

**NHS REVIEW: CENTRAL MANAGEMENT OF THE NHS**

There are no major surprises in the Department of Health paper. But I have two concerns:

1. The statement in paragraph 22 that "these changes will together reduce the total number of staff in the Department of Health from 8,600 in March 1989 to an estimated 4,100 by April 1992" is rather illusory. After excluding the transfers of staff to special health authorities, next steps agencies and the Audit Commission, the numbers of core staff in the department will have risen from 2,734 in March 1989 to 2,846 by April 1991 (Annex C). This increase may well be justified in the short run by the heavier legislative schedule this year and the implementation of the NHS reforms. But in the longer run, staff numbers will need to be reduced if we hope to minimise bureaucracy at the centre.
2. There are a number of central management units that should be under the direct responsibility of the Chief Executive rather than the Permanent Secretary. For example, the unit responsible for expenditure on medicines reports to Duncan Nichol while the team responsible for pharmacists' fees reports to Christopher France. This division of responsibility makes little sense. But Duncan Nichol appears to be content with the split for the time being.

**Conclusions**

The Department of Health is making good progress towards the implementation of the management changes. But there are risks that the numbers of central staff will continue to drift upwards. And some of the divisions of responsibility between Duncan Nichol and Christopher France are bound to cause confusion at some point.

On balance I do not think we need to intervene at this point. But I suggest that a status report is prepared again in 12 months time for two reasons:

1. The success of our reforms will depend heavily on effective management at the centre. We will need to be aware of any problems.
2. By next year, the department can be challenged justifiably if staff numbers continue to rise.

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