

Ref. AO89/1042

PRIME MINISTER

Central Management of the NHS

I should like to offer a comment on the scheme proposed by Mr Clarke, on which the issues are well set out in Mr Wilson's brief.

2. The key passage on the relationship between the management executive and the rest of the Department of Health is in Annex C. Of the three options - making the management executive a separate entity reporting to the Secretary of State, making it a subordinate agency of the Department and making it separate from, but parallel to, the policy side of the department - I think that the Department are right to pick the third alternative. If they picked the first, the management executive would be too separate, and would have to devote a lot of their energy to advising on the Parliamentary and political aspects of the NHS. The second option, in which the management executive would be subordinate to the rest of the Department, is also unsuitable and rightly unacceptable to Mr Nichol.

3. But I think that the success of the third option does depend on carrying through a clear separation between the policy side under the Permanent Secretary and the management side under the Chief Executive. I am not satisfied that this separation has yet been made. For example, in --- Appendix ci (copy attached for ease of reference) there are two columns of staff, one headed "Management executive functions" and the other headed "Policy and other functions". But I gather that many of those under "Management Executive" are on the budget of the Permanent Secretary, not Mr Nichol, and there is clearly much double-banking.

4. So, if you agree the basic model, there is a lot still to do in separating policy from execution. I therefore support Sir Roy Griffiths' suggestion, in Mr Wilson's brief, that you should ask for three-monthly progress reports; and I suggest that you should stipulate three specific headings which you want reported on - progress in separating the management executive and the policy board (and no double-banking); progress with turning some of the functions into self-contained agencies; and progress in reducing the overall numbers in the Department.

R.F.R.B.

ROBIN BUTLER

24 April 1989

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DEPARTMENT OF HEALTH

(Approximate staff numbers, March 1989)

1. Ministers' Private Offices 39
 incl Parliamentary and Correspondence Sections

2. Management Executive functions

Chief Executive & his private office	5
Health Authority Finance	44
Health Building Directorate (Note 1)	107
Procurement Directorate (Note 1)	161
Regional Liaison	86
Health Service Information (Note 1)	18
NHS Information Technology (Note 1)	38
NHS Business strategy	10
Estate & Property Management (Note 1)	24
Health Authority Personnel	115
Financial and Resource Management	46
Family Practitioner Services	91
Medical	59
Nursing	28
Pharmaceutical	3
Economic Analysts	8
Operational Research	10
<u>Statistics and Management Information</u>	166
Legal	12
Finance (FPS, CFS & Administration)	95
Research Management	14

3. Policy & other functions

Permanent Secretary & private office	5
CMO & his private office	6
Policy on:	
Children, Maternity & Prevention	54
Community Services	74
Health Services	94
Priority Care	90
Aids	18
NHS Review	16
Policy Secretariat	5
Family Practitioner Services	82
Medical	168
Nursing	38
Pharmaceutical	12
Economic Analysts	11
Operational Research	8
<u>Stats and Management Information</u>	69
Legal	17
Finance (FPS, CFS & Administration)	63
Research Management	32
Dental	10
British Pharmacopoeia (Note 2)	34

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4. Support

Information Division	33
Departmental Personnel	120
Central Resource Management	25
Library	32
Office Services Management	78
Messengers	84
Security Officers	25
Paper and Office Keepers	35
Typing and Reprographics	150
Telephonists	3
	<u>585</u>

5. Other Authorities/Groups accountable to the Secretary of State

Special Hospitals (Note 3)	3204
NHS Superannuation (Note 4)	520
Youth Treatment Centres (Note 4)	183
NHS Statutory Audit (Note 5)	213
Social Services Inspectorate (Note 4)	187
Dental Reference Service (Note 6)	61
Regional Medical Service	197
Mental Health Act Commission and Review Tribunals	46
National Development Team for the Mentally Handicapped (Note 7)	5
Health Advisory Service (Note 7)	10
Medicines Control Agency (Note 8)	270
Disablement Services Authority (Note 9)	1057
	<u>5953</u>
GRAND TOTAL	<u>8623</u>

NOTES

1. Candidates (in whole or part) for an NHS Common Services Authority or other Agency
2. The future status of the British Pharmacopoeia is under active consideration
3. Becomes a Special Health Authority within the NHS during 1989
4. Candidates for Next Steps or other Agencies
5. To be transferred to the Audit Commission on 1 April 1991

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6. To be transferred to the Dental Estimates Board on 1 October 1989
7. Consideration is being given to merging these two bodies and plans are in hand to put them onto a self-financing basis with the possibility of Agency status in the future
8. Became a self-financing agency working within an agreed framework from 1 April 1989
9. Became a Special Health Authority in July 1987 tasked with arranging a full transfer to the NHS by 1 April 1991. Included in the Department only because the Authority is, for the present, staffed mainly by DH officials.

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