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PRIME MINISTER

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PAPER 1

PAY AND CONDITIONS OF NHS STAFF

After a long preamble, the paper makes a very encouraging proposal in Paragraph 20. DoH and Treasury have finally agreed that managers of self-governing hospitals will have no obligation to observe centrally determined pay and conditions. This agreement is an extremely positive development. Under these proposals, the term 'self-governing hospitals' is given real meaning.

My main concern is the second half of Paragraph 20.

"Satisfying the Secretary of State that the hospital has the managerial and personnel capacity to handle this degree of freedom would be one of the conditions of self-governing status."

If the criteria for self-governance are too rigid, most hospitals will fail the test. Innovation will not take place until hospitals become self-governing. In many cases, management will learn by their mistakes. But if we wait for a utopian state of management before making the step, self-governing hospitals will remain a dream.

Question: How will Kenneth Clarke determine the appropriate level of managerial and personnel capacity?

Is there a danger that desirable management techniques will be set by DoH circulars, rather than by enabling entrepreneurial flair to flourish?

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Kenneth Clarke will need to explain the reasons for retaining the Review Bodies for doctors and nurses. (Para 8).

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