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CONFIDENTIAL

Paul Gray Esq
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19 June 1989

Dear Paul,

MANAGEMENT ARRANGEMENTS FOR THE NHS IN SCOTLAND

Thank you for your letter of 12 June giving the Prime Minister's reactions to the minute from my Secretary of State of 31 May and setting out some specific comments and questions.

Mr Rifkind is very grateful for the Prime Minister's comments and appreciates that some clarification of his minute of 31 May would be helpful. He fully shares the objectives of ensuring effective management of the NHS in Scotland and he believes that the proposals he has put forward - which are closely modelled on the Department of Health's proposals - will meet that objective. Obviously, in order to do so they must take into account certain differences of structure as between Scotland and England, notably the fact that in Scotland the regional and national roles are combined in the Scottish Office.

Mr Rifkind has asked me to comment as follows on the particular points in your letter:

- (a) There will indeed be a job description for the Chief Executive and Scottish Ministers will establish a clear policy framework and provide it to the Chief Executive for him to implement;
- (b) The answers to both the questions in your second indent are affirmative. On page 3 of his minute Mr Rifkind said that the Chief Executive would have an initial period to decide what pattern of support staff was necessary and to propose adjustments or supplementation at senior level. That is consistent with the Chief Executive's ability to make his own senior appointments subject to the clearances indicated in your letter. On management matters the Chief Executive will certainly speak with the authority of the Secretary of State to the Health Boards and the Common Services Agency.
- (c) The composition of the Management Executive Group will be decided finally when the Chief Executive is in post. It will include the senior staff responsible for Finance, Personnel, Information Technology and Strategic Planning. It would be

wider than those key areas but Mr Rifkind would want to discuss what other elements should be in it with the Chief Executive. He would be guided by the pattern adopted for the Department of Health but would want to settle its exact composition in the light of particular Scottish circumstances.

- (d) The Secretary of State is most anxious that there should be no double banking of staff as between the Department and the Chief Executive. And he has decided that the professional staff should give advice to both sides. The total number of administration group staff on the Health side is 200, though, in parallel with the increase agreed between the Treasury and the Department of Health to meet the extra demands of implementing the White Paper, a small increase of 18 for the current year has been sought. The expectation is that the Chief Executive would have 130 and the remaining 70 would stay with the policy side. There will be no overlap. The Department is at full stretch in order to match the efforts of the Department of Health and also to discharge the responsibilities for the separate Scottish system as well as the responsibilities of a regional organisation.
- (e) In the Scottish Office the Permanent Secretary has Accounting Officer responsibility for the single administration Vote covering all the Departments, while the Heads of those Departments are Accounting Officers for the programme Votes. Mr Rifkind proposes to retain that arrangement. There would be a substantial transfer of Accounting Officer responsibility from the Head of the Scottish Home and Health Department to the Chief Executive; and the latter would also have, within the Administration Vote, a clear budget allocated to him for his staff and other administrative costs.
- (f) The responsibilities of the Chief Executive's post have been set out in the public advertisement and the Civil Service Commission's literature so that those who are applying for the post know what is expected of them. However, Mr Rifkind believes that it is right to settle the fine detail once the new incumbent is in post and has had time to express a considered view. Given that the post has not existed in Scotland until now, Mr Rifkind considers that it is simply a matter of good sense to give the new Chief Executive the opportunity of shaping the organisation in a way that will best suit his or her approach to tackling this formidable task.
- (g) The Chief Executive will have the task of determining the performance related element of the remuneration of individual General Managers.

Mr Rifkind is fully committed to ensuring that the Chief Executive has the remit, the powers, the authority and the staff required to allow him to be an effective and dynamic force for better management in the health service in Scotland.

I am sending a copy of this letter to the Private Secretaries to the Secretary of State for Health, the Secretary of State for Wales, the Secretary of State for Northern Ireland, the Chief Secretary to the Treasury, the Deputy Chairman of the NHS Management Board, and to Sir Robin Butler and Richard Wilson (Cabinet Office)

You sincerely,

David

DAVID CRAWLEY
Private Secretary

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