

Prime Minister

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PRIME MINISTER

*I don't believe  
you lead names with  
be willing to serve.  
finally we need someone  
who knows about -*

*Content? Please  
note in particular that Mr.  
Fowler proposes to trail the  
announcement in his Party  
Conference speech. - A. J. [unclear]*

MANAGEMENT INQUIRY INTO NHS NON-MEDICAL STAFFING

*running hospitals MS*

FERB  
4.10

When we met on 8 September, we agreed that it would be right to have an independent management inquiry into the non-medical staffing of the National Health Service.

I propose the appointment of a top industrialist (who might have to be part-time) supported by a full-time team of four drawn from inside and outside the NHS. I would expect him to call upon management consultants, for which I can find the necessary resources.

The aim of the inquiry will be to help me to secure more efficient management of manpower in the NHS. It will build upon the initiatives I have already taken to strengthen the planning and control of manpower and to call health authorities to account for their performance against agreed objectives. Annex A to this minute sets out the kind of ground which I expect it to cover and the way in which I envisage it might proceed, but I would not want to finalise this until I have secured the services of the outside leader of this inquiry and can discuss it with him.

The choice of person to head the inquiry will depend in part on who of those suitable has the time available. Ideally I am looking for someone with substantial and successful experience in the management of large-scale enterprises which combine high technology with large-scale manpower requirements. I would like him to be able to spend several days a week over a six to nine month period, but in practice I might have to settle for someone of the right calibre who could give less time but could carry out the task by using a rather larger supporting team.

I propose to take soundings of the following, who have either recently retired or are known to be ready to take on additional public commitments:

- Sir David Orr - recently retired Chairman of Unilever and part-time Chairman of the AFRB;

E.R.

Mr Robert Haslam - shortly to retire as Deputy Chairman of ICI;

Mr Leslie Pincott - former Managing Director of Esso and Chairman of Stone Platt;

Mr John Raisman - Chairman of Shell UK.

The names are in order of preference. If it proves necessary to look for someone still heavily committed in industry but who might, with support, head the inquiry with a limited amount of time available, I would sound:

Sir Hector Laing - Chairman of United Biscuits;

Mr F Whiteley - Personnel Director of ICI;

Mr M Betts - Personnel Director of British Telecom, formerly of BBC and of GEC.

Yes // I do not think there is any point in seeking to defer an announcement of the inquiry until we have resolved the NHS pay dispute and believe we should seek to find a suitable person to head the inquiry. I would also like to "trail" the announcement in my Party Conference speech. If you are content I will proceed with soundings and report progress.

I am sending copies of this minute to the Chancellor of the Exchequer, the Secretaries of State for Scotland, Wales and Northern Ireland, the Chief Secretary and Sir Robert Armstrong.

4 October 1982

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## MANAGEMENT INQUIRY INTO NHS MANPOWER

Questions to be answered

1. The detailed questions to be answered by the inquiry will be for discussion with the person appointed. The following are the kind of questions on which the inquiry is expected to give an independent view.

- a. To what extent the hospital and community health services are over-manned and where;
- b. What more should be done by the Secretary of State and by the Service to identify and correct over-manning and on what time scale;
- c. How fast will this produce savings which can be redeployed on such purposes as Ministers decide;

## In particular

d. What would be realistic targets to set for different staff groups (i) in the period up to 1984-85; (ii) in the longer term;

## More specifically

- e. How can existing standards of patient care be provided by fewer staff, in order to release resources for needed service improvements.
- f. What are the main processes by which the regional manpower targets for March 1984 due to be submitted by March 1983 should be set and their achievement secured and what action should be taken by the Secretary of State and the Department to help in those processes;
- g. What are the processes by which manpower levels for later years should be decided and what guidance should be given to the NHS.
- h. What further initiatives should be taken to promote efficiency in the service.
- i. What are the industrial relations implications of increasing efficiency and how can these best be handled.

Reasons for the proposals

2. The Government has taken action to streamline NHS organisation, strengthen local management and eliminate unnecessary bureaucracy. Over the last year the Secretary of State has taken key initiatives to strengthen the use and control of manpower - through timely supply of manpower information on a quarterly basis (from a now fully computerised information system), new arrangements for setting health authority manpower targets within a strengthened system for setting objectives and securing accountability for their achievement.

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3. He has not however been able to allay concern over NHS manpower levels and he is not yet satisfied himself that enough has been done.
4. The inquiry will help Secretary of State and the Department in carrying out their strategic functions for deciding the sources to be allocated for the NHS, setting strategic objectives and establishing systems to secure those objectives.
5. It will build on initiatives already taken, will help Ministers to use the systems already established and advise on what changes are needed.
6. The inquiry will be a closely focused management inquiry and is intended to maintain the key management role of the new District Health Authorities. They will remain fully responsible for managing the resources allocated to them. Whether changes are needed in the objectives set and advice given to them will depend on what the inquiry finds.
7. The inquiry while not concerned primarily with the rôle of the region may have changes to suggest in the regional planning, monitoring and accountability functions. It might, for example, have suggestions for adjusting the allocations made by the Department to Regions, or by Regions to Districts, by reference to the scope for differential efficiency savings.
8. The inquiry will be separate from but needs to take account of the various initiatives designed to help NHS management (eg the Rayner scrutinies and the pilot schemes for a management advisory service).
9. The inquiry is not intended to deal with clinical matters as such, but will be concerned with the consequences of clinical considerations and decisions in relation to manpower requirements. It will be necessary for the inquiry to have access to informed professional (including medical) advice on clinical matters. They will be able to obtain this from the Department's professional staff and through them, as necessary, from the appropriate professional bodies.

Methods of proceeding

10. It will be for the person holding the inquiry to decide the approaches to be adopted but these may include:-
  - a. Reviewing the work that the Department and health authorities have already done in promoting efficiency and improving management and control systems including
    - i. Study of the use of resources in the NHS and reasons for increases in staff;
    - ii. Experience with setting targets for efficiency savings;
    - iii. The progress with use of performance indicators;

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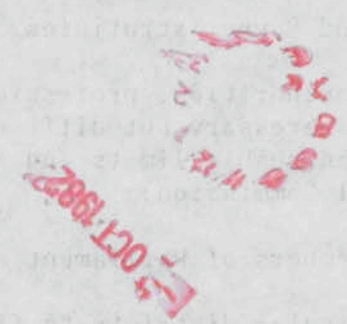
- iv. Experience of regional reviews;
  - v. The new manpower returns;
  - vi. Any findings emerging from MAS and Rayner scrutinies.
- b. Obtaining views from the NHS, health authorities, professional organisations and trade unions (it will be necessary but difficult to keep this part of the exercise within manageable limits and avoid duplicating, for example, work of the Royal Commission);
- c. Considering external criticism from Members of Parliament and others;
- d. Carrying out sample enquiries in particular districts to find out how manpower levels have been arrived at, what the reasons are for growth, how well justified they are, what the arrangements are for review and what would be the likely consequences of reducing them.

Supporting teams

11. The supporting team will need to be discussed with the person appointed but we envisage a team of four of youngish high calibre people. One from the Department and three others on secondment from Treasury/MPO the NHS and the private sector. They would be able to commission management consultants. They will also be able to draw on the professional and specialist services of the Department.

iv. Participation of Regional Reviews

v. The Role of the Reviewer



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Supporting Issues

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cc J.V.

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NATIONAL HEALTH.

10 DOWNING STREET

*From the Private Secretary*

5 October, 1982

Management Inquiry into the National Health Service

The Prime Minister was grateful for your Secretary of State's minute of 4 October about the proposed Management Inquiry into the National Health Service.

She has commented as follows:

"I doubt whether your lead names will be willing to serve. Surely we need someone who knows about running hospitals."

I am copying this letter to John Kerr (Treasury), Muir Russell (Scottish Office), Adam Peat (Welsh Office), John Lyon (Northern Ireland Office), John Gieve (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

D. J. Clark, Esq.,  
Department of Health and Social Security

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