

We ~~need~~^{need} a much
less formal
inquiry;
You can't have
a Royal



10 DOWNING STREET

Prime Minister

Commission with
management.

NHS Inquiry But we
do want

Please see Ferdy's note, attached
with it.
the right people
are involved

(based, I believe, on work by Mr
Monckton). not

I think this goes off in the
wrong direction. It seems to
envisage a Royal Commission-type
approach, which considers every NHS
subject one can think of.

What Mr Fowler is after, I
believe, is a continuous Rayner-

style scrutiny which
focusses on a highly selected
number of topics — manpower,
management — and produces a
stream of reports to the Secretary
of State.

Should I compile my note
to 4 (a) — we have already said

4 (c) ? Ask how far
they have got

MS 17/12 and their
proposals

why. We must

have someone who is not
bound to see the needed
on-judgment

PRIME MINISTER

NHS INQUIRY

I am rather anxious about the progress of Norman Fowler's setting-up of the NHS Inquiry.

1. Are they looking for the right Chairman? Basil Collins, Deputy Chairman of Cadbury-Schweppes, the leading candidate, has strong connections with the Royal College of Nursing. But would he meet your criterion of knowing about the running of hospitals? Would you like to suggest other names, at least as members of the Committee, eg George Bunton of University College Hospital; or Hugh Elwell, a consultant to PPP with wide experience and connections both in the NHS and in the private sector (he was one of the outsiders on the DHSS Committee on alternative financing of the NHS)?
2. Will the terms of reference be sufficiently wide-ranging? The "Management Inquiry into NHS manpower" described in Norman's Annex of 5 October would not appear to cover the sort of topics you mentioned to him and Treasury Ministers last Tuesday in your discussion on long-term public expenditure - such as privatisation of the general ophthalmic and dental services.
3. We understand that the Inquiry is expected to start work in the New Year and that its probable timescale would be about a year, although the team will be asked to make specific recommendations for action as they go along, and to supervise the carrying-out of their suggestions.

This recommend-as-you-go approach does have advantages, but I believe they should have a firm deadline to concentrate their minds.

4. I think it might speed things up if Michael Scholar wrote to the DHSS expressing the hope that:
 - (a) the membership and terms of reference might be settled soon;
 - (b) the Inquiry would be given a deadline for the completion of its work;

- (c) the membership would include people who had experience of hospital management, both in the NHS and the private sector (perhaps mentioning Bunton and Elwell);
- (d) its terms of reference should be wide-ranging and should cover not only manpower but management and efficiency in the widest sense. We attach a potential draft.

FERDINAND MOUNT

FM

DRAFT TERMS OF REFERENCE

We suggest that the terms of reference might be on the following lines:

"The management Inquiry into the National Health Service will consider all questions concerning the management, manpower, efficiency, operations and costs of the National Health Service which its members deem advisable, and all questions submitted for their consideration by the Secretary of State.

"In particular, the Inquiry will consider the following matters:

"Methods of improving the management structure of the NHS; the need for a more formal system of accountable line-management; the balance between the Departments, the Regions, the Districts and the general practitioner network in the light of the recent reorganisation; the division of responsibilities between health authority members and permanent officials.

"The finances and costs of the NHS; identification of savings to be made; identification of the data necessary for effective financial control and of the methods of collection and analysis of the data; establishment of such standard methods of cost-control as unit-costing and cost-comparisons of medical interventions; budgeting of future current expenditure to be incurred as a result of present or planned capital expenditure; the costs incurred outside the NHS resulting from changes within the NHS.

"The manpower of the NHS; the numbers employed in relation to the number of patients treated; ways of making significant reductions in manpower costs; manpower targets for March 1984 and beyond.

"The balance in the provision of health care between the public sector and the private sector; the scope for further privatisation and contracting-out; the possibilities of attracting private funds into the public sector."

It may be suggested that such comprehensive and detailed objectives cannot reasonably be met by a small inquiry team working for a limited period. However, in the private sector it is commonplace for such reviews to be carried out quickly, with the aid of management consultants if necessary.

It may also be suggested that so wide-ranging a review would amount to yet another reorganisation of the NHS when there have been too many already. We consider that the terms of reference set out above would not necessarily lead to a wholesale shake-up, but would reveal many major areas in which, without substantial dislocation, considerable increases in efficiency and decreases in costs could be achieved. We hold the initiative now that the NHS dispute is over, and we should strike while the iron is hot.

of 50 Nat Health



(2)

Prime Minister

DEPARTMENT OF HEALTH & SOCIAL SECURITY
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From the Secretary of State for Social Services

This is the

upshot to the Policy Unit's note.

Michael Scholar Esq
10 Downing Street

note spoke to Sir K Stowe
Mr Williams
has hived it down

Mes 23/12

22 December 1982

= this side of a general election. Mes 7/11

Dear Michael

NHS MANPOWER ENQUIRY

Thank you for your letter of 20 December enquiring about progress on the management enquiry into the use and control of manpower in the NHS.

On terms of reference, the Secretary of State still envisages that the enquiry will cover the ground set out in the note attached to his minute of 4 October and he proposes to settle the precise terms of reference in discussion with the Chairman when he has been selected.

On membership, the Secretary of State noted the Prime Minister's doubts about whether his lead names would be willing to serve and has been taking extensive soundings to find more promising candidates. He has been helped by Sir Derek Rayner and Pro-ned, the private sector organisation which finds non-executive directors for company boards, as well as by the public appointments unit and other Government Departments. He has a number of very suitable names with a good range of relevant experience, which he proposes to discuss with the Chairman designate.

His front runner as Chairman is Basil Collins, who is aged 59 and is in his last year as Deputy Chairman and Group Chief Executive at Cadbury Schweppes and who has recently been appointed to the Board of British Airways. He has achieved outstanding success in drastically slimming down the work-force in the profitable Cadbury Schweppes consortium, with a strike-free industrial relations record. His track record is first-class in the kind of high technology/manpower intensive field we are concerned with. He also, incidentally, has useful health service background as Chairman of the Finance Committee of the Royal College of Nursing. Informal soundings without commitments suggest that there are good prospects that he would be willing and available. He hopes to have discussions with his Chairman and with Sir Derek Rayner and will let us know in early January whether he will be willing to help.

The second choice, who has not yet been sounded, is Roy Griffiths, the Deputy Chairman and Managing Director of Sainsbury.

Either Collins or Griffiths would have to operate as part-time leader of the Team. Derek Rayner suggested, and my Secretary of State agrees, that since this is likely to be the only way of getting the calibre of man we want, we should support him with three or four other part-time outsiders each of whom would, under his direction, look at a particular aspect.

The Secretary of State will want to discuss the method of working with the Chairman and the team but he envisages that they will review initiatives already in hand; give advice on where more effort and changes of direction are needed; identify particular topics and problems on which more detailed work is required; and agree with Ministers deadlines appropriate to the particular tasks - these might vary from a week or two to six months or more depending on the topic and its complexity.

Yours ever,

David

D J CLARK
Private Secretary

CONFIDENTIAL



File

Nat Health
bc: Mr. Mount

10 DOWNING STREET

From the Private Secretary

20 December 1982

NHS MANPOWER INQUIRY

The Prime Minister would be grateful to know of the progress your Secretary of State is making in setting up the membership and terms of reference of the National Health Service Inquiry. She has asked what deadline or deadlines members of the Inquiry would be given for the submission of their reports, and whether Mr. Fowler is having any success in identifying a Chairman who would not be too closely associated with any of the medical institutions.

Could you provide a progress report before this week is out.

M. C. SCHOLAR

David Clark, Esq.,
Department of Health and Social Security.

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