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CABINET.**NATIONAL HEALTH SERVICE.****THE HOSPITAL SERVICES.****MEMORANDUM BY THE MINISTER OF HEALTH.**

THE Lord President of the Council does not, in his paper on the future of the hospital services (C.P. (45) 227), dispute seriously my contention that the way to make these services efficient is to centralise responsibility for them. His doubts about my proposals relate to their possible repercussions and political consequences, particularly in the field of local government. I had naturally considered very fully the difficulties which the Lord President foresees and I am convinced they can be overcome. In any case, they must, I suggest, be judged against the difficulties—to my mind far greater—of any other scheme.

2. There are three paramount objections to any scheme less radical than mine.

First, it is, I repeat, impossible to pay from 70 per cent. to 90 per cent. of the expenditure of voluntary hospitals out of public funds and leave them under independent management. The effect of this upon our own people would, I believe, be much more serious than the political consequences, which the Lord President fears, of my own proposals.

If it be argued that control could be exercised by handing the voluntary hospitals over to the local authorities (whether to joint boards or to individual authorities) instead of to the State, the reply is that such an alternative would rouse a tornado compared with any passing thunderstorm my scheme may provoke.

Second, any scheme which leaves responsibility for the hospital service with local authorities must be unequal in its operation. This would be unjust to the public, who will pay equal contributions.

Third, it is a hard fact that, as was stated in my earlier paper, neither of the existing hospital systems is adequate. It solves nothing to put the one under the other, or even to adapt the detailed form of either or both of them locally. A new, and different, system altogether is the only remedy.

3. I gather that the Lord President is in favour of a return to the Joint Hospital Boards of the White Paper. I do not believe this to be practicable. Apart from the constitutional objections to joint boards, the scheme had the grave disadvantage of splitting the health service in half, leaving hospital services to be administered by the boards and other health services by individual authorities; it was a scheme that had no friends. Moreover, it left the voluntary hospitals under independent management. If my proposals are not accepted, I think the only alternative is to leave the hospitals with their present owners and provide for joint area planning on the lines proposed by Mr. Willink. But neither Mr. Willink's, nor any other local government, scheme will give us a fully efficient service or overcome the fundamental objections cited in the preceding paragraph.

4. What then, in comparison with these objections, are the difficulties in the way of centralisation? The Lord President cites four:—

- (i) The concentration of too much power in the hands of one Minister.
- (ii) The danger of weakening local government.
- (iii) The political consequences.
- (iv) Delay.

5. The danger of concentrating police powers in one Minister is obvious, but I am sure the Lord President will not press this analogy. There can be no Gestapo of hospital orderlies. A centralised service must, indeed, be planned so as to avoid rigidity. That is why I have proposed that the hospital service shall be administered locally by Regional Boards and District Committees. But I do not think that there is, in this proposal, the dilemma suggested in paragraph 2 of the Lord President's paper. The Boards and Committees are not designed

as a sop to local authorities. Nor are they in any sense analogous to the Joint Boards of the White Paper. They will be the agents (though not, I hope, in any derogatory sense the creatures) of my Department, and the extent to which power is delegated to them will not affect the local authorities as such. Yet it is precisely by the selection of the right men and women to serve on these bodies that I hope to be able to give them substantial executive powers, subject to a broad financial control, and so prevent rigidity. Admittedly, this is a field in which there is room for development in the technique of government, but the problems that will arise should not be incapable of solution.

6. I agree with the Lord President that if we make the hospital and clinic services a national responsibility we shall be accused of weakening local government. But is the accusation just?

It is the common practice of local authorities to resist strenuously any diminution of their powers and at the same time to complain of the burden on the rates and demand ever-increasing subsidies from the Exchequer. In 1914 the ratepayers paid for all purposes £71 millions, when Exchequer grants were £22½ millions. In 1939 the ratepayers paid £191 millions, while Exchequer grants amounted to £147 millions. Under Mr. Willink's scheme, local authorities would bear 50 per cent of the cost of the health services they administered, but no more than 31 per cent. of the cost of the new health service as a whole. Has not the time come to say plainly to local authorities that there is a limit to the amount of money which the Exchequer is willing to give them to spend, and that there must now be a rationalisation of local government services to ensure a sensible distribution both of function and cost as between local authorities and the State? In short, it is not a haphazard whittling down of the powers of local authorities that we contemplate, but their proper rationalisation. There is no fear that there will be any shortage of work for the local authorities to do. Housing and town and country planning, education, police, water and sewerage, highways, the environmental (as distinct from personal) health services, and the many other functions they will continue to exercise, all expanding in importance and cost, will surely provide ample scope for the education in democracy upon the importance of which I am in full agreement with the Lord President.

7. If my scheme for a national hospital service is sound, I do not believe we need fear the political consequences. The Lord President is good enough to describe the scheme as "imaginative." Is not that exactly what we were returned to be? Even though we did not put this precise proposal in our manifesto, it accords with its spirit. Also its proposed system of new regional agencies may well be a pointer to a future regional reorganisation in local government itself, with which we are in sympathy. That there will be opposition, even violent opposition, in some quarters, I do not deny. That it will lose us votes in the municipal elections I doubt; for I believe that, if the scheme is properly presented, it will have the support of a great majority of the medical profession, of the more far-seeing local government opinion and even of the wiser heads in the voluntary hospital world, who realise that the time when hospitals should be organised as charities has gone.

8. Of delay I am, indeed, afraid. The present state of uncertainty cannot be allowed to continue, and a national health service is essential to our social insurance plans; and on both these grounds we need a Bill this Session. This means an early decision, so that I can give the instructions to my Department without which their planning cannot proceed. But a decision to adopt my proposals would not mean conducting the whole series of negotiations all over again. Once assured of the full support of my colleagues, I could make clear that the principles of the new scheme are settled, and many of the details needing discussion would not have to be dealt with in the Bill itself, which would probably be simpler. There may be more argument on the Bill's second reading but, unless we are faced with deliberate obstruction, there should be less in Committee.

9. In short, I believe that we have now the chance to put into effect a scheme which would make our hospital and health services the admiration of the world. It is a chance which, in any one field of administration, comes but once, perhaps, in a generation. Given the support of my colleagues, and, not least, of the Lord President, who has such powerful influence in the local government world, the thing can be done now. If it is not done now, it will not be done in our time.

A. B.



