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NATIONAL HEALTH SERVICE.

THE FUTURE OF THE HOSPITAL SERVICES.

MEMORANDUM BY THE MINISTER OF HEALTH.

I hope to put to my colleagues soon my general proposals for a National Health Service. Before I can make further headway, I need a decision on one big question of principle—the future of the voluntary and municipal hospital systems. I am going to propose:

(a) the complete taking over—into one national service—of both voluntary and municipal hospitals; but with special provision for the big teaching hospitals;

(b) the concentration in the Minister of Health of responsibility for a single hospital service, coupled with the delegation of day-to-day administration to new regional and local bodies appointed by the Minister (after consultation with the appropriate local organisations) and responsible to him;

(c) the centralising of the whole finance of the country’s hospital system, taking it right out of local rating and local government.

The Voluntary Hospitals.

2. In the White Paper it was proposed:

(i) to regard the voluntary hospitals as separate contractors, providing services in accord with a local health services plan for their areas and being paid from public funds for doing so;

(ii) to impose on them, apart from the local area plan, certain national conditions—e.g., regulating the terms of service of nursing and other staff, the selection of properly qualified specialist staff;

(iii) to provide for regular inspection of the hospitals;

(iv) to pay them from the local rates and from the Exchequer sums which would together represent the greater part of each hospital’s income, although leaving some field for continued appeal for voluntary support;

(v) subject to the above points, to leave them entirely under their own, independent management as autonomous bodies.

In the discussions since the White Paper there have been various changes suggested; but, broadly, the attitude which I have just summarised has remained the general attitude adopted towards the voluntary hospitals.

3. From estimates formed in my Department it seems clear that the moneys which would have to flow into the voluntary hospitals from public funds, local or central, would certainly amount to 70 per cent, or more, and would often amount to 80 or 90 per cent, of the individual hospital’s income—and even that is on the questionable assumption that some voluntary support will continue to be forthcoming. Even the small remainder of the voluntary hospitals’ income would not wholly represent current voluntary support, as it would include income from investments and endowments dating from the past. In such a situation I do not see how we could possibly be justified in doing what the White Paper would propose.
proposed and leaving the hospitals under the independent management which they have now. I believe strongly that we must insist on the principle of public control accompanying the public financing of the hospitals, broadly in proportion to the extent of that financing.

4. If we do insist on this, it follows from the above estimates that we shall have to impose effective public control on every voluntary hospital. We might, it is true, limit ourselves to inserting a majority of publicly appointed representatives on the governing bodies, but this would only mean creating a new hybrid sort of hospital under publicly provided governors and finance, with some relic of their previous identity and separate status. That would get us nowhere, and if we are in effect to take over the hospitals publicly we must do it completely—i.e., put them completely in the hands of some form of public authority.

5. No doubt compromise schemes could be devised which would start by introducing only a minority element of public control into the governing bodies, and would then enable this to be developed into a full majority control gradually, hospital by hospital, as the dwindling remnant of voluntary resources dried up. But, apart from offending against the principle of public control following public money, any such schemes for introducing and gradually expanding control would not much ease the opposition of the hospitals while achieving nothing of any real value in reforming the hospital services. I am sure the real choice lies between leaving the voluntary system broadly on the footing of the White Paper or taking it over, under some form of public authority, decisively and openly now. On merits I think there is no doubt but that we ought to take a bold course and do the latter.

6. I am strengthened in this by the conviction that, whatever its usefulness in earlier days, the voluntary hospital system has not succeeded in producing a really good hospital service. (I am not thinking of the relatively few big teaching hospitals, for which I want to make special proposals later.) Some of the hospitals are thoroughly bad, just as some of them are good; but the great majority are mediocre and too small, the specialist staffing arrangements of many of them are inadequate—and sometimes non-existent; the whole notion on which most of them have grown up, the notion of the self-contained, separate, independent "local hospital," is nowadays a complete anachronism. I think the system has outlived its usefulness, and the time has come to leave it behind.

7. If the case for taking over the hospitals under full public control is admitted, this means taking over either by some form of local government machinery, or by the central government—and the next question is which is it to be. I would strongly deprecate the former, for reasons which I will give.

The local authority hospitals.

8. A few local authorities run a good hospital system. The great majority are not suited to run a hospital service at all under modern conditions. Areas are usually too small for the needs of the specialised services; the present artificial demarcation of town and country in local government is inconsistent with the right arrangement of hospital responsibilities; the ordinary local authority cannot attract and maintain the quality of expert officers needed for organising modern specialist services; the costs of up-to-date hospital and specialist facilities cannot properly be thrown on local rates without heavy Exchequer subsidy and in any case would not fall equitably (except with a great deal of juggling) upon the present variety of rating areas which a big hospital service must serve. Local government, as we know it, is already overloaded—and a new nation-wide hospital and consultant service is too big and unsuitable a burden to put upon it.

9. Nor has the record of the local authorities in this field been very encouraging. Although they run many more hospital beds than the voluntary hospitals, nearly half of their ordinary hospital accommodation is still run by them in the general surroundings and atmosphere of the old Poor Law system, and their general hospital service as a whole is of questionable efficiency. Their infectious diseases hospitals are usually too small, and are of very varying quality. Generally, they have come into the modern hospital field too late and at a time when developments in specialist medical services are moving rapidly away from a kind of local government system which was never designed for them.

10. The plain truth is that neither of the present hospital systems is the right one, and we have to look for something new in place of both. The first
fundamental from now on is to picture, plan and provide a hospital service on a broad national scale, and to get rid once and for all of any purely historical impediments to doing so. The second fundamental, to my mind, is to recognise that in so highly technical and specialised a service as this we have got to achieve a new blend of the technical expert with the public representative. The full principle of direct public responsibility must, of course, be maintained, but we can—and must—afford to bring the voice of the expert right into direct participation in the planning and running of the service. We have to achieve a fair balance in this—and local government has certainly not achieved it.

11. I have considered the possibility of creating some new and reorganised form of local government unit to run the hospital service, drawing a substantial part of its finance from the local rates and resting in some way on responsibility to the local government electors. The idea of a new directly elected authority for this one purpose can be rejected at once—as unlikely to attract polling interest and as representing a method of conducting local government which, if it were generalised, would produce an impossible hotch-potch of local government areas and rating. The other alternative, of combining existing authorities in some new form of joint board, must, in my view, also be rejected. There are always these objections to a joint board-system—

(a) the removal of local responsibility to two removes from the local electorate;
(b) the intense unpopularity of the system with local authorities, and particularly of the system of precepting on other authorities' rates for the joint board's money;
(c) the difficulty usually experienced in getting the right members of the constituent authorities to serve on joint boards.

I am quite sure that the joint board is not a good solution; it is a poor instrument in itself and would be popular with nobody.

A new national service.

12. The right course, I am sure, is to nationalise the hospital services entirely and to take them out of the field of local government altogether. The future hospital situation is quite a new one. For the first time we shall be promising the whole population a full service—every kind of hospital and specialist care planned over the entire country. We shall (if my first proposal is accepted) be amalgamating the two present hospital services into one single new service, and we have got to achieve as nearly as possible a uniform standard of service for all—when all pay their contributions to a national insurance scheme. This is important. Under any local government system—even if modified by joint boards or otherwise—there will tend to be a better service in the richer areas, a worse service in the poorer. Yet all the population will be paying the same national rates of insurance contribution and will expect the State to see that an equally good service is available everywhere. Every attempt we might make to fit this new conception to a local government pattern which was never designed for it, and to areas or even combinations of areas whose boundaries do not suit it, would simply mean hampering the sensible planning and running of the new service. This seems to me strongly to be a case of starting again with a clean slate.

13. It is true that, in the nationalising of the hospital services, the exchequer would have to make good the small proportion of the cost of the voluntary hospitals' services which would otherwise be met from voluntary sources. But even this small proportion includes income from investments and endowments, of which the exchequer would presumably get the benefit in future, and it is only the uncertain residue of purely voluntary, current gifts which would be lost. It is true, also, that by nationalising the hospital services we should be shifting a substantial body of costs from the rates to the exchequer—and that would be part of the purpose. But, even here, we must remember that sooner or later there will have to be a general examination and adjustment of the relations of local to central taxation and the shifting of a particular item now need not affect the total result when that adjustment is made.

14. This is how I would do it:

(1) The State, the central government acting through the Minister of Health, would be empowered to take over the full ownership of all hospitals.
voluntary and municipal—including sanatoria, mental hospitals and mental deficiency institutions—in order to provide a national hospital service.

(2) The State would then exercise this power in respect of all these institutions except the main teaching hospitals on which the university arrangements for the training of the medical profession are principally based. It would exempt the latter partly on the ground of their exceptional standing in the hospital and medical world, partly because it is a good thing in itself to keep separate a field for innovation and independent experiment in method and organisation (for which purpose the teaching hospitals are excellently suited), partly because it is undesirable to introduce a full and direct State control and regulation into the educational field (determining what and how the medical profession should be taught).

(3) There would be set up, statutorily, new regional boards, one for each natural hospital region—the ten or so regions which always feature in proposals for organising hospital services. Each of these boards would be set up by the Minister and would consist of persons recommended by the major local authorities, persons selected by the Minister himself and an element of medical and other experts versed in the hospital and medical services. If at some future date local government can be reorganised on a wider regional basis—as we all want to see it—a situation may well arise in which we could adapt this system of hospital regional boards to the reorganised local government system, and perhaps get the hospital services back into a more modern form of local government. My present proposals should help, to some extent, in anticipating this.

(4) To the regional boards would be entrusted by the Minister the administration of all the hospitals in their regions in accordance with a detailed regional scheme to be worked out by each board with the Minister. The boards would work under the general directions of the Minister, and—whenever it became necessary—under his specific directions on detail; but for all normal purposes the aim would be the maximum degree of decentralisation in the administration. Where the geography of a region made it desirable, the regional board might need to do some of its work through two or more Divisional Committees; but that is a matter to consider in more detailed proposals.

(5) For each natural hospital district—i.e., for each area able to support a general hospital or combined group of hospitals big enough to employ a full specialist staff for all normal needs (embracing about 1,000 beds in either a single major hospital or a related group of hospitals as local needs required)—there would be a District Committee to which the regional board will delegate the day-to-day running of the hospital or group of hospitals concerned. These committees would be formed by the regional boards, subject to the Minister's approval, and again the aim would be to select people of local and general experience to represent the public interest, with an admixture of medical and other experts.

(6) The whole hospital service so created would be centrally financed, but under a system ensuring a free and flexible degree of decentralised responsibility.

(7) Officers of the boards and committees would be appointed as officers of the Minister and, if possible, arrangements should be made for the interchange of such officers between the regions and the Minister's headquarters. Medical and other staff of the hospitals would be engaged and paid by the boards as agents of the Minister, and the Minister would enlist the help of proper expert advisory machinery in each region in the selection of specialist staff and persons for senior hospital appointments. Generally, the Minister would be able, by direct action in a centrally controlled service, to ensure proper terms and conditions for all types of hospital officer or servant.

(8) Activities which need to be organised as out-patient specialist activities of the hospitals (such as tuberculosis dispensaries and venereal disease clinics) would be transferred from local government to the new national service with the hospitals. The future allocation of the other local government health services—child welfare, district nursing, the provision of health centres for general medical and dental care,
and so on—can be considered in detail when once a decision in principle has been reached on the hospital services. It looks at first sight as though the ultimate responsibility for these should rest with the Minister, to ensure a unified health service, but there should be provision for delegation to existing persons and agencies for doing the day-to-day job.

15. That is my general proposal. There is no question but that it would provoke an outcry both from voluntary hospitals and from the local authorities. To the governing bodies of most of the voluntary hospitals it would mean extinction. To many in the local authority world it would appear to be wrenching away from them the very heart of their health services, although there would be some, even now, who would consider the principle sound. The attitude of the medical profession is uncertain; many doctors may take sides against the abolition of the voluntary hospitals, no doubt; but if the choice were before them between a primarily local government service and a primarily nationalised service, the overwhelming majority would prefer the latter—and, if the latter were part and parcel of a well-worked-out general health service in which they felt that the profession had a square deal, I think the profession would be solidly behind it. In any case, I believe that it is on these lines, of organisation on a nation-wide basis with regional and local delegation of management, that the best hospital service is to be attained. If my colleagues agree in principle, I will work out a detailed scheme to bring back to them.

16. A decision in principle is urgently needed. All the current administration of the hospital services by my department is affected by the present uncertainty as to the broad shape of the future. The preparation of draft legislation on the health services as a whole has to be held up for a decision on this hospital issue. Yet the drafting of that legislation needs urgently to go on. As a Health Bill this session is vital if national insurance is not to be delayed, if the newly developed war services of the Emergency Hospital Scheme are not to be dissipated, and if returning men and women from the Forces—doctors, nurses and others—are to be able to make their plans in knowledge of which their future opportunities are to be. If we can reach a decision on the issue in this paper now, I can go ahead. I shall have to have some talk with the local authorities and others affected by the decision, to work out details of ways and means, but generally I shall try to avoid embarking on a new series of White Paper negotiations.

Ministry of Health, S.W. 1,
5th October, 1945.

A. B.