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PRIME MINISTER

NHS REFORMS

Further to my main note on the NHS Reforms covering the response from Mr. Clarke, I attach a personal letter from Sir Robin Ibbs (which has just arrived).

I spoke to Sir Robin over the telephone this afternoon. He said he wished to offer some thoughts, following further reflection on the seminar two weeks ago. I indicated it might be very useful if those thoughts could be made available to you this evening, when you consider Mr. Clarke's own response.

Sir Robin's letter makes a number of good points: and on the second page it is particularly helpful to have some suggestions for strengthening the management of the reforms. You will note that the proposals in sub-paragraphs 2 and 3, based on urgent re-assessment, are consistent with, but develop further, the advice in the other notes you have received this evening.

BHP

BARRY H. POTTER
28 JUNE 1990

And the people under his
management by charge are ???
Robin, David, Derek?

See they are defined
past in the other paper
no

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Lloyds Bank Plc
71 Lombard Street
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Deputy Chairman

28 June 1990

STRICTLY PERSONAL

The Rt. Hon. Margaret Thatcher, MP
10 Downing Street
LONDON
SW1A 2AA

Dear Prime Minister,

Thank you for your letter dated 14th June 1990 about the presentation on the NHS reforms. Unfortunately the presentation did not give me as good an understanding of the situation as I would have wished. Nevertheless it occurs to me that you may find it helpful to have a summary of my impressions, together with some suggestions, now that I have had time to think about it. I understand that David Wolfson is also writing to you and I support his conclusions. My own views in this letter concentrate on managerial issues.

My main impressions were:

1. Some aspects of the reforms have not been thought through in detail.
2. The management of the transition to the reforms has not been fully planned.
3. Too much on too wide a scale is to be changed at one time - budgets for GPs, trusts for hospitals, competitive tendering, many crucial administrative systems; all these moves to be made simultaneously right across the country. The defence that in some respects nothing much was actually going to be allowed to change was itself disturbing.
4. Excessive commitment to a timetable that sounds unrealistic.
5. Inability to contemplate reducing the risks by staging and other alterations.
6. Unwillingness to face up to the additional costs that are inevitable during a period of such change.

The presentation and discussion indicated a management that was over-stretched by the task and had insufficient experience of managing a situation of major change. The task is anyhow made even more difficult by the active opposition of some of those on whom successful change will depend.

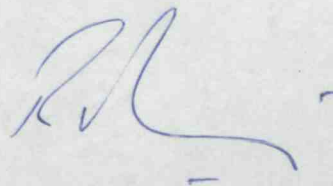
STRICTLY PERSONAL

What can be done about it at this late stage? Possibly Kenneth Clarke may himself make some proposals after considering the comments at the presentation. I suggest four obvious steps:

1. Strengthen the management with people with experience of managing big projects in other fields. Second guessing the present management in detail from outside is likely to make things worse. Short-term secondment of some strong experienced characters looks a way to do it.
2. Insist on reassessment, with the help of such people, of the key steps needed to achieve each reform and what is required to ensure the success of each of these steps. This must include generating sufficient support for the changes among the various factions.
3. In the light of this reassessment, phase the changes sufficiently to avoid disaster through attempting more at one time than can be satisfactorily managed. (It is impossible at present to guess how much phasing is needed. To get cosmetic advantages it may be possible to advance some steps while delaying others).
4. Define some indicators of real improvement in the Service that can demonstrate early success, to help silence critics and encourage the whole team.

I believe all this could be done while still saving the face of the existing management; as it seems rather late to change them it is important not to undermine them. It was argued that politically any modification of present intentions was out of the question. But modifications to a plan can always be dressed up, and if dogged persistence points to disaster there can be no virtue in it.

yours ever,



(Robin Ibbs)