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We may return unduly long letters to the author for shortening so that we can offer readers as wide a selection as possible. We receive so many letters each week that we have to omit some of them. Letters must be signed personally by all their authors. We cannot acknowledge their receipt unless a stamped addressed envelope or an international reply coupon is enclosed.

Functional budgeting

SIR,—Consultants in Swansea are alarmed by the imposition, within the framework of the standard accounting system, of "functional budgeting" on (initially) paraclinical or service departments in our hospitals. We wonder if our sharp misgivings are justified and if they are shared by colleagues elsewhere, some of whom will already have had personal experience of the system at work.

Standard accounting, now computer based, and functional budgeting have long operated in such hospital departments as works and catering. An appointed manager within the department holds an allocated budget from which all costs, including salaries, must be met. Proponents of the scheme stress the benefits of being able to spend autonomously and flexibly within the allocation and point out that the budget-holder is provided with whatever financial feedback he asks for to enable him to perform this balancing act. However, there can be no power to hire or fire, efficient under-spending may be regarded as unfavourably as over-spending, and it is not permitted to carry over husbanded savings or to supplement the budget by non-statutory means.

Required reading on this subject are the 257 pages of the second research paper of the Royal Commission on the NHS,¹ compiled by a multidisciplinary team (including information scientist, economist, former civil servant, former professor of financial control, an area treasurer, and several accountants) based at the University of Warwick and covering hospitals throughout the UK. I will refer to particular pages of this complex and at times opaque document.

Among the more disquieting aspects of functional budgeting for clinicians are the unobtrusive way in which it is being introduced "experimentally" without frank explanation or

full discussion with the medical profession as a whole; the fact that budget-holders (or "information-receivers," as we have heard them locally disguised) can be—indeed, have been—nominated by employing authorities from non-medical echelons; and the fact that the statutory responsibility of the monopoly employer to provide or not to provide medical services is being squarely devolved to named employees without at the same time guaranteeing them any real flexibility of fiscal constraints (pp 107 and 111).

As long ago as October 1977 the BMA, through the CCHMS, issued advice to consultants² on the introduction of this method of budgeting into "certain areas of hospital activity, notably pathology departments and radiology departments, on the grounds that these support services are more easily organised from a functional budgeting standpoint." The CCHMS at that time advised that "the basis on which the budget of [these] departments is constructed is incomplete and unsound." Their reservations included the following crucial caveats: "Any financial deprivation preventing or restricting patient care or investigation shall be communicated to the consultants concerned and responsible for the budget. They, having ensured that full economic efficiency already exists . . . are duty-bound to communicate the medical consequences . . . both to employing authority and consumer [my italics]. In the event of financial restriction so limiting the performance of patient care . . . it is the duty of the consultant medical staff concerned to maintain proper standards by restricting the service offered."

Although serious objections not only of principle but of practical detail had been raised, the cautionary report of the CCHMS sank like a stone. The Royal Commission's

multidisciplinary team was aware that "work load measurement and work load derived budgetary planning" become more difficult the closer one gets to direct care of the patient (p 107). They therefore propose the more "attractive concept" of "specialty budgeting" (pp 152-157). To my reading this is the same concept under another name. Functional budgeting, however called, is spreading. It is difficult to see how, by the inexorable logic of the process, acute clinical departments can be spared its imposition, unfitted though they are agreed to be to this budgetary structure. "If once committed to specialty budgeting, and better informed on the financial process, clinicians may become a more effective pressure group than at present, on behalf of acute care." Thus does the second research paper (p 154) encouragingly put it. Put another way, clinicians will be forced to discover that performing or not performing, say, a hip replacement is a painfully different matter from ordering or not ordering an extra tin of corned beef.

It is now urgent that the BMA restates its position on functional budgeting so that all hospital consultants will have the stimulus to think and act before events overtake them. When I chaired a well-attended medical staff committee the other day my colleagues were, almost to a man, strongly opposed to functional budgeting and dismayed by its professional, legal, and political implications. They realised, however, that the system cannot be bucked locally but must be strenuously argued at the highest national level.

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¹ Royal Commission on the National Health Service, Research Paper No. 2, *Management of financial resources in the National Health Service*. London, HMSO, 1978.

² *British Medical Journal*, 1977, 2, 1299.

Marriage matters

SIR,—I was interested in your leading article on *Marriage Matters*¹ (5 May, p 1164), the