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HCHS CENTRAL RESERVES: 1985-86

INTRODUCTION

1. This submission seeks Ministers' views on the level of HCHS central reserves for 1985-86. A small proportion of the revenue and capital available for health authorities is retained centrally. This sum is then available for a variety of central initiatives of an experimental or pump-priming nature. Amounts in respect of individual schemes are added to the cash limits of health authorities as the need for expenditure arises.

2. Finance Division has now updated the existing programme of centrally funded schemes and has collected bids for new schemes; all schemes are endorsed by the relevant policy Divisions.

REVENUE

3. The revenue programme for 1985-86 comprises:-

At 1985-86 cash prices

£ millions

Continuing and new commitments:
a reduction of

3.1 (Annex 1)

New Bids

3.9 (Annex 2)

TOTAL

0.8

4. Continuing commitments comprise schemes approved by Ministers this time last year plus those subsequently approved by them during 1984-85. A brief description of new commitments and new bids is given at Annex 3.

5. In addition however to these bids for centrally funded schemes, a number of other major pre-emptions are proposed -

5.1 Supra-Regional Specialties (£1.6 million in 1985-86) for the expansion and development of certain designated supra-Regional services (paediatric renal services, liver transplantation, spinal units). Full details of these proposals will be put directly to Ministers by the Chairman of the Supra-Regional Services Advisory Group (Mr Tony Driver).

5.2 NHS Training Authority (£122,000 in 1985-86)
The first accountability review for the Authority will be held on 7 November. In addition to some Griffiths and management budgeting training already agreed, the Authority

has requested additional funding for clinical management training (£71,000); and general development (£51,000). The first of these is supported by MED MPO.

5.3 Central Blood Laboratory Authority (£2 millions in 1985-86) The revenue consequences of the major capital development at Elstree; a submission on this capital development was put to Ministers on 21 September. This expenditure has been planned all along and accepted as a call on the reserve since the scheme will reduce costs once it is fully operational - we expect a net profit in 1987-88.

5.4 FPS Administration Expenditure (£2 millions in 1985-86) Prior to the change of status of FPCs from 1 April 1985, health authorities have been asked to estimate the amounts to be transferred for administration expenditure. It is apparent however that there will be a substantial shortfall between the amounts to be transferred and FPCs needs - mainly for internal audit, furniture and equipment, rentals, computer services and legal services. The shortfall is estimated at £2 millions. This bid is supported by FPSI and FB Division.

5.5 Drug misuse (£3 millions in 1985-86) This represents the contribution from health authority revenue expenditure towards the package of proposals amounting to £5 millions in total, although only £1m of this will find its way back to health authorities - they will have to find further funds for their own drug abuse services.

6. Acceptance of all the new bids for central funding and these major pre-emptions would imply an increase in central pre-emptions of £9.5 million.

Comments

7. There is clearly a strong case for the pre-emptions for services (5.1 and 5.5), and the (provisional) bid for supra-Regional services will only be confirmed if Regional Chairmen accept it as a central pre-emption. The NHSTA bid for 1% growth is difficult to justify. The CBLA bid is unavoidable unless the project is stopped. The FPS Administration bid is provisional, pending receipt of full details of transfers between DHA's and FPC's. The problem is that in effect it implies spending more on administration, and overriding centrally the apportionment of costs which has been agreed locally. MS(H) might feel that finance should try to avoid this by getting FPC's to meet requirements by redeployment. (If some FPC's faced a crisis situation, we could always find small sums to ensure adequate administration including audit during the financial year).

8. As to the larger new bids described briefly in Annex 3, the Management Group feel that projects to demonstrate models of co-operation between FPC's and DA's could be useful, generally and in the prevention field (Annex 3 numbers a and d). HS Division have advised that the proposed central funding of Aids Tests (when a testing technique is developed - before 1985-86) will be politically difficult to resist, though the cost estimate of £2 million is provisional only. MS(H) is familiar with the proposal to establish the Thrombosis Research Unit but here again the cost estimate is provisional only and so far the Department (with Sir K Stowe's involvement) has only been thinking in terms of a modest contribution. The proposal to fund - for the third year running - the cost of blood products at the Hammersmith Hospital does appear questionable.

CAPITAL

9. The capital programme for 1985-86 comprises:-

<u>At 1985-86 cash prices</u>	
	<u>£ millions</u>
Continuing and new commitments	No change (Annex 4)
New Bids	4.5 (Annex 5)
TOTAL	<u>4.5</u>

A brief description of new commitments and new bids is given at Annex 6.

10. As with revenue a number of major capital pre-emptions are proposed -

10.1 NHS Training Authority (£261,000 in 1985-86). This is for development work at Falfields (Bristol) to accommodate the Authority's Training Aids Centre on expiry of the lease at its current location. NHSTA are being asked to finance this from land sales, and Ministers could insist that these should precede development.

10.2 Central Blood Laboratory Authority (£14.8 million in 1985-86). This is for the completion of major capital works at Elstree designed to make the NHS self-sufficient in blood products. Work started in 1983-84 and is due for completion in 1985-86.

10.3 FPS administration capital expenditure £2 million in 1985-86) This is to cover the capital costs of the break-up of the Wembley complex (£1.2 million) and to meet inescapable capital needs for other FPCs. Ministers have approved the Wembley proposals.

10.4 Public Health Services Laboratory Board (£1.8 million in 1985-86) This is for the completion of work at Colindale and the Centre for Applied Microbiology and Research (CAMR) at Porton Down. No sums are included for the proposed Fermentation Pilot Project on which a separate submission will be made.

10.5 Clare Hall (£6.9 million in 1985-86) This is to meet the continuing cost of rebuilding the National Biological Standards Board Laboratories - work to be completed in 1986-87.

This would give total pre-emptions of £25.76m compared to £25m last year (for CBLA, PHLSB and Clare Hall).

11. Acceptance of all the new bids for central funding and these major pre-emptions would thus imply an increase in central pre-emptions of £4.5m.

Comments

12. Again most of the pre-emptions are unavoidable. The amount for the CBLA has already been challenged and reduced. The only scope for trimming would appear to lie in FPS administration though Ministers are committed to funding the costs associated with the Wembley Complex.

13. Two of the new bids described at Annex 6, the Thrombosis Research Unit and the additional capital for the equipment needs of the postgraduate SHAs, could however be reduced or in the latter case rejected. The SHAs could be promised something in 1986-87 when the CBLA spending is over.

CONCLUSIONS

14. Ministers views are sought on

- a. whether, and if so how, they wish to reduce the level of the central revenue programme
- b. whether, and if so how, they wish to reduce the level of the central capital programme.

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cc:	Mr Godber	Dr Ford
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CENTRE RESEARVES: REVENUE

£000 @ 1985-86 Cash

PROJECT	1984-85	1985-86	1986-87	1987-88
EXISTING COMMITMENTS				
1. Special Medical Developments				
a. Oxygen Concentrators	11	12	4	-
b. NHS Nursing Home Accommodation for Elderly People	447	447	447	241
c. Wessex Preventive Psychiatry Hostel in Southampton	305	305	-	-
d. Care of the Elderly with psychiatric disorders	71	198	440	550
e. Evaluation of New Genetic Techniques	76	76	76	-
f. Screening of Diabetic Retinopathy	22	86	86	64
2. Regional Secure Units	1205	1507	1000	1000
3. Breast Cancer Screening Trials	526	526	526	-
4. Hearing Therapists	250	140	-	-
5. John Yates Research	61	61	-	-
6. Catherine de Barnes Hospital	37	11	-	-
7. Communications Aids Centres	50	50	50	-
8. Occupational Medicine Unit	73	83	-	-
Stereo-tactic Radiosurgery	47	61	61	61
10. European Chair in Rehabilitation	143	143	-	-
11. Unit for Social and Preventive Psychiatry, Tower Hamlets	24	24	-	-
12. Heart Transplants: Interim Support	462	848	-	-
13. Lithotripsy	148	397	-	-
14. Training of Dental Hygienists	87	174	-	-
15. Bone Marrow Transplantation	548	548	-	-
16. Management Information Pilot Project	254	254	-	-
17. Korner: Steering Group, implementation and facilitation work	323	323	-	-

£000 at 1985-86 cash

	1984-85	1985-86	1986-87	1987-88
18. Management development: Griffiffs implementation	303	254	254	254
19. Management Budgets	507	402	402	402
20. Acheson: Funding for Primary Health Care	900	900	-	-
21. Discontinued Items	4102	-	-	-
NEW COMMITMENTS (Details in Annex 3)				
22. Staff Suggestion Scheme for the NHS	-	1	-	-
Total	10982	7831	3346	2572

CENTRAL RESERVES: REVENUE

NEW BIDS (Details in Annex 3)

£000 @ 1985-86 Cash

	1985-86	1986-87	1987-88
1. Special Medical Development: Demonstration Centres in FPC/DHA Collaboration	64	64	-
2. Dental Anaesthesia Training	79	159	159
3. Nursing - Central Clearing House Scheme	26	-	-
4. Health Authority Projects Arising Out of Primary Health Care Green Paper: Prevention	529	529	529
5. Thrombosis Research Unit	900	-	-
6. Aids Tests	2000	2000	2000
7. Blood Products at Hammersmith Hospital	219	-	-
8. New Approach to Audit (Quality Assessment) of Histopathology Services	14	17	-
9. Maudsley Anti-Smoking Clinic	73	70	72
Total	3904	2839	2760

CENTRAL RESERVES: NEW COMMITMENTS AND NEW BIDS

1. New Commitments

a. Staff suggestion scheme for the NHS (£1,000): to cover the DESS contribution to the running of a scheme by the Health and Social Services Journal.

2. New bids

a. Demonstration centres in FPC/DHA collaboration (£64,000): to test the best means of developing links between DHAs and FPCs at member and officer level, particularly in the spheres of service planning and policy, operational management of services, and information exchange. Funds would also be required in 1986-87.

b. Dental anaesthesia training (£79,000): additional Senior House Officer training posts implementing the report of the Second Inter-Faculty Committee on Dental Anaesthesia Training. Funds would also be required for 1986-87 and 1987-88.

c. Nursing - central clearing house scheme (£26,000): a feasibility study of a central clearing house scheme for nurse training.

d. Health authority projects arising out of primary health care Green Paper: prevention (£529,000): pilot projects to demonstrate models of inter-agency co-operation in prevention in local districts, particularly between health authorities and FPCs. Funding would also be required for 1986-87 and 1987-88.

e. Thrombosis Research Unit (£900,000): following the recent presentation to the Prime Minister, MS(H) and Sir Kenneth Stowe, it is proposed to set aside central funding for the establishment of a research unit to treat patients and develop new treatments in this field. Funding proposals are very provisional at this stage.

f. AIDS tests (£2 million): provisional bid to cover the cost to blood transfusion units of testing donated blood for AIDS: 2 million donations at approximately £1 per test.

g. Blood products at Hammersmith Hospital (£219,000): continuation of central funding for one more year of the high cost of blood products to this hospital.

h. New approach to audit (quality assessment) of histopathology services (£14,000): to demonstrate the applicability and value of the method of providing external quality assessment (audit) of pathology work. The proposal forms part of a Departmental programme to develop a national system for external quality assessment for histopathology. Funds would also be required in 1986-87.

i. Maudsley Anti-smoking Clinic (£73,000): phase 2 of development of new approaches to reducing the prevalence of smoking. Phase 1 was funded centrally. Funds would also be required in 1986-87 and 1987-88.

CENTRAL RESERVES : CAPITAL 1985/86

PROJECTS	£000 1985/86 CASH			
	1984/85	85/6	86/7	87/8
A. Existing commitments				
Special Developments				
i Care of elderly with Psychiatric Disorders	219	219	-	-
ii New Genetic Techniques	33	33	33	-
First low energy hospital	251	340	381	294
Second low energy hospital	534	962	962	245
Monitoring First low energy hospital	-	42	157	69
Nucleus prototype ward	14	13	-	-
Lister maternity hospital	88	19	-	-
Coppetts wood Infectious Diseases Unit	219	497	497	-
Floridation	349	209	348	-
Dreadnought hospital	439	439	-	-
Breast Cancer Screening Trials	16	17	-	-
Pin indexing of Oxygen cylinders	730	233	-	-
Regional secure units	5329	5329	3632	189
Information needs for doctors	3	-	41	-
Discontinued projects	384	-	-	-
 B. New Commitments(details at Annex 6)				
Conversion of Pinderfields Remedial				
Gymnast College	-	261	-	-
	8608	8613	6051	797

ANNEX 5

CENTRAL RESERVES : CAPITAL

£000 at 1985/86 CASH			
1984/85	85/6	86/7	87/8
C. New Bids			
UK Transplant service computer	-	458	- 15
Thrombosis Research Unit	-	2000	-
SHA special equipment	-	2000	-
Sub-total	-	4458	- 15

CENTRAL RESERVES: NEW COMMITMENTS AND NEW BIDS

1. New commitments

a. Pinderfields Remedial Gymnastic College (£261,000): capital costs of converting this College to allow for physiotherapy training as well as remedial gymnastics training. Approved by PS(H).

2. New bids

a. UK transplant service computer (£458,000): expansion of computer capacity to cope with increasing workload.

b. Thrombosis Research Unit (£2 million): capital costs of the proposal set out at item 6 of Annex 3 above. Again funding proposals are very provisional at this stage.

c. SHA special equipment (£2 million): for the provision of specialised medical equipment for the London Post-graduate SHAs.