mr Tony Newton, MP for Braintree, a former whip. For the moment, Mr Fowler has no plans radically to alter the allocation of duties among his juniors, though there may be a slight shift of emphasis. Mr Clarke, MP for Rushcliffe, entered the Commons in 1970, the same year as Dr Vaughan. The son of a watchmaker and jeweller, he was educated at Nottingham High School and Gonville and Caius College, Cambridge. He has been a whip and was a social services spokesman from 1974 to 1976 before moving on to industry. The verdict is that he will go further.

With Mr Fowler at Transport he played a prominent part in

the Government's policy of privatisation. Now they are reunited it seems certain that there will be moves for the private sector to participate more in the provision of health services.

Public expenditure White Paper

The Government's public expenditure White Paper published at the same time as the Budget shows that ministers expect the demand for family practitioner services (FPS) in the coming financial year, 1982-3, to be lower than expected. Some £26m was underspent in 1981-2, and the Government has taken this to indicate a trend that it has built into the coming year. In that £26m is a £10m figure made up of savings expected from reduced prescribing costs due partly to the introduction of the new *British National Formulary*. The White Paper says that the 1982-3 figures reflect the Government's expectation that further economies in the FPS will be made by reducing prescribing costs, and adds that allowance has been made for the tendency for prices of goods and services purchased from the FPS to increase faster than prices in general. It also says that one factor in reducing demand is the increase in prescription charges, pointing out that at present they meet about 9.5% of the cost of the FPS compared with 8% in 1979-80. The new charges—from next month they go up from £1 to £1.30—are expected to increase this proportion to about 11%.

The White Paper puts gross spending on the FPS in 1982-3 at £2702m compared with £2476m in the previous year. The planned increase is to £2930m in 1983-4 and £3120m in the following year, the last one covered by the White Paper. It says that demands for health services are growing, in particular because of the costs of treating the increasing number of elderly people.

The White Paper states: "The Government believe that the best way of meeting new needs is by increasing the efficiency of the Health Service." Reorganisation is, of course, expected to achieve that, and the White Paper says that health authorities have been asked to contribute at least £17m to development by increased efficiency in 1982-3. This represents about 0.2% of their total budget. In the following two years they are told that the Government expects them to make savings of at least 0.5% a year. Provided the £17m figure is achieved, the White Paper continues, the Government believes this will allow a 1.7% growth in services compared with that planned for 1981-2.

The report of the Doctors' and Dentists' Review Body is not expected at the DHSS until the latter part of April. When it comes it will have to be considered against the 4% figure for pay by which the Government still stands. All the same, Mr Fowler has now offered the nurses a £63m sweetener to bring up its offer to around 6.3%—the claim is for 12%. After insisting that 4% was an appropriate provision for pay in general, Mr Fowler declared:

"The Government recognise the need for pay settlements to take account of market factors including their effect on recruitment and the retention of certain types of expensively trained staff in the NHS." That must surely make total rejection of whatever the DDRB comes up with—and it is bound to be more than 4%—rather difficult.