

MEETING: 29 NOVEMBER 1983

Present: The Secretary of State
Mr Kenneth Clarke (Minister for Health)
Mr John Patten (Parliamentary Under Secretary of State)
Sir Kenneth Stowe
Sir Henry Yellowlees
Sir Geoffrey Otton
Dr Acheson
Mr N E Clarke
Mr Hulme

Subject: Implementation of the Griffiths Report in DHSS

1. Sir Kenneth Stowe referred back to the meeting on 11 November when the Secretary of State had asked how the general manager and the personnel director would be selected and appointed. Sir Kenneth had outlined a series of steps which would have to be undertaken beginning with an analysis of current departmental functions and how they might be restructured. That analysis had been undertaken over the last two weeks and the working papers produced were now before Ministers. The purpose of the meeting was to bring out the issues which have arisen in this work and seek guidance on the direction and timetable for taking it forward.

2. The issues were presented as follows:

Background

- (1) The Problem identified in the Griffiths report, as seen by the Permanent Secretary and as reflected in the views of Parliament and of the Health Service had, as the common thread, the absence of a full-time senior focus in the Department for the management of the National Health Service.
- (2) The Machinery for Control in the Department showed a sharp contrast between the direct management line for social security operations and that of the health service where there was a clear line of authority from the Secretary of State to the health authorities but a whole series of "dotted line" relationships between them and their officers, the Department and professional bodies. Action to tackle the problems arising was constrained by the statutory provisions for health authorities' functions and the importance of professional bodies who have much control and influence over the way in which treatment to patients is provided
- (3) The Management Functions identified in the Griffiths report as required to be done centrally were widely diffused within the organisation of the Department.
- (4) The Proportion of Staff involved at Headquarters in NHS management functions varied depending on grade so all of the 18 officials at Under Secretary and above in HPSS administrative divisions had some responsibility for NHS management functions. Below principal the proportion dropped to about 35%.

- (5) The Traffic between the Department and the NHS was both heavy and spread amongst a large number of Divisions. The circulars which went to all authorities numbered 590 last year though this was a considerable reduction on 1978/79 when there were 1,200. The less formal traffic was much heavier for example there were an estimated 50,000 incoming calls a year to P2 Division.

Prior Considerations to Action

- (6) The Objectives were to respond positively by setting up a clear focus for the management role of the centre with a visible initial impact early in 1984 and a measurable response by March 1985 whilst maintaining the ability to develop and co-ordinate wider health policies. One aspect of the measurable response by March 1985 would be the impact on the pattern and quantity of the traffic between the Department and the NHS.
- (7) The Main Constraints were that Ministerial, Regional and District accountability remain unchanged, the numbers of DHSS staff including top management could not increase and the costs of any changes should be kept low. It had been made clear both in the report and accompanying statements that there was no change in the statutory framework but there were those who looked for a separate corporation to run the NHS outside the Department.
- (8) Some Guidelines which had emerged from the discussions on implementation were that the general management function should not be overburdened with functions in the initial period; existing sources of advice in support of the Secretary of State's wider functions should not be duplicated; there should be a stronger NHS management input into policy making; the division of functions between the management box and elsewhere should be flexible; and officials who report to the general manager but are part of specialist or professional disciplines should continue to look to their specialist/professional head for professional advice.

Proposals for Action

- (9) The Proposal was for Early Establishment of a 'Nucleus' of a stronger management focus. The alternative was to spend more time on a comprehensive plan.
- (10) The Nucleus would constitute at the minimum the functions of Regional Liaison Division, Finance Division A and Personnel Division 2, together with professional support, under a unified management.
- (11) The Identification of the Nucleus from existing commands would be a substantial task because as demonstrated by the analyses of current functions the responsibilities for NHS management are embedded in Divisions with separate or wider responsibilities. The task was considerably helped however through the existence of the second round of Divisional Management Accounts.

Timetable

- (12) The Establishment of a Nucleus to achieve a visible impact by the Spring of 1984 ie to fit in with the timetable for NHS changes would require a crash programme. This would only be justified if Ministers agreed that it was desirable to make progress now whilst taking forward the action required to recruit and appoint the general manager.
- (13) The Alternative Approach was to concentrate on defining the role of the general manager, find and appoint the right candidate and only then proceed with the necessary changes within the Department under the direction of the general manager.

Summary

- (14) The Programme of Work for the Department and the NHS was strenuous whichever path was taken. The hypothesis put forward was that the prompt establishment of a nucleus of the stronger management focus within the Department was the most practicable way of securing progress but no alternatives had been pre-empted or closed by the work undertaken so far. This reflected the agreement at the previous meeting that Ministers should see the exploratory work and decide the direction to be taken.
3. The Secretary of State said he was grateful for the clear presentation and all the work which must have preceded it. He would like to concentrate initially on the question of whether work should start at once on the initial restructuring of Departmental activity. His strong inclination was to take that course whilst pressing ahead as quickly as possible with the action required to allow the early selection and appointment of a general manager. It was vital to maintain the momentum of work in both the Department and the NHS. Mr K Clarke and Mr Patten supported the Secretary of State's approach whilst noting that the work undertaken in advance of the appointment of a general manager must not pre-empt the general manager's scope and authority to make changes.
4. The main points then covered in discussion were:
1. The Status of a NHS Management Board. The question was raised as to whether the intention was to create a board which appeared as near as possible to a separate corporation within the current statutory framework. The Secretary of State said that any attempt to present the board as a 'corporation in embryo' would be a fiction and would quickly be identified as such. The objective was to regroup the Department's activities to establish a single clear focus on general management issues in the NHS, accountability, performance review and so on.
 2. The Size of the Nucleus. It was agreed that the nucleus should be sufficient to provide a general manager on appointment with a secure working base without limiting his role and leaving flexibility for further changes.

3. Accounting Officer Responsibilities. Sir Kenneth Stowe said that he had an open mind on whether or not the Accounting Officer responsibility for hospital and community health services expenditure should be devolved to the general manager. There were obvious advantages in that course but there were possible disadvantages to be considered too from the general manager's point of view. No final decisions could be reached until the responsibilities of the general manager were clearly defined and could be related to specific votes.

4. Pay and Grading of the General Manager. The Secretary of State said that the terms available for this post and that of the personnel director must allow the option of appointing people of calibre from outside the public service on fixed renewable contract. Officials reported that initial discussions with central Departments had not indicated any insoluble problems. The approach taken with the appointment of the Director of the Operational Strategy provided a helpful model.

5. The Role of Professional Groups. Sir Henry Yellowlees and Dr Acheson drew attention to the potential difficulties of any regrouping of functions for professional groups. Their numbers were relatively small yet a key part of their activity was the capacity to provide immediate authoritative advice to Ministers on professional and wider health issues. It was agreed that the Secretary of State's requirements could only be met by ensuring that he received authoritative professional advice from a single source. The Minister for Health said that the arrangements in the Department for health professional staffs support of the general management function needed to be considered carefully as they would be a signal to how such arrangements should work in the NHS. It was important that aspects of their work such as manpower planning were firmly related to the general management function.

Action

5. It was agreed that action should be put in hand immediately as follows:

- 1) A small team of officials should be put full-time onto the programme of implementation working to the Permanent Secretary (Mr N E Clarke).
- 2) Sir Kenneth Stowe to write by 9 December to Sir Robert Armstrong setting out the outline job description of the proposed general manager and seeking approval for arrangements for selection and recruitment.
- 3) Detailed proposals should be put to Mr Patten and Mr Clarke on the content of the nucleus of a 'management box' and its establishment at a date no later than mid February next year for clearance and submission to the Secretary of State before Christmas (Mr N E Clarke).

2 December 1983

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PSU

cc Those present
Members of TOTO