Letter from Westminster

Mr Lawson's Exocet on NHS

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Overspending by the family practitioner services was given as one of the reasons for the Chancellor of the Exchequer's £1000m emergency package. The truth that the supplementary estimates showed when published the following day, however, was that the EEC butter and beef mountains had a lot more to do with the need to cut back and bring things into line with the course laid down by the Public Expenditure White Paper. As with all Mr Nigel Lawson's Cabinet colleagues the package came on Mr Norman Fowler, Social Services Secretary, and Mr Kenneth Clarke, the Health Minister, pretty well out of the blue. They had, after all, just announced their guidelines for growth for the next decade, and then there was this Treasury Exocet lurking among their papers.

Ministers got the formal 48 hours' notice in advance of the Cabinet, though it does not seem to have come to the attention of all of them—Mr Michael Heseltine, the Defence Secretary, was one notable casualty—but it was still a genuine surprise. Mr Clarke and Mr Fowler lost no time. They dropped everything on the Wednesday, arranged a meeting with the Prime Minister and the chancellor, and managed to get an assurance that they could achieve the £130m cuts demanded of them in their own way, not by a rigid adherence to the chancellor's wish that the cuts be found from 1% on pay and 2% elsewhere. They also reckoned that the chancellor had given them time to secure the savings—later in the year it would have been very difficult. As for the future of spending on health, they got a commitment that it would be sustained at the set levels over the next two or three years. But that does not mean that the coming public spending round is not going to be very tough. The upset that Mr Lawson caused among his colleagues is illustrated by the fact that they insisted on having written into the Cabinet minutes a sentence remarking that it would help if in future more warning was given of such packages.

The £1000m broke into two halves: one to be raised by selling off assets, the other by cuts in departmental programmes. The Department of Health and Social Security's share was about £128m. Mr Fowler said that his department was about £300m out of line, a third of which came from spending on the family practitioner services, which are not cash limited but demand led, and the balance on social security spending. He said that they would try to get back on course by setting lower manpower targets, by seeking economies generally, and by cutting the drugs bill. He managed to get that reduced by £25m after emergency talks with the drug industry. This reduction looks likely to come from the drug companies cutting their profits, as action on generic prescribing and on the new pharmaceutical price regulations scheme would not take effect quickly enough. Coughing up the £25m should present the industry with no great problems, though it will make a lot of noise about how cutting profits will place research in jeopardy and adversely affect competitiveness.

An announcement about the new arrangements for the pharmaceutical price regulations scheme and about what is to be done on the Greenfield report on generic prescribing may come before the House rises for the summer recess at the end of the month. But nobody is counting on it, and the precedents for slipping things out in August

are thick on the ground. A move towards generic prescriptions is now pretty well certain, since it would save some money and every little helps these days. Mr Clarke accepts that generic substitution could make a contribution, and a series of options are being looked at. They include redesigning the prescription form to allow pharmacists the opportunity of substituting a generic drug where a general practitioner has named a branded product, and giving general practitioners the chance to indicate whether they are willing for this to be done.

The power of the drug industry must not be underestimated. It is a notable money spinner and last year had a £600m balance of trade surplus. Nothing will be done to kill this golden goose. But cuts have to be made, economies have to be achieved, and all this will be likely to secure action on something that has been around for a long time with no perceptible movement being achieved.

Politically it all did the government no good, since the fact that Mr Lawson had to unveil such a package so early on in his new job tended to confirm the fears that Labour had been expressing throughout the election campaign about "the secret Tory manifesto" that contained all the bad news. It also lent a little credence to the charge, which never stuck, that Mrs Thatcher had "cut and run." But given the state of the Labour party and the size of her majority all that is rather academic. Mrs Gwyneth Dunwoody, Labour's health spokesman, noted sourly, however, that it had taken only three weeks for the government to break its promises on the NHS. "On 30 June they announced a 10 year policy of cuts, but the pace is accelerating," she said. "One week later they have done it again." As for Mrs Thatcher, tackled in the Commons last week about the cuts, which, Mr Michael Foot, the Labour leader, said, could mean the loss of about 20 000 jobs, she stood by her record, but while proud to boast about the fact that there are now 484 000 nurses and midwives employed in the NHS she was scathing about the fact that the numbers employed in the administrative and clerical sections had increased during the lifetime of the last government and that on the ancillary side there were 209 000 people employed. "There are, therefore, considerable areas for improved efficiency," she said.

More Scottish complaints to ombudsman

More people in Scotland complained to Sir Cecil Clothier, the Health Service ombudsman, last year than ever before—and he is at a loss to explain why this should be so. Perhaps he should come and listen to a few Scottish debates or question times in the Commons. He would soon find out. We Scots are a cantankerous race. Last year complaints by Scots rose by 73% from 62 the previous year to 107. The previous highest figure was 70 in 1978-9. Complaints generally, however, went up. For the whole of Great Britain they rose by 16%, totalling 797 compared with 686 the previous year. Sir Cecil said that only a small number seemed to stem from the industrial unrest in the NHS and that to some extent the increase must be due to growing awareness of the existence of his offices and what they could do for people. His report also shows that the argument over clinical judgment has a long way to go, because this was the most common reason for his having to reject complaints. It accounted for 39% of those rejected, or 220 out of a total of 559.