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cc. BI
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For Tuesday

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Andrew Turnbull Esq
Private Secretary
10 Downing Street

21 October 1983

As you know, my Secretary of State is to make an oral statement to the House on Tuesday on the NHS Management Inquiry. I attach a draft, on which I would be grateful for any comments by Monday.

I am copying this to Colin Jones, John Graham, John Lyon, John Gieve and ~~Colin~~ Marshall.
Chase

Ellen Roberts

Ellen Roberts
Private Secretary

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DRAFT

NHS MANAGEMENT INQUIRY: SECRETARY OF STATE'S STATEMENT
TO THE HOUSE ON PUBLICATION

With the permission of the House, Mr Speaker, I would now like to make a statement to the House on publication of the advice given to me by the NHS Management Inquiry.

I have today placed in the House of Commons Library and the Vote Office copies of a report dated 6 October from Mr Roy Griffiths, leader of the Management Inquiry team. This summarizes their advice on the two main tasks I set for the Inquiry on 3 February: to review current initiatives to improve the efficiency of the NHS in England; and to advise me on the management action needed to secure the best value for money and the best possible services to patients.

The Inquiry team endorses the main initiatives the Government has already taken to make Health Authorities accountable for the performance of the services they provide, and they have made further important recommendations about necessary management action for the three levels of the NHS: my Department, the Regional Health Authorities and the District Health Authorities.

The report recommends that I should set up and chair a new Health Services Supervisory Board. The purpose of the Board is to strengthen the existing arrangements within my Department for the oversight of the NHS. The Board will have some part-time external members. The report recommends a Management Board, directly accountable to the Supervisory Board, to bring together the present management functions of my Department relating to the hospital and community health services, family practitioner services and special health authorities. It should have full-time members recruited from the private sector - probably including the Chairman and at least one other member initially - as well as from the NHS and my Department.

The report also recommends the identification of a general manager for each Regional and District authority, drawn from any discipline, to secure effective management of the Authority's

Units of Management in the health service, for example the District General Hospital, should, as far as possible, take all their own day to day management decisions. Doctors should be closely involved in local management through more effective advisory arrangements and the development of management budgets for which they would be accountable. The team also recommends the identification of a unit general manager, again identified regardless of discipline.

In short the report recommends changes in the arrangements for consultation and decision, so as to speed up and simplify local management action. Additional recommendations on personnel, finance, works and property functions complement the energetic style of NHS management now proposed.

There are three important points to make on this report:-

first - the report does not propose any further structural reorganisation: all its recommendations are designed to take place within the existing statutory structure and without affecting the constitutional position of Parliament, Ministers and the statutory health authorities;

secondly - the recommendations will not add to existing costs or staff numbers, indeed the report emphasises the scope for initiating major cost-improvement programmes within the NHS.

Thirdly - underlying all that the report recommends is the desire to secure the best deal for the patient, the best value for the taxpayer and the best possible working environment and career opportunities for staff.

The Government very much welcomes the general thrust of this advice. I shall be appointing, within DHSS, the National Health Service Supervisory Board, which I shall chair. I am pleased to announce that Mr Roy Griffiths has agreed to serve

on the Supervisory Board, to provide, on a transitional basis, the external business advice recommended by the Inquiry team. [I am also pleased to say that the other members of the team, Mr Blyth, Mr Betts and Sir Brian Bailey have agreed to continue to assist the Board.] Amongst its first tasks will be to determine the composition and membership of the Management Board. The remaining important recommendations call for action by the health authorities. I am consulting them and the professional and other interests involved; subject to the outcome of this consultation I hope Authorities will be able to start implementation by 1 April 1984.



10 DOWNING STREET

Prime Minister ⁽ⁱ⁾

Is this upbeat enough?
Refers to 'energetic
management but could go
further.

Agree subject to
slightly higher tone?

AT

21/10

Surely the Chairman of
the Management Board
should be the Chief Executive
(i.e. Director) of the entire
Health Service? If this is the
intention, it should come out
very clearly. Not

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10 DOWNING STREET

From the Private Secretary

24 October 1983

Dear Ellen.

Statement on NHS Management Inquiry

The Prime Minister has seen the draft statement attached to your letter of 21 October. She wonders whether the tone could be made rather more positive, emphasising the contribution to the health service which the Government can make by improving the quality of its management. More specifically, she has commented that the Chairman of the Management Board should be the Chief Executive of the entire health service. If this is the intention she feels it does not come out very clearly from the current draft. Subject to these points she is content for the statement to be made on Tuesday.

I am copying this to Colin Jones (Welsh Office), John Graham (Scottish Office), John Lyon (Northern Ireland Office), John Gieve (Chief Secretary's Office) and Charles Marshall (Lord Privy Seal's Office).

*Yours sincerely
Andrew Turnbull*

Andrew Turnbull

Miss Ellen Roberts,
Department of Health and Social Security.

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D/c

PN



Prime Minister

To note that Scotland are endorsing
the NHS Management Enquiry

SCOTTISH OFFICE

WHITEHALL, LONDON SW1A 2AU

AT 24/10

Andrew Turnbull Esq
Private Secretary
10 Downing Street
LONDON

24 October 1983

Dear Andrew,

STATEMENT ON NHS MANAGEMENT INQUIRY

My Secretary of State has been keeping in close touch with developments on this matter and has decided that, while the inquiry report is not written in terms which are directly applicable in Scotland, he should nevertheless indicate his general agreement with the principles on which the report is based and also what further action he intends taking. This will be done by means of an arranged PQ the text of which I now enclose.

I am copying this letter to Colin Jones (Welsh Office), John Lyon (Northern Ireland Office), John Gieve (Chief Secretary's Office), Ellen Roberts (DHSS), and Charles Marshall (Lord Privy Seal's Office).

Yours sincerely
Eddie Gowans

EDDIE GOWANS
Private Secretary

DRAFT ARRANGED PARLIAMENTARY QUESTION FOR ANSWER BY THE SECRETARY
OF STATE FOR SCOTLAND ON 25 OCTOBER 1983

Q. To ask the Secretary of State for Scotland, what implications the Report of the NHS Management Inquiry has for Scotland

A. Though the National Health Service Management Inquiry which was set up by my right hon Friend the Secretary of State for Social Services did not cover Scotland, and the Inquiry Report is not written in terms which are directly applicable in Scotland, I am in general agreement with the principles on which the Report is based. I shall consider without delay how these principles can be applied to the management of the Scottish Health Service, consult the various interested parties and make a further statement in early course."



NBPM

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AT 25/10

Treasury Chambers, Parliament Street, SW1P 3AG

Ellen Roberts
Private Secretary
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

24 October 1983

Dear Ellen

The Chief Secretary has seen your letter of 21 October enclosing a draft statement on the NHS Management Inquiry.

He thinks that the statement should make clearer the Government's commitment to implement the proposals and might also clarify, right at the beginning the general theme of the report. This might be achieved on the lines of the attached amendments.

I am copying this letter to Andrew Turnbull, Colin Jones, John Graham, John Lyon and Colin Marshall.

Yours sincerely

J.G. Gieve

JOHN GIEVE
Private Secretary

At the end of the third paragraph insert the following.

"Key recommendations underlying the report are that there should be clear management responsibility identified for carrying out all NHS functions, and that this responsibility should be devolved to the lowest level at which it can be effectively carried out.

The Government accepts the recommendations of the Inquiry team, and I intend to implement them as quickly as possible."

Fourth paragraph, line 7

Insert after "together" "and clarify"

Paragraph 6 - Start as follows:

"The presumption is that, unless there are overriding reasons to the contrary, Units of Management.....

Line 2 - delete "as far as possible"

Paragraph 9 - delete "the Governmentadvice"

Line 10 - replace "determine" with "consider"

Line 12 - insert after "health authorities". "They will involve significant changes in present management practice, and it is right for me to consult them and the professional, and other interests involved;"

Line 13 - delete "subject ...consultation"
insert "but"

Add new paragraph at end to read as follows:-

"Mr Speaker, I would like to take this opportunity to thank the Inquiry team for their work. I believe their proposals will help to make the NHS even more efficient and responsive to patients' needs. The Government intends to implement the recommendations as quickly as possible."

nat Health,
NHS Exp,
pt 2

25 OCT 1983





10 DOWNING STREET

Prime Minister

Some useful ideas about
how the Government can
go on the offensive. But
we should surely be
cautious about
underwriting a particular
standard of service to
which patients are entitled.

AT

24/10

MT

NHE file

STATEMENT ON NATIONAL HEALTH SERVICE MANAGEMENT INQUIRY:

TUESDAY 25 OCTOBER 1983

With permission, Mr Speaker, I would like to make a statement on the publication of the advice given to me by the National Health Service Management Inquiry. As the House will recall I set up an inquiry into the management of the health service under the Chairmanship of Mr Roy Griffiths, the Deputy Chairman and Managing Director of Sainsbury's, in February of this year. I asked him to review current initiatives to improve the efficiency of the health service in England and to advise on the management action needed to secure the best value for money and the best possible service to patients. I have today placed in the Vote Office copies of the report which I have now received from the Inquiry Team.

The Inquiry Team endorses the main initiatives that the Government has already taken to make health authorities accountable for the performance of the services they provide. However, they say an enormous programme of management action is still needed. The Inquiry Team found that at all levels in the National Health Service there is a lack of a clearly defined general management function.

✓ Responsibility is too rarely placed on one person. Although they would like to harness the best of the consensus management approach, they found that at present consensus management can lead to lowest common denominator decisions, and long delays in the management process. Another effect is that the process of devolution of responsibility is ineffective.

Accordingly the Inquiry Team propose a series of changes aimed at making the existing organisation work better in practice rather than aiming at yet another restructuring of the service.

Inside the Department of Health the Team propose that I should set up and chair a new Health Services Supervisory Board. The Board would have some external members and directly accountable to it would be a Management Board which would bring together the present management functions of my Department relating to the Hospital and Community Services, the Family Practitioner Services and Special Health Authorities. A new Chairman of the Management Board would be appointed probably from outside the Service. The report also proposes that a Personnel Director should be recruited.

At the regional and district level the report recommends the identification of a General Manager for each authority. Such a manager would be drawn from any discipline - that is from any of the professions engaged in the management of the National Health Service and his job would be to secure effective management of the Authority's services.

The report also recommends that hospitals and other units of management should as far as possible take all the day to day management decisions. Doctors should be closely involved in local management through the development of management budgets for which they would be accountable. The Team also recommends the identification of a General Manager for every major hospital and other unit of management.

In short, the key recommendation is that a clear management responsibility should be identified for carrying out all National Health Service management functions and that this responsibility should be devolved as near to the patient as is practicable. The report is also in no doubt that major cost improvement programmes can and should be initiated in the National Health Service aimed at much higher efficiency to be sustained over much longer periods than at present.

There are three additional points to make on this report.

First, the report does not propose any further structural reorganisation. All its recommendations are designed to take place within the existing statutory structure and without affecting the constitutional position of Parliament, Ministers and the health authorities.

Second, the recommendations will not add to existing costs or staff numbers. Indeed inside the Department of Health they should lead to a reduction of activities and staff.

Third, the report emphasises that the National Health Service is about delivering services to people. It is not about organising systems for their own sake. The Team say that the driving force behind their advice is their concern to secure the best deal for patients and the community within available resources; the best value for the taxpayer; and the best motivation for staff.

Mr Speaker, the Government very much welcomes the general thrust of this advice and is very grateful to Mr Griffiths and his colleagues.

I shall be setting up within my Department the Health Services Supervisory Board as recommended. Among its first tasks will be to establish the Management Board and to initiate action in respect of health authorities. Clearly I will consult with the health authorities and professional and other interests involved, but subject to the outcome of these consultations I would hope that authorities would be able to start implementing the general management function from April 1984.

The National Health Service is one of the largest undertakings in Western Europe. The Service needs and deserves the very best management we can give it. One of the best contributions we can make to patient care is the improvement in National Health Service management along the lines recommended by the Griffiths Report.

PRIME MINISTER'S QUESTION TIME
25 OCTOBER 1983

HANSARD Col 141

Q2. **Mr. Fisher** asked the Prime Minister if she will list her official engagements for Tuesday 25 October.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Fisher: Will the Prime Minister confirm that as a result of the Government's cuts in NHS manpower, the real job loss in the NHS in the west midlands is not the 140 that her Secretary of State claimed but 3,626? Will she report this fact to her "Star Chamber" of Ministers when they next discuss the cuts that the Government are making?

The Prime Minister: The numbers employed in the NHS went up enormously during the lifetime of the last Government—very much more than in the lifetime of the Labour Government. The same is true of the amount spent on the NHS. Even after a reduction of half of 1 per cent. in NHS manpower in Great Britain, the numbers employed under this Government will far exceed anything under the last Labour Government.

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NBPM
AT 26/10

H M Treasury

Parliament Street London SW1P 3AG

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A M Bailey CB
Second Permanent Secretary
Public Services

Sir Kenneth Stowe KCB, CVO
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London SE1 6BY

25 October 1983

Dear Ken,

NHS MANAGEMENT ENQUIRY

I have seen the copy of your letter of 7 October to Robin Butler, and copy of the Griffiths Report, which you sent to Peter Middleton.

2. Like you, I think it is excellent. Your Secretary of State is making a statement today, and no doubt you will be thinking how best to follow up the various proposals.
3. Clearly there are a number of important issues here, relating particularly to the organisation of DHSS. In view of this, I would very much like to have an early meeting with you to discuss how you propose to carry matters forward; I am asking my secretary to see if a convenient time can be arranged.
4. I imagine that your first step will be to set up the Supervisory Board, and then the Management Board. I note the reservation in your letter about the size, composition, and grading of the Board; but I am not clear how you propose to integrate it into the present DHSS structure. An early talk should help us to understand and approve your proposals when you are ready to put them to us.
5. I am copying this letter to Robert Armstrong and Robin Butler.

Yours,
Alan

A M BAILEY

National Health : Expenditure & Efficiency
A 2



27 OCT 1983



EFFICIENCY UNIT

70 WHITEHALL, LONDON SW1A 2AS

Enquiries : 01-233 8412

Direct line : 01-233 7359

✓ No
Prime Minister ②

Some good advice from
Sir Robin Ibbot

AT 8/11

2 November 1983

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

Dear Norman

NHS MANAGEMENT ENQUIRY

Thank you for sending me a copy of your minute to the Prime Minister about the management enquiry report, which I have now had chance to read. I thought the proposals offer an excellent opportunity to start switching the emphasis in the public mind from "cuts in services" to the effective management of available resources at all levels.

2. The proposed management structure seems sensible and I have no reason to question the conclusions. But they amount to a sizeable change in emphasis and I would not underestimate the difficulties of implementing the substance rather than the form.

3. The whole of my experience is that the problem to concentrate upon is how to move from where we are now to where we want to be without falling on our faces. Management of the transition is crucial when, as in this case, the new management structure is intended to change the culture of the service and to change behaviour.

4. For example, merely to bring in business managers will not be enough. No matter how good, they will be swamped by the opponents of change unless the ground has been thoroughly prepared for success. The fact is that the NHS has to continue to function to acceptable standards during the change and a serious falling away - no matter what the cause - would discredit the changes you are seeking to make.

5. I am very willing to discuss this further with you and your officials. But in short, my advice would be to set four priorities:

- (1) To get good people into the key general management positions. These must include some who know their way around the system and can use

its existing levers of power to deliver what you want.

- (2) To put the management load on to the new system quickly and in particular to curtail headquarters drastically so that the new structure holds sway.
- (3) To insist that the new management sets and monitors targets for improved performance at all levels down an unbroken line of management from you to the individual NHS employee. (I am troubled by the current divisions between administrators and medical staff and between civil servants and NHS staff.)
- (4) To keep up the momentum for greater efficiency and change on the ground (such as through the NHS scrutiny programme, for example) which will encourage people at different points in the NHS who know what is needed to make changes.

6. Let me repeat that I and the Efficiency Unit are very willing to talk to you or your staff about the transitional arrangements or any other aspect of the report and to help in whatever way we can.

7. Copies of this go to the Prime Minister and other recipients of your minute of 11 October.

SIR R IBBS

Robin Ibbs

Nat Health,
Expenditure,
Pt 2