Letter from Westminster

Think Tank's report shelved, but not ditched

WILLIAM RUSSELL

The report of the Think Tank on, among other things, the National Health Service that caused such dissension in the Cabinet is a dead duck. We have the word of Mr Cecil Parkinson, chairman of the Conservative Party, as well as the assurance by Mr Norman Fowler, Social Services Secretary, to last week's Conservative Party conference that taxation will remain the predominant way of financing the National Health Service to back it up. And in her closing speech to the conference the Prime Minister said that she wanted to make it "absolutely clear" that "the NHS is safe with us." So what was all the row about?

Ministers were in no doubt—when the report proposing the change to a health service based on insurance funding landed in their red boxes—that whatever the logic of the plan it was politically impossible. They decided, therefore, to take no action and were urged by the Prime Minister to go away and think about the lessons that they might learn for their various departments. Mrs Thatcher then departed for the Far East and the contents of the report were leaked together with accounts of the shock horror it had caused all wet-thinking men in the Cabinet. As always, when the cat's away the mice come out to play, and Mr Leon Brittan, Chief Secretary to the Treasury, decided to back up the report, insisting in a speech that all options were open. A great row ensued as the Labour and Liberal parties leapt on the bandwagon to defend what Mr Cyril Smith called "the people's Health Service."

Mrs Thatcher, who has always been at pains to impress on the nation that hers is a caring government, was not at all pleased when she returned and instantly made clear that the report had been shelved. Well, yes, indeed. Shelved is one thing, ditched is another. The point to be remembered about dead ducks is that there is an awful lot of meat on a dead duck, and some of the meat on this particular one looks like ending up on the Conservative menu.

Mr Fowler signalled as much to the conference in his reply to the health debate. The NHS was 35 years old, and some early assumptions, like the view that the demand for health care would go down after it was formed, had proved to be false, he said. It had increased and was increasing.

"This Government is prepared to face up to the realities of the position," he added. "We can't divorce the Health Service from the rest of the economy." To some extent that is what has happened so far as spending on health has been concerned, and Mr Kenneth Clarke, the Health Minister, speaking to the annual fringe meeting held by the Conservative Medical Society, was more specific. He pointed out that so far, contrary to what people and the medical profession believed, the NHS had been exempt from the cuts and had been given increased resources in real terms. But if it had escaped the effects of the recession so far, he made clear that this was unlikely to continue, especially in the light of the economic climate of the next decade.

Somebody had to produce a change in the attitude of those concerned with health care, he said. People had to be made to face up to the fact that the easy answer of more resources was no longer available, and that one could no longer solve everything by limitless additional expenditure. "If you have an economy in

recession, and not very spectacular growth for some years to come, you have to match realistic growth in the NHS with the sums you have to tackle it," he said. He then insisted that the Government's priorities remain the elderly, the mentally ill, and the mentally handicapped—the "unfashionable" groups that do not attract the private sector.

Given the general gloom that the Chancellor of the Exchequer, Sir Geoffrey Howe, has been peddling, the fact that unemployment is not going down, and the repetition of the cutting-one's-coat-to-suit-one's-cloth message that ministers have been giving, the days of the NHS as it would seem to be numbered. The wilder charges hurled in the aftermath of the leak may prove unfounded—insurance funding is not on—but changes in the light of the economic realities as perceived by the Government there will be.

Privatisation back on the menu

Privatisation is certainly back on the menu. Until recently, while it may have been "policy," it was always said to be something terribly difficult to do which might, in any case, not result in something better. Now, in pursuit of value for money, the ministerial catch phrase for the coming months, the hiving off of ancillary services will be seriously looked into.

"If an outside firm can do the cleaning job better and cheaper, then for goodness sake let us do it that way," Mr Fowler told the conference. "If we save money on cleaning, then there is more for patient care." Over now to Mr Clarke at the Conservative Medical Society. He said that the Tories at the conference, who had demanded privatisation of ancillary services (they included the director of a private health firm), were "pushing at a very open door as far as we are concerned." More progress had to be made, he added. What ministers were interested in was making the best use of the private sector, particularly in providing services of a hotel nature.

"When one talks about private provision of medical care, that would never supplant the NHS in my opinion and that of the Government," he said. The position on the NHS had been set out in the policy statement in July. But there was no reason why the private sector should not play a larger role, should not coexist.

"We would like to extend the present partnership between the public and the private sector," he said. "There is more scope, not only for pay beds in hospitals, but for seeing whether patient services might not be provided by the Health Service contracting out to private hospitals." But he was not dogmatic about it. "We are not doing this because we have any particularly strong views about whether a particular job should be done in the public or private sector," he said. "What one needs to know is that it is being done at minimum cost to the Service. As long as it is cost effective, you are producing more money for patients."

The other thing that is being done in pursuit of value for money is an all-out assault on the number of administrators. Mr Fowler is setting up a small team led by people drawn from private industry to look at the problems of how manpower may be directed to serving patients, not building new empires of paper and bureaucracy.