

Prime Minister

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Wm 11/3



DEPARTMENT OF HEALTH & SOCIAL SECURITY  
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
London SW1

mt

11 March 1983

Dear Michael

NHS MANAGEMENT INQUIRY

My Secretary of State was most grateful for the Prime Minister's comments on the approach to be taken by the NHS Management Inquiry, contained in your letter to me dated 2 February. I have delayed my reply so that I can reflect the general approach of the Inquiry Team as they begin to settle to their task.

You will have seen from the revised title for the Inquiry and our original Press Statement, (copy attached for ease of reference) and from the report of Mr Griffiths' recent meetings with the Press, that the Prime Minister's main point has been acted upon. Mr Griffiths is quite clear, and indeed has insisted from the outset, that his main task is to take a searching look at the general management issues underlying our present concerns. The Team will be paying attention to the issues raised in the Graham Turner articles and to all the management issues which have substantial implications for NHS manpower.

My Secretary of State has given careful consideration to the Prime Minister's suggestion that we might consider adding a senior NHS consultant to the team. He decided against this course of action because he did not wish to make the team too large - it already contains one more member than we and Mr Griffiths regard as ideal for effective management - and because he did not wish to provoke claims for similar treatment from the nurses, treasurers, administrators and works officers, especially as the Inquiry is concerned with non-medical manpower. The Inquiry Team is not intended to be representative of the NHS: it is designed to provide us with a sharp, outside business focus on general management issues. This also meets the real needs of the doctors, who would prefer to advise and influence the Inquiry Team through the contact points we have established between their representative bodies and the Inquiry Team. As it happens, Mr Griffiths' first meetings in the NHS will be with senior NHS clinicians in hospitals with which he has personal connections. He is also being guided sensitively in these matters by Sir Brian Bailey, who has long experience of the actual working practices within NHS hospitals.

which have been such a failure in management terms and which is the reason why the enquiry has to be set up!  
Yours ever,  
David  
mt

D J CLARK  
Private Secretary





RECEIVED

1 MAR 1983





# PRESS RELEASE

Alexander Fleming House  
Elephant and Castle  
London SE1 6BY

Telephone 01-407 5522

83/30

3 February 1983

## NHS MANAGEMENT INQUIRY

Four leading businessmen are to conduct an independent Management Inquiry into the effective use and management of manpower and related resources in the National Health Service. The Inquiry Team, under the leadership of Mr Roy Griffiths, Deputy Chairman and Managing Director of Sainsburys, have agreed to advise Norman Fowler, Secretary of State for Social Services, on progress by the end of June this year.

Mr Fowler announced the management inquiry in reply to a written parliamentary question from Mrs Jill Knight MP for Edgbaston this afternoon (Thursday) which asked him if he would make a statement on what plans he has to control manpower in the NHS. Mr Fowler said:

"I have today established an independent NHS Management Inquiry into these matters. Health authorities in England have a revenue budget of almost £9 billion; employ about a million people; and spend almost 75% of their revenue on pay. The Government needs to be satisfied that these considerable resources are managed efficiently and give the nation value for money. The Inquiry will be led by Mr Roy Griffiths, Deputy Chairman and Managing Director of J Sainsbury PLC. Mr Griffiths will be assisted by Mr Michael Bett, Board Member for Personnel at British Telecom, Mr Jim Blyth, Group Finance Director of United Biscuits, and Sir Brian Bailey, Chairman of Television South West and of the Health Education Council and formerly Chairman of South Western Regional Health Authority. As my expert advisers, they will give me advice, on the effective use and management of manpower and related resources, as their enquiries proceed. We aim to make the earliest possible impact on the management of the NHS for the benefit of patients and the community as a whole. Mr Griffiths will advise me on progress by the end of June 1983."



The Inquiry Team will be supported by a small group of staff led by Mr Cliff Graham, an assistant secretary at the Department of Health and Social Security. The support staff will also include health service experience and private sector expertise.

Mr Griffiths has not been asked to prepare a report nor will the Team act in any way like a Royal Commission or Committee of Enquiry. The Team will advise on what more needs to be done, within existing resources, to secure the most effective use and management of NHS manpower and related resources. They will identify major management issues for examination by individual team members and the support staff and will transmit their findings to the Secretary of State for early incorporation into NHS and DHSS management practice.

In commenting on the Inquiry, Mr Fowler said:

"Over the last four years this Government has devoted extra resources to the NHS. Next year we will be spending nearly £13 billion on the NHS in England. That represents a real increase in services of 7½% and an increase of 17% against the Retail Price Index. But what matters most is the actual services the patients are getting for this money and the way in which the delivery of these services is managed by the NHS.

"In 1979 we therefore embarked on the essential task of strengthening the management of the NHS and improving its efficiency and effectiveness in the interests of the patients. First, we slimmed down the structure of administration to cut out unnecessary bureaucracy. Second, we developed a new framework of public accountability and review, to clarify and make more effective the management chain from the District to the Secretary of State. Third, we launched a whole series of initiatives, aimed at improving the management efficiency of the NHS; including NHS manpower targets, the development of NHS performance indicators and the introduction of financial targets for efficiency savings.

"What we need to be sure of is that in practice this whole management process is working properly and that it produces, for both patients and public alike, the best possible service from the very large resources allocated to the NHS.



"We are therefore now setting the Inquiry Team two main tasks:

- to examine the ways in which resources are used and controlled inside the health service, so as to secure the best value for money and the best possible services for the patient;
- to identify what further management issues need pursuing for these important purposes.

"We could simply have set up another Royal Commission and then sat back for several years to await its lengthy report, but on past experience that would not lead to effective action. Instead, we have gone straight for management action, with the minimum of fuss and formality. I am grateful to Mr Griffiths and his colleagues for agreeing to carry out this task."

#### NOTE FOR EDITORS

Mr Griffiths has been Deputy Chairman and Managing Director of Sainsburys since 1979. He joined the company in 1968 from Monsanto Europe, where he was a Director. He became a Director of Sainsburys in 1969 and Deputy Chairman in 1975.

Mr Bett has been on the Board of British Telecommunications since 1981. He was previously Director of Personnel at the BBC.

Mr Jim Blyth, is Group Finance Director of United Biscuits

Sir Brian Bailey is Chairman of the Health Education Council and was, until the end of last year, Chairman of the South Western Regional Health Authority. He is Chairman of Television South West and was an official of NALGO for many years.



NAT. HEALTH.

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cc: J. Veretker



10 DOWNING STREET

*From the Private Secretary*

14 March 1983

Thank you for your letter of 11 March about the general approach of the NHS Management Inquiry Team as they begin to get on with their task.

I showed this to the Prime Minister over the weekend. She noted it without comment, except to remark, in connection with Sir Brian Bailey's long experience of the working practices within NHS hospitals, that the latter had been a considerable failure in management terms; and that this failure was the main reason why the Inquiry had to be set up in the first place.

M. C. SCHOLAR

A handwritten signature, possibly 'SW', in dark ink.

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

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Nat Health  
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bc JV  
FM



10 DOWNING STREET

2 February 1983

From the Private Secretary

Dear David,

MANAGEMENT INQUIRY INTO NHS MANPOWER.

The Prime Minister was grateful for your Secretary of State's minute of 27 January and was pleased to see that he has been able to assemble a high-quality team of businessmen to undertake the Inquiry.

Mrs. Thatcher is content for the Inquiry to be announced by means of a Written Answer, accompanied by a press statement, but she would like Mr. Fowler to take account of the following points in doing so.

Mr. Fowler's detailed brief to Mr. Griffiths and his team concentrates on manpower numbers. The Prime Minister believes that overmanning is only the symptom of bad management, and that Mr. Fowler should make it clear that the central task of the Inquiry is to "take a searching look at those general management issues underlying our concerns".

The Prime Minister also considers that, if the team are to use their business experience in an appropriate manner, they will wish to look at general NHS management issues which are not specifically covered in Mr. Fowler's detailed brief to them but which have substantial implications for manpower. The chain of command within hospitals is the most important of these questions; and perhaps also such related issues as contracting out and purchasing policy. It may not be necessary to spell these issues out in the brief, but Mrs. Thatcher thinks Mr. Griffiths and his team should be made well aware that they are not debarred from dealing with them. In particular, the Prime Minister believes that the questions of authority raised in Graham Turner's important articles last autumn in the Daily Telegraph should be addressed by the team if hospitals are to become efficient and properly managed. The Prime Minister considers that Mr. Turner's articles revealed a total absence of an effective management system in the NHS.

/ The Prime Minister

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- 2 -

The Prime Minister wonders whether the team might not benefit from the addition of a senior NHS consultant with long experience, such as George Bunton, who would have much to contribute on the changes in atmosphere and working practices within NHS hospitals.

I am copying this letter to John Kerr (HM Treasury), Muir Russell (Scottish Office), Adam Peat (Welsh Office), John Lyon (Northern Ireland Office), Richard Hatfield (Cabinet Office) and Clive Priestley (Management and Personnel Office).

*Yours sincerely,*

*Michael Scholer*

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

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(1)

PRIME MINISTER

MANAGEMENT INQUIRY INTO NHS MANPOWER

Ferdie Mount and I had a word with you on Monday about the setting up of the Management Inquiry into NHS Manpower. You have had advice from Clive Priestley (Flag A). Ferdie and I have somewhat modified this. Content that I write on the lines of the draft at Flag B?

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Mus

1 February 1983



bc JV PM

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David Clark

B

DRAFT LETTER FROM MICHAEL SCHOLAR TO GRAEME McCABE (DHSS)  
MANAGEMENT INQUIRY INTO NHS MANPOWER

The Prime Minister was grateful for your Secretary of State's minute of 27 January and was pleased to see that he has been able to assemble a high-quality team of businessmen to undertake the Inquiry.

*The Prime Minister also*  
She wonders whether the team might not benefit from the addition of a senior NHS consultant with long experience, such as George Bunton, who would have much to contribute on the changes in atmosphere and working practices within NHS hospitals.

Mrs. Thatcher is content for the Inquiry to be announced by means of a Written Answer, accompanied by a press statement, but she would like Mr. Fowler to take account of the following points in doing so.

Mr. Fowler's detailed brief to Mr. Griffiths and his team concentrates on manpower numbers. The Prime Minister believes that overmanning is only the symptom of bad management, and that Mr. Fowler should make it clear that the central task of the Inquiry is to "take a searching look at those general management issues underlying our concerns".

*The PM also considers that,*  
If the team are to use their business experience in an appropriate manner, they will ~~surely~~ wish to look at general NHS management issues which are not specifically covered in Mr. Fowler's detailed brief to them but which have substantial implications for manpower. The chain of command within hospitals is one of the most important of these questions; and perhaps also such related issues as contracting out and purchasing policy. It may not be necessary to spell these issues out in the brief, but Mrs. Thatcher thinks Mr. Griffiths and his team should be made well aware that they are not debarred from dealing with them. In particular, the Prime Minister believes that the questions of authority raised in Graham Turner's <sup>important</sup> ~~articles~~ <sup>last column</sup> in the Daily Telegraph need to be addressed if hospitals are to become efficient and properly managed.

by the team

*This is very important - The PM considers that these [Mr Turner's] articles revealed a total absence of an effective management system in the NHS.*

NP

I am copying to [So. W. O. W. O. Hatfield Press Men]

Speed not



31 January 1983

MANAGEMENT INQUIRY INTO NHS MANPOWER

The team which you have identified seems to be highly suitable. But if they are to use their business experience in an appropriate manner, they will surely wish to look at several aspects of NHS management which are not specifically covered in your detailed brief to them but which have substantial implications for manpower. Purchasing policy, contracting out, and the chain of command within hospitals are among the most important of these questions. It may not be necessary to spell these issues out in the brief, but I think Mr Griffiths and his team should be made well aware that they are not debarred from dealing with them.

The Inquiry's enthusiasm for tackling such difficult but crucial questions is unlikely to be encouraged by the instructions to "build on initiatives already taken" and "avoid duplicating, for example, the work of the Royal Commission". This Government was unimpressed by and is uncommitted to the findings of the Royal Commission, and we certainly should not be complacent about the effect of initiatives, whether taken by this Government or its predecessor. Thus, while the Inquiry team will obviously wish to concentrate on essentials, it should not be deterred from asking fundamental questions about the management of the NHS. And I am sure you will emphasise to Mr Griffiths and his colleagues your expectation that they will "take a searching look at those general management issues underlying our present concerns".



PRIME MINISTER

Management Inquiry Into NHS Manpower

Do you agree that I should write to Mr. Fowler's Private Office on the lines of the draft attached to Clive Priestley's minute of 28 January (Flag A)?

Ferdie Mount endorses this approach, and would like, too, that the inquiry should not be debarred from going wider than manpower, and should address itself to some of the matters raised in Graham Turner's articles - for example, the chain of command within hospitals, and management responsibility. Agree?

*Duty Clerk  
pp M. Scholar*

31 January 1983





10 DOWNING STREET

Proc Musters

A minute for Clive

Prestley is attached  
reporting Sir Derek

Rayners agreement to  
the team proposed by  
Mr Fowler but making  
suggestions as to the  
presentation of its work.

Agree that we should

report as proposed by  
Mr Prestley?

A 28/1



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MR FLESHER

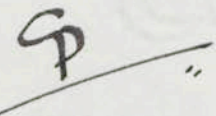
cc Sir Derek Rayner

MANAGEMENT INQUIRY INTO NHS MANPOWER

We spoke. I attach a draft letter. This follows from the line Sir Derek Rayner has taken on this exercise as indicated in my minute to Mr Scholar of 17 January. It is self-explanatory.

2. I should add that I understand privately that Mr Griffiths is restive about the way the exercise is being set up. He is far from keen to be associated with a hatchet job on the NHS which he thinks - rightly in my view - is not the point at all. He wants, and Sir Derek Rayner agrees with this, an exercise which will illuminate typical management issues in the NHS, with an emphasis but not a fixation on manpower.

3. I firmly believe that a statesman like and generous line is what the Prime Minister would want here and the draft letter is written accordingly.

  
C PRIESTLEY

28 January 1983

ENC: Draft letter



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A

DRAFT OF 28 JANUARY 1983

The Private Secretary to the  
Rt Hon Norman Fowler MP  
Secretary of State for Social Services

MANAGEMENT INQUIRY INTO NHS MANPOWER

The Prime Minister was grateful for your Secretary of State's minute of 27 January and was pleased to see he has been able to assemble a good quality team of businessmen to undertake the inquiry. Mrs Thatcher is content for the inquiry to be announced [in the course of this week] by means of a Written Answer, accompanied by a press statement, but she would like Mr Fowler to take account of the following points in doing so.

2. First, the Prime Minister thinks it important to avoid suggesting, in setting up the inquiry, that the NHS is overmanned. To do so would produce a markedly hostile response from the unions and others but, more important, it would alienate those medical, nursing and other staff who worked hard to keep the hospital service going during last year's dispute and whose support for, or at least acquiescence in, the review is necessary for its success. It would therefore be desirable to build as much as possible on the references in the brief to the use of resources generally and on the

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references to manpower planning in the short and longer term, playing down or omitting altogether references which appear to assume that Ministers have already made up their minds that the NHS is overmanned.

3. Secondly, the Prime Minister notes that a progress report is invited by the end of June, but that no other reference is made to timing in the papers. Mrs Thatcher thinks that there would be merit in setting a term on the inquiry, to minimise the risk of its being strung out. Precise questions of timing are a matter for your Secretary of State, but the Prime Minister suggests that it would be a pity to allow the inquiry to extend much beyond the end of the year.

4. Thirdly, the Prime Minister also notes the possibility that management consultants may be used in addition to staff working for the inquiry team. Given the controversial nature of the inquiry; the complexity of the issues; and the personal substance and devotion of many working in the NHS at all levels, the Prime Minister hopes that maximum use will be made of staff in the NHS, whether to work with the team or on their behalf to carry out on-the-spot examinations of particular examples of the use of manpower and other resources. This would tend both to reduce the hostility of the NHS to the inquiry and to increase its effectiveness.



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5. I am copying this to Muir Russell (Scottish Office), John Craig (Welsh Office), Stephen Boys Smith (Northern Ireland Office), John Gieve (HM Treasury), Richard Hatfield (Cabinet Office) and Clive Priestley (Rayner Unit).

T FLESHER



C.F.M.



Prime Minister

Prime Minister

\*  
I gather from DHSS  
that ~~Mr~~ Derek Rayner  
also supports Mr  
Griffiths

Agree to these proposals?

(Sir R Armstrong and Alan

Walters support Mr Griffiths'

appointment: see their attached

notes) MCS 28/1

MANAGEMENT INQUIRY INTO NHS MANPOWER

A good job

Earlier minutes set out my proposal for a Management Inquiry into the use and control of Manpower in the National Health Service. I have concluded that the right man to head the Inquiry is Roy Griffiths, the Managing Director and Deputy Chairman of Sainsburys. My view of his suitability is confirmed by Derek Rayner and by Sir John Sainsbury, who is ready to release him part-time. I am glad to say he has agreed to take on this task.

Following discussion with Mr Griffiths I propose and he agrees that he should be assisted (initially at least) by three businessmen, working part-time, and that one of these should be an immediate past Chairman of an NHS Authority. My proposals for these are:

- Mr Michael Bett - Board Member for Personnel, British Telecom;
- Mr Jim Blyth - Group Finance Director, United Biscuits;
- Sir Brian Bailey - Formerly Chairman of South Western Regional Health Authority.

The businessmen will be supported by a small full-time staff led by a DHSS Assistant Secretary and including both health service experience and private sector expertise.

I have given Mr Griffiths and his team a detailed brief and I enclose a copy. As you know, they are not to prepare a formal report nor will they act in any way like a Royal

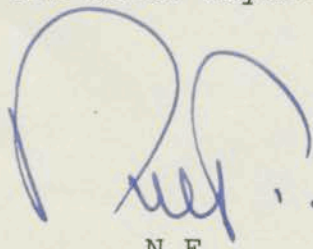


Commission or Committee of Enquiry; rather they will be my advisers, probing into what more we need to do, within existing resources, to secure the most effective use and management of NHS manpower and keep a tight control on numbers. As you will see from the attached brief, I have already set them a number of detailed questions on manpower, but I will also expect businessmen of this high managerial competence to take a searching look at those general management issues underlying our present concerns. For example, to see how the manpower requirements are generated and controlled they may need to probe how the NHS sets its service plans and objectives and how the tempo of activities is controlled. They will also examine the possibilities of substituting other resources for manpower, and look at related personnel management and industrial relations issues.

I envisage that Mr Griffiths and his team will go about their task by identifying major management issues which individual members will enquire into with the support of full time staff and, where necessary, of management consultants if they so choose. Mr Griffiths will then feed back advice as their enquiries proceed, on timetables agreed with me, so that they can make an early impact on our management of the NHS. I have asked him, in any event, to advise me on progress by the end of June.

I aim to announce the setting up of the inquiry team next week by inspired Written Answer accompanied by a press statement.

I am copying this minute to the Secretaries of State for Scotland, Wales and Northern Ireland, the Chief Secretary, Sir Robert Armstrong and Sir Derek Rayner.



N F

27 January 1983