



See ATW

SUBJECT

10 DOWNING STREET

From the Principal Private Secretary

MANAGEMENT IN CONFIDENCE

17 February 1981

Dear Don,

NHS MANPOWER

The Prime Minister and your Secretary of State had a brief word this morning about his minute of 16 February 1981 about NHS manpower.

The Prime Minister said that it had come as a very real surprise to her and, apparently, to some other members of the Cabinet to learn that NHS manpower had grown by 25,000 since May 1979. The increase was particularly disconcerting because it came at a time when much of the rest of the public service was being reduced. The Manifesto commitment had been that there would be no reduction in spending on the health service and that better use would be made of what resources were available. The growth which had actually occurred in the health service since the election seemed to go beyond this undertaking.

Mr Jenkin said that he could not understand why any of his colleagues should be surprised at the relatively modest growth in the health service which, for example, had expanded in England by about 19,000 to 20,000 between June 1979 and June 1980. It had been agreed in the run up to the election that the levels of expenditure planned for the NHS by the previous administration should be maintained. This had meant that the service had continued since May 1979 to enjoy a limited measure of growth in real terms. Health expenditure had been discussed by Cabinet on four or five occasions over the last twenty-one months and it had always been on the basis of the same policy that there should be a small measure of growth. In a labour-intensive service a policy of growth meant that there was bound to be an increase in manpower. Most of this, however, had been in the professional sector, e.g. doctors, nurses, physiotherapists and so on, rather than in administrative and clerical staff. If the Government was going to abandon its commitment on the health service, we should make this clear publicly, but it would be seen as a very considerable change of direction.

The Prime Minister said that the ratio of one administrator to four/five professional staff revealed in the breakdown of the total

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increase of 19/20,000 seemed unduly high. Moreover, the C & AG's recent report indicated that there were major disparities in staffing levels between different regions of the health service, and this suggested that there might be scope for reducing manning and increasing efficiency in certain areas.

Your Secretary of State said that the health service was doing well in bringing down the costs of its own management. The target for management costs for March 1980 had been 5.25 per cent of the total cost of the service but the proportion actually achieved nationally had been 5.05 per cent. The target for 1984/85 was 4.5 per cent. Moreover, it was important to distinguish between the administrative staff who were employed on management functions and those, like medical secretaries and ward clerks, who were in direct support of professional staff who were providing services to patients. The average period which patients now spent in hospital was dropping. This was due, at least in part, to more intensive nursing, but this could be achieved only if nurses ceased to do clerical work and this made it necessary to employ more ward clerks. Similarly, the recruitment of an additional 2,000 doctors meant that they had to be given appropriate administrative support.

The comparisons between one region of the health service and another drawn in the C & AG's report needed to be treated with care. London, for example, had a very different mix of hospitals from East Anglia and therefore a different requirement for staff. The fact was that his Department did not attempt to impose a detailed manpower scrutiny on the NHS. Rather, they exercised control through the strict application of cash limits. And they were also looking at new systems of efficiency monitoring, including manpower.

The Prime Minister said that she remained surprised at the size of the increase in health service staff. Nonetheless, this growth had now taken place and the Government should take credit for it. She would find an opportunity to mention publicly the increase in the number of doctors, nurses and other professional staff.

I am sending copies of this letter to the Private Secretaries to other members of the Cabinet, to Murdo Maclean and to David Wright.

Yours sincerely,

David Whitmore.

D Brereton Esq.,
Department of Health and Social Security.

National Health

Rbb

PRIME MINISTER

You have now had a discussion with Mr Jenkin about NHS staff numbers.

Are you now ready to approve publication of the "Priorities and Policies" Document on 25 February, with an oral statement that day?

MAP

18 February, 1981

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Priorities and Policies
for Health and Personal
Social Services)