Letter from Westminster

Guarding the NHS's patch

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With the Cabinet facing up to another round of spending cuts the DHSS could reasonably be expected to have its share of the jitters about what contribution it will have to make. The chances are that the main contribution will be made by the social services, but the health side got off relatively lightly last time round—current spending on the NHS amounts to £11 900m—and that makes it all the more vulnerable. What is going on was shown in a letter from Mr John Biffen, Chief Secretary to the Treasury, to Mr Francis Pym, Secretary of State for Defence, which was leaked the other day. It said—"The cuts which we now have to examine in social and other previously 'protected' programmes are likely to create even greater political and presentational problems."

At present the talks are on a bilateral level—that is, between the Treasury and individual departments—and it is only when it comes before Cabinet that the effectiveness of a Minister in guarding his empire is fully tested. Though nobody believes it, Mr Patrick Jenkin, Social Services Secretary, has guarded his patch quite well. That £11 900m, after all, is more in real terms than was spent in any of the Labour Government's years.

The financing of the NHS is, therefore, a matter of some concern, and a contribution to the argument over what might be done will come later this month from the Centre for Policy Studies, the research body set up by Mrs Thatcher and Sir Keith Joseph when they were in Opposition. The centre has the reputation of being a fairly right-wing organisation, but this latest report by a committee chaired by Mr George Bunton, a surgeon at University College Hospital, London, is said to draw on a rather wider range of opinion than its origins might suggest.

It consists of 24 essays by consultants, general practitioners, a dentist, sociologists, and economists on various aspects of the NHS, and on its financing in particular. The overall message is that the plight of the NHS is dire and that it is not providing value for money. The report suggests that to provide the kind of service it was giving in the 1950s would involve an extra 25p in the £1 on income tax and that politically is just not on. Mr Bunton believes that the way to get value for money is to turn to insurance schemes, with the State's commitment being only to provide premises and to care for the chronic sick, emergency cases, and geriatric patients.

The problem is to convince the average family man that he would be better off paying an insurance policy than contributing through taxation. Mr Bunton reckons that trying to change the financing of the NHS is rather like bringing a supertanker to a halt. But that can be done and so should this. Dr Vaughan is certainly attracted to the idea of insurance schemes, but the insuperable difficulty is that they would mean a considerable amount of extra bureaucracy and the Government is committed to cutting the number of civil servants. The Bunton report, therefore, will be welcomed in so far as it stimulates discussion, but for the rest its proposals will be kept firmly at arm's length.

The Minister believes that a step towards changing things would be the introduction of proper departmental unit accounting, the problem being that since costs are hard to identify it is

hard to persuade insurance companies that they could be on to a good thing. He was apparently horrified during a recent visit to Croydon to be told that the administrator, who had 50 budgets in his charge, could not say what it cost to run a particular hospital. Dr Vaughan is due to speak to Health Service treasurers later this month and will be expanding on the Government's thinking on new budget procedures. Work is currently being done into new budgeting methods, the DHSS having commissioned a study from the King's Fund Centre.

Set up last May, the programme still has four years to run and research is being carried out in three main centres—Oldham, Southend, and Birmingham. It is not looking into the answer to Dr Vaughan's Croydon question but at budgeting for individual clinical practices. The aim is to find a system under which districts would have rolling forward-spending plans for work loads and the use of resources agreed with consultants and clinical principals. The plan is that this would lead to decision making and budgetary management within the agreed constraints being devolved to the team carrying out the work, thus avoiding the kind of frustration that can, for example, be caused by having to ask permission from the hospital secretary to buy a new textbook.

It is all in the long term, but Ministers apparently believe the way forward can be found through such research—certainly it fits in with the Government's desire to get decisions made by the people who have to carry them out wherever possible.

Trying to cut the waiting lists

Dr Gerard Vaughan's claim that hospital waiting lists have fallen by no less than 90 000 over the past year was, it seems, a little ingenuous. All that has happened is that the ground lost because of the winter of discontent two years ago has been made up. Possibly the longest waiting lists of all are those of people needing orthopaedic treatment, so it is good news that the report of the working party set up by the Government in June 1979 to look into the problem is now on the Minister's desk.

The remit of the working party, which was chaired by Professor R B Duthie, professor of orthopaedic surgery at Oxford, was to see how the numbers could be cut, taking into account the organisation of orthopaedic services and their interaction with related services. Though no decisions have been made, Dr Vaughan promised at the Conservative Party Conference in Brighton that the Government would act on the findings. It would not be pigeonholed. It seems as if the report's conclusions are such that even in these days of financial restrictions they stand a good chance of being implemented. The report apparently comes down against closures or amalgamations, a possibility the remit would allow the working party to consider since centralisation can be regarded as one way of improving efficiency and thus the speed of treatment. It also suggests that there should be separate treatment facilities to handle "cold" and "traumatic" cases. At present people on the "cold" list simply find that the date of their operations keeps getting put back because of the arrival of emergency cases. Just the sort of evidence that supports Mr George Bunton's diagnosis of a health service in a dire plight.