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PRIME MINISTER

NATIONAL HEALTH SERVICE MANAGEMENT BOARD AND THE CHIEF EXECUTIVE

At our meeting on 8 November about the NHS review we discussed briefly the future of the NHS Management Board. It might be helpful if I were to let you have a fuller note of my thinking, because the issues are relevant to my concern that we should move quickly to announce a successor to Len Peach as Chief Executive to the Board.

2. We all share the objective of devolving decision-making in the NHS as far down the line as possible. But this will not remove the need for a top management structure for the service. Indeed, the role of top management will be more important over the next year or two, while we are introducing the sort of radical and demanding changes that we are intending to announce.

3. The NHS is a very large and complex organisation. Radical change will not come naturally to many parts of it. The very ambitious agenda that we are drawing up will require strong leadership and drive to see that it is carried through into reality. This will involve a combination of political will and technical grasp. We have to motivate what is probably the largest management team in the country, and we cannot afford any impression of lack of grip.

4. Because the NHS is wholly funded by the taxpayer, Ministers are inevitably and rightly held accountable both for policy and for implementation. This will be especially the case during a time of great change following the White Paper. I therefore firmly believe that I should chair the Management Board while we launch the Review changes. Only thus can we ensure that the Board does not become just an additional link in the management chain between the NHS and Ministers, or alternatively a new and powerful lobby.

5. But to make the system work and to handle day to day issues firmly we shall require a strong and highly competent Chief Executive. We have gone through a careful selection process using a short list of candidates which included people from inside and outside the NHS. The clear front runner, Duncan Nichol, has a formidable track record for delivering change and managing resources in his Mersey Region. I believe we could use his talents and experience in the top management of the NHS whether or not he is formally designated Chief Executive.

6. I am in fact in no doubt that we should so designate him. I should not wish to have Peach leave us without being able to announce a successor. The fact that we have been looking for one is known, and failure to clinch the arrangement would be open to all



kinds of misinterpretation about the course of the Review and our intentions with respect to the management of the Service. On the other hand, the appointment of someone with the track record of Nichol would send the right signals to the NHS and beyond - that having set our hand to firm management we have no intention of being diverted. I hope therefore that we can announce Nichol's appointment as soon as possible.

7. I am copying this only to the Chancellor and Sir Robin Butler.

22 November 1988  
Department of Health

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