GA

Covering secret

CCD Wallets

CE.TF.

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**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*

David Barclay Esq
Private Secretary
10 Downing Street
London
SW1

1 June 1984

Dear David,

As promised, I attach the written statement which my Secretary of State proposes to make on Monday on the implementation in the health service of the Griffiths Report on NHS Management.

Also attached are a copy of the circular which will be issued to health authorities, and the covering letter to authority Chairmen.

No doubt you will let me know on Monday morning if you have any comments on the written statement.

Yours ever,

Ellen

Ellen Roberts
Private Secretary

Prime Minister (2)

To note that Mr Fowler proposes to announce on Monday and circulate on Griffiths style management in the NHS.

The short list of names for the Chairman of the NHS Supervisory Board is expected from head hunters next week. They will be interviewed by a panel and recommendations put to Secretary of State and then to you. Secretary of State can also ask for names not identified by head hunters to be interviewed.

I think it is a decent but circular.

AT 1/6

And it seems ridiculous to send it out a few weeks before the new arrangements take over me

DRAFT

"I am today announcing the Government's decisions on carrying forward the recommendations of the NHS Management Inquiry (Griffiths) Report as they effect England and am writing to chairmen of health authorities to set in hand the necessary action.

When I announced the publication of the Report to the House of 25 October last year, I said that the Government welcomed its main thrust. After wide consultation with health authorities and with professional and other representative organisations, and taking account of the views expressed in the Social Services Committee Report and in the debates in both Houses, the Government has decided to establish the general management function in health authorities in England. We regard this as the key to ensuring that the structure we introduced in 1982 can work effectively to produce the improvement in the delivery of services at local level that the Government regards as its over-riding objective.

The guidance I am giving health authorities today requires them to start work straightaway to establish the general management function and to identify individual general managers at authority and unit levels. The circular provides considerable flexibility to take account of local circumstances. It requires regional authorities to make their proposals to me by the end of September, but allows district authorities until the end of 1985 to complete action at unit level. I will be overseeing authorities implementation of the Griffiths arrangements in accordance with the specific requirements of the guidance circular. In addition, the whole process will be monitored through the accountability review process.

I have arranged for copies of the guidance Circular to be placed in the Library of the House. I have also sent copies to the Social Services Committee, and shall in addition be writing shortly to the Chairman to reply to the specific recommendations made in their Report."

DRAFT LETTER FROM SECRETARY OF STATE TO CHAIRMEN

Last October I asked your Authority and the other key management and professional interests concerned for their comments on my proposals for taking action on the Griffiths Report. We have delayed reaching final decisions so that we could take account of the views of the House of Commons Social Social Services Committee and of Parliament itself. I enclose a circular which announces the Government's decisions.

Authorities are required to start work straightaway to establish the general management function and to identify individual general managers at Authority and unit levels. The circular provides considerable flexibility to take account of local circumstances. It requires regional authorities to make their proposals by the end of September but allows district authorities until the end of 1985 to complete action at unit level. There will be a good deal of careful work for each Authority in thinking through what to do. I am looking to you to take the same personal responsibility for ensuring that the necessary action is taken by your Authority as I shall be doing at the Department.

As part of the new management style we need to establish, I attach particular importance to ensuring that authority members and staff at all levels have an early opportunity to learn what is proposed and the likely effects at local level. The Department and the NHS Training Authority have prepared material to help you in this, which I hope you will find useful.

NORMAN FOWLER

MFJ

cc D. Wilkes

10 DOWNING STREET

*From the Private Secretary*

4 June 1984

Dear Ellen,

The Prime Minister has noted the draft statement which your Secretary of State will be making on the implementation in the Health Service of the Griffiths Report on NHS management which was attached to your letter of 1 June. She has also seen the circular to health authorities.

The Prime Minister queried whether it was right to issue the circular a few weeks before the Chairman of the NHS Supervisory Board is appointed. She wondered whether the circular would constrain his freedom of action in bringing about the desired management changes. You agreed to provide a note on this.

RF Too late!

Yours sincerely

Andrew Turnbull

Andrew Turnbull

Miss Ellen Roberts
Department of Health and Social Security

MFJAAO

PERSONAL COPY NO. 8

HEALTH CIRCULAR SECRET. HC(84)13

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

To:
- Regional Health Authorities
- District Health Authorities
- Special Health Authorities for London Postgraduate Teaching Hospitals

) for action

- Family Practitioner Committees
- Community Health Councils
- Special Health Authorities other than for London Postgraduate Teaching Hospitals

) for information

June 1984

## HEALTH SERVICES MANAGEMENT

## IMPLEMENTATION OF THE NHS MANAGEMENT INQUIRY REPORT


## SUMMARY

**This circular amplifies the Government's response to the NHS Management Inquiry Report, published in October 1983, and sets out action now required of health authorities.**


### THE NHS MANAGEMENT INQUIRY REPORT - THE GOVERNMENT'S VIEW

1. The Government's overriding concern is to see that the National Health Service provides the best possible service to patients within the available resources. We are seeking to ensure that the expenditure devoted to the Service - currently £13 billion a year in England - does reach its target: improvement in the physical and mental health of the people and in the prevention, diagnosis and treatment of illness. We have, with health authorities, already established a programme to improve the effectiveness and efficiency of the NHS which is summarised in Annex A. The most important features are the establishment of systems for planning, for annual review of performance against agreed objectives, and for Regional Health Authorities to draw together their plans for services, manpower and the estate within their resource allocations; the pilot projects for management budgets; and improved audit procedures. These initiatives are designed to promote the more efficient use of what must always be limited resources; they are also steps towards the Government's broader aim to ensure that the management of the health service is geared primarily to the interests of patients.

2. The Management Inquiry Report endorsed our view of the management task and stated: "It cannot be said too often that the National Health Service is about delivering services to people. It is not about organising systems for their own sake ... the driving force behind our advice is the concern to secure the best motivation for staff. As a caring, quality service, the NHS has to balance the interests of the patient, the community, the taxpayer and the employees."

3. The report recommended, for this purpose, a further programme of management action which is summarised in Annex B. Many of the Report's recommendations call for continued action on the initiatives already underway, such as the further development of management budgets. We agree with the Report's call for urgent action to begin implementing all its recommendations, while recognising that there must be different timescales for the results of this action. In the short term, further improvements in the management arrangements of the NHS can be achieved through the establishment of the general management function. In the longer term, steps taken now to develop management tools and to strengthen management training, especially for clinicians - doctors and nurses, will enhance the management potential already existing in the health service. This will enable the clinical professions to play a more active role in management, particularly at unit level.

### THE GENERAL MANAGEMENT FUNCTION

4. The Management Inquiry Report identified the importance of a clearly defined general management function - which draws together responsibility for planning, implementation and control of performance - as the key to achieving the management drive necessary to ensure that the standards and range of care provided in the health service are the best possible within available resources. After consultation with health authorities, and taking account of the Report of the Social Services Committee of the House of Commons and the Parliamentary



SECRET

debates, we accept that the lack of a clearly defined general management function is a weakness in present management arrangements at all levels. We have, therefore, decided that health authorities should now begin to make the necessary arrangements to establish the general management function. The simple aim in establishing the general management function is to ensure that the concern shared by all in the health service for the quality and efficiency of services delivered to patients is translated into action. This means developing present arrangements carefully to secure effective management which has the requirement and capability to plan, guide and implement strategies for improvement and development.

5. The Management Inquiry Team recommended that the general management function should be clearly vested in one person (at each level) who would take personal responsibility for securing action. We accept this view; and believe that the establishment of a personal and visible responsibility for the general management function is essential to obtain a guaranteed commitment throughout the health service for improvement in services and concern for the well-being of every individual patient. In reaching this conclusion, we do not undervalue the importance of consensus in a multi-professional organisation like the NHS. But we share the Report's view that consensus, as a management style, will not alone secure effective and timely management action, nor does it necessarily initiate the kind of dynamic approach needed in the health service to ensure the best quality of care and value for money for patients. We have decided that in order to begin to bring about the improvements in the NHS through the various initiatives already established or recommended in the Management Inquiry Report a general manager will be identified for each RHA, DHA, hospital SHA and unit to take responsibility for the general management function, as detailed in Annex C.

## ESTABLISHING THE GENERAL MANAGEMENT FUNCTION

### The Unit

6. The initiatives already taken following the publication of "Patients First" and the Report's recommendations are fundamentally about providing better health services for patients. This means looking for improvements at the point where the patient receives a service - in hospital and in the community. The primary objective for health authorities in implementing the Report's recommendations must therefore be to achieve changes at unit level and below. If there were no observable improvement in services at that level, in the eyes of patients and the community, within three to five years, then there would have been no point in making changes at DHA level or above.

7. There can be no sustainable improvement at unit level if it does not rest upon the fullest involvement and commitment of all the professions concerned with the delivery of health care, particularly the doctors and nurses.

8. It is most important that the implementation of the Management Inquiry Report's recommendations at unit level should develop from the 1982 reorganisation. Developments already in train or planned in this way, are:

- the preparation of regional outline strategies, and regional and district strategic plans and short-term programmes (drawing together money, manpower, service development, and the estate and containing substantial proposals for cost-improvement) in accordance with HC(84)2;

- the development and implementation of management budgets, taking account of the expressed requirements of professional staff;

- the overall strengthening and development of the professional advisory machinery to ensure that there are effective arrangements for the advice of doctors and nurses to inform managerial decisions at unit as well as district and regional levels.

9. The key to further progress at the unit is to establish a responsibility for the general management function. It will require careful preparation and consultation. We envisage that a period of up to 18 months - to the end of 1985 - will be needed to develop and introduce proposals for the establishment of the general management function at unit level.

### Clinicians in management

10. We strongly endorse the Report's view that clinicians should be both encouraged and enabled to play a more active role in management and especially unit management. In practice, it is clinicians who determine the way many of the health service's resources are used by the decisions they take about the clinical care of individual patients. At the same time, resources available for health care are not unlimited, and the way resources are allocated will affect the range of decisions open to clinicians in the individual treatments they prescribe. To ensure that available resources are deployed where they are most needed, it is important that decisions about the management of resources take full account of the priorities of patient care and the advice of clinicians. In order that clinicians can play an enhanced role in management, they need access to relevant and timely information; adequate administrative support; and a reduction in time spent on unnecessary bureaucracy and committee work. Health authorities should seek to stimulate action to meet these needs. Further management training for clinicians is also needed and from the earliest possible stage of training. The results of these changes will not be fully realised for some time; but, with the active support of clinicians, a significant start can be made now, concurrently with the establishment of the general management function in units.

11. While authorities are developing their proposals for the units, to secure the establishment of the general management function and the closer involvement of clinicians in management, they and the Department will continue to make the changes in their organisations necessary to support and sustain improvements in health services at unit level:

- we will continue to develop, within DHSS and the existing statutory framework, the Health Services Supervisory Board to help us to establish policies and priorities, and will set up the National Health Service Management Board, as soon as a Chairman has been appointed - meanwhile a multi-disciplinary Management Group has been set up with responsibility for the NHS management programme;

- RHAs and DHAs will begin the process of establishing the general management function and identifying a general manager at regional and district level.

PROCEDURE

12. The Inquiry Team emphasised that, once clear directions had been given by the centre, authorities should be allowed the maximum flexibility in making their own management arrangements. In keeping with this, we accept that:

- there should be some latitude in the timescale in which authorities should be required to establish the general management function and identify general managers;

- authorities should have adequate scope to take due account of local management needs and potential;

- authorities will, therefore, proceed at different speeds but the general management function should first be established at RHA, then at DHA within each region and at unit level only thereafter - the pace will consequently vary as between DHAs/units within a region.

13. We now require health authorities to establish a general management function, drawing on the recommendations in the NHS Management Inquiry Report - paragraphs 14-16 in particular - and following the procedural guidance set out in Annex C. RHAs and DHAs must identify a general manager - at region, district and unit level - to take personal and visible responsibility for carrying out the general management function, in accordance with DHSS guidance as supplemented by RHA and DHA requirements. Hospital SHAs must similarly identify a general manager.

ENQUIRIES

14. Enquiries about this Circular should be addressed to:

Miss A M Williams
Room D918
Alexander Fleming House
Elephant and Castle
LONDON SE1 6BY
Tel. 01-407-5522 Ext 6866

ACTION

15. Health authorities are required:

15.1 to establish the general management function and identify general managers in accordance with the procedural requirements in Annex C;

15.2 to carry forward the further programme of management action identified in Annex B, within the context of the action already in hand and planned in Annex A.

**From:**

**Regional Liaison Division**
**Alexander Fleming House**
**Elephant and Castle**
**LONDON**
**SE1 6BY**

**Tel. 01-407-5522 Ext 6866**

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**Further copies of this Circular may be obtained from DHSS Store, Health Publications Unit, No 2 Site, Manchester Road, Heywood, Lancs OL10 2PZ quoting code and serial number appearing at top right-hand corner.**

ANNEX A
(HC(84)13)

IMPROVEMENTS IN NHS MANAGEMENT

Since 1979 the Government has taken the following steps to improve management in the health service.

- In 1982 the structure of health authorities was simplified by the removal of two levels of management - Area and Sector.

- District Health Authorities were established generally serving smaller local populations.

- More responsibility was devolved to hospital and community services at unit level.

- Accountability has been strengthened with the introduction of annual reviews led by Ministers of performance against agreed objectives.

- The review cycle has been established for RHAs and DHAs: it is being extended to units this year.

- Family Practitioner Committees are to be made separately accountable.

- A range of statistical indicators of performance (covering clinical services, manpower and estate management) has been developed: in 1983, all health authorities were sent data on their own performance and that of other authorities.

- Work is under way to improve and extend the range of performance indicators.

- NHS management's need for information has been comprehensively reviewed and improved information systems will be introduced over the next few years.

- More effective monitoring of NHS manpower numbers has been introduced: manpower limits have been settled, complementing authorities' cash limits.

- The Rayner Scrutiny technique has been extended to the NHS with a programme of nine studies by NHS officers covering areas such as transport services and recruitment advertising.

- Health authorities have been required to test the cost effectiveness of laundry, catering and cleaning services by seeking competitive tenders.

- Health authorities have reviewed arrangements for the control of items in stock and in use, following the advice of the Health Service Supply Council.

- A value-for-money audit programme has been introduced.

- HC(84)2 required all health authorities to initiate cost improvement programmes.

- Health authorities will have to show how their cost improvement programmes have released resources for the development of services to patients.

- The development of management budgets has begun with the start of several demonstration projects.

- The NHS Training Authority has been established.

- A study of the administration of FPCs has been undertaken by outside consultants.

- A study of the current flow of communications between the Department and health authorities is being led by a Regional Administrator.

- A study of the responsibilities of the Department in relation to the financial management of health authorities is being led by a Regional Treasurer.

- The Health Services Supervisory Board has been established to advise the Secretary of State on the objectives and direction of health services.

- The NHS Management Board is to be established within the Department as soon as its Chairman has been appointed; an NHS Management Group is already working in preparation for the NHS Management Board.

- Manpower in DHSS HQ has been reduced by 20 per cent since 1 April 1979 following a reduction in the central role.

ANNEX B
(HC(84)13)

FURTHER PROGRAMME OF MANAGEMENT ACTION

The NHS Management Inquiry set out its recommendations in the form of a programme of management action to be taken both at the centre and by health authorities. The recommended programme is:

| | |
|---|---|
| 1. Policy of accountability for performance against agreed objectives should be maintained and developed. | (para 6) |
| 2. Accountability reviews should be extended to units. | (para 6) |
| 3. The management function should be developed | |
| (a) inside the Department | (paras 1-5) |
| (b) in the NHS. | (para 6) |
| 4. Pilot projects in management budget techniques should be continued with the aim that they be extended to all health authorities in about 2/3 years. | (para 8.6) |
| 5. 11 specific topics should be studied or reviewed | |
| - the need for functional management structures at RHA/DHA | (para 6.6) |
| - the role of clinicians in management, in six hospitals | (para 8.2) |
| - the arrangements for remuneration etc | (para 9.2) |
| - the assessment of management training | (para 9.4) |
| - the procedures for appointments etc | (para 9.5) |
| - nurse manpower levels | (para 9.6) |
| - other manpower levels | (para 9.7) |
| - the procedures on capital schemes | (para 10.2) |
| - the works function | (para 10.3) |
| - levels of decision-taking | (para 11.0) |
| - consultation arrangements | (para 12.0) |
| 6. The roles of members and officers in relation to their authorities should be clarified. | (paras 6.4 and 17) |

| | |
|---|---|
| 7. The agenda and the procedures for health authority meetings should be clarified and the nature of the reports required by the authority in managing its services should be made explicit. | (para 6.5) |
| 8. Major cost-improvement programmes should be initiated in each health authority | (para 6.7) |
| 9. Each unit should have a total budget and have management accountant support | (paras 8.4 and 8.5) |

ANNEX C
(HC(84)13)

REQUIREMENTS FOR ESTABLISHING THE GENERAL MANAGEMENT FUNCTION AND IDENTIFYING MANAGERS

PROGRAMME

1. The general management function should be established by each health authority as soon as possible, and in any event by the end of 1985, under the following procedure, which is intended to give authorities the maximum freedom to develop proposals which best suit local requirements whilst enabling Ministers to monitor their arrangements.

1.1 Not later than the end of September 1984, each Regional Health Authority and Special Health Authority for London Postgraduate Teaching Hospitals must inform the Secretary of State how it proposes to establish the general management function. It should submit a job description for its general manager, and its proposals for identifying a suitable person to carry responsibility for the function and the name of the individual proposed if already identified. This will allow the Secretary of State to perform his role of monitoring health authorities: he will not be attempting to take over the role of the authority itself or to standardise job descriptions to a national pattern. In examining these proposals, the Secretary of State will wish to satisfy himself that the authority has formulated a job description for the manager, which accords with the Secretary of State's management changes within the DHSS; that any additional costs have been suitably offset within the existing provision for management (see paragraph 17) without damaging present and planned provision for direct patient care; and that the general manager as and when identified has the capacity to undertake the general management function. The Secretary of State will arrange a meeting with the RHA Chairman to discuss the proposals and to confirm that he is content for the RHA to proceed to formal decision. Once satisfied, the Secretary of State will approve an interim rate of remuneration for the general manager.

1.2 When the RHA has completed consultation with the Secretary of State, the RHA will ask each District Health Authority similarly to inform the RHA about its proposals for establishing the general management function at District level. Each DHA should submit to its RHA a job description for the District general manager, its proposals for identifying a suitable person to carry personal responsibility for the function and the name of the individual proposedif already idenfified. The RHA should forward to the Secretary of State its recommendations for action. In making their recommendations, RHAs should demonstrate that they have checked their DHAs' proposals in an equivalent manner to the Secretary of State's scrutiny of RHA proposals ie bearing in mind similar factors, but transposed as appropriate to the regional situation. In addition, RHAs will need to check that their DHAs' proposals fit in with the management changes finalised for the RHA, add up to an acceptable management pattern taking the region as a whole and that the suitability of individual general managers, as and when identified, takes into account an assessment of their ability to command the confidence of the representative members of the Management Team. The RHA Chairman will arrange a meeting with each DHA Chairman to discuss the proposals and to confirm that he is content for the DHA to proceed to formal decision, taking account of any views expressed by the Secretary of State. If the RHA Chairman and the DHA Chairman are unable to agree how to proceed, the RHA Chairman should consult the Secretary of State before the DHA proceeds to formal decision. The Secretary of State's approval will be required for the interim remuneration proposed for all general managers.

1.3 After the RHA has assembled the DHA proposals and completed consultation with the Secretary of State, each DHA should be asked to inform the RHA how it proposes to establish the general management function at unit level, of the job descriptions for its unit general managers and its proposals for identifying suitable people to carry personal responsibility for the general management function, including the names of the individuals proposed, where already identified. DHAs will need to demonstrate that job descriptions fit in with the changes already agreed for the DHA itself; that any additional costs have been suitably offset within the provision for management without damaging present and planned provision for direct patient care; that the individual general managers as and when identified are suitable, taking into account an assessment of their ability to command the confidence of the representative members of the Management Team; and, that the individual unit proposals add up to an acceptable management pattern taking the district as a whole. The RHA Chairman should arrange a meeting with each DHA Chairman to discuss their unit proposals and confirm that he is content for the DHA to proceed to formal decision. Action should be completed at unit level by the end of 1985.

2. Where an authority wishes a general manager to be drawn from outside the range of those listed below as normally eligible, the authority should clearly indicate the arrangements proposed to fulfil the requirements of paragraphs 1.1-1.3 above.

THE FUNCTION

3. The essence of the general management function is the bringing together at each level of organisation, responsibility for the planning, implementation and control of the authority's or unit's performance. The general manager will carry personal responsibility for this, and be personally accountable to the authority for its discharge. The authority in its turn must be seen clearly at all times to give full support and backing to the general manager.

4. The general manager's broad areas of responsibility must include as a minimum:

4.1 direct accountability to the authority, or in the case of units to the district general manager, for the general management function within the undertaking;

4.2 direct responsibility and accountability for the managerial performance within the authority or unit;

4.3 leadership of the authority's management team, or unit equivalent, and accountability for the performance of the team as a whole in developing policies and possible courses of action and ensuring the provision of proper advice;

4.4 ensuring that management and administrative practices enable the care of patients to be constantly to the fore;

and to these ends he should -

4.5 ensure that the authority or unit is provided with the range of advice and information it needs to formulate policies, decide priorities, set objectives, and monitor progress;

4.6 ensure that full weight is given to clinical priorities in the light of advice from nurses and doctors;

4.7 ensure that timely decisions are reached;

4.8 ensure that objectives are achieved;

4.9 provide the necessary leadership to stimulate initiative, urgency and vitality in management eg in ensuring a constant search for constructive change and cost-improvement;

4.10 co-ordinate activities, functions and personnel as necessary;

4.11 ensure that responsibility, including the management budgeting responsibility, is delegated to the point where action can be taken effectively;

4.12 secure effective motivation of staff.

MANAGERIAL RELATIONSHIPS

5. The general manager at RHA and DHA will in each case be accountable only to his authority ie not to a general manager at a higher level. The unit general manager will be accountable to the district general manager.

6. Existing guidance on managerial relationships at district and unit level in HC(80)8 is amended by this circular which provides the general framework within which authorities will develop their proposals for revised management arrangements.

7. Professional chief officers are appointed by the authority and will continue to be directly accountable, and have a right of access, to the authority on the provision and quality of professional advice. On matters relating to the fulfilment of the general manager's responsibility, they will be accountable to the general manager for the day-to-day performance of their management functions. The representative members of the District Management Team will also continue to have direct access to the authority.

THE JOB DESCRIPTION

8. A job description should be drawn up for each general manager which should include, as a minimum, details of his function, his relationship to the other chief officers and of the proposed terms of tenure and remuneration. The broad areas of responsibility which should be covered in job descriptions are set out in paras 3-4 above. Although authorities may need to adapt and expand these to suit local needs and constraints, as well as the different requirements at RHA, DHA, hospital SHA or unit, they will be expected to keep within this frame

ELIGIBILITY

9. It is for the authority to identify the general manager, having satisfied itself that the individual has the management capacity to undertake the general management function, including the ability to command the confidence of the representative members of the Management Team. It is expected that regional and district general managers will be identified in the first place from members of the Regional Team of Officers and District Management Team respectively. Authorities may, however, propose instead to seek a general manager either from elsewhere in the NHS or from outside (see also paragraph 15).

10. At regional and district levels, general managers will take full responsibility for the general management task. This does not preclude the discharge of other responsibilities in exceptional cases, but it is essential that the general management function should be performed effectively and therefore it must be given top priority. Where an existing member of the RTO or DMT is identified as general manager, authorities will need to ensure that appropriate steps are taken to secure the proper discharge of his existing responsibilities. Where it is proposed to identify a clinician, authorities will need to be satisfied that such clinical responsibilities as he may retain are consistent with his effective performance as general manager.

11. At unit level, it is expected that the general management function may be combined with other responsibilities but, as at regional and district levels, the general management function must be given top priority. In the first place, those eligible to undertake the function at unit level will be any DHA employee, consultant or general medical practitioner who works within the district. DHAs wishing to make other proposals for identifying a unit general manager should follow the guidance in paragraph 15.

TERMS OF SERVICE

Remuneration

12. In the interim period before long-term arrangments for remunerating general managers have been established, they should be awarded a fixed rate annual payment not exceeding £3,000 in recognition of their extra responsibilities. The detailed method of paying such an allowance to consultants or general practitioners is under consideration and authorities wishing to make such an appointment should therefore consult the Department.

13. In exercising their judgement on what is the appropriate additional payment, authorities should bear in mind that the effect of the flexibility of job description envisaged in this circular will be to place greater responsibilities on some general managers than on others. Differences may arise not only in comparing the different tiers of management (region, district and unit) but also in comparing general managers in the same tier of management. The time judged necessary to perform this role may also vary between posts and be relevant to the level of remuneration that is appropriate. It is to be expected therefore that these differences will be reflected in the amount of additional allowance paid.

14. In order to achieve some consistency in this respect, all DHAs, when submitting a job description to the RHA, should link with it their proposals for the size of the additional allowance. RHAs and hospital SHAs should do the same in their submission to the Secretary of State in respect of their own arrangements. All such additional allowances require the Secretary of State's specific approval under the NHS remuneration statutes.

Outside appointments

15. An authority may propose to seek a general manager from outside those people normally eligible (see paragraphs 9-11). For procedural reasons at this early stage, authorities must first submit such proposals to the Department for prior approval. DHA proposals should be submitted via the RHA. As soon as possible, arrangements will be made to allow authorities to proceed without direct reference to the Department.

Tenure

16. Authorities should identify general managers on a period basis, with an initial fixed-term contract for 3-5 years. After that, the general manager's employment may be extended on the basis of yearly fixed-term contracts. All contracts should contain an agreement to exclude any claims under Section 54 of the Employment Protection (Consolidation) Act 1978. At no stage should the contract be allowed to run beyond the due date, since this may be held to have created a new contract without limit of time.

Costs

17. The full costs of the general management function must not be met at the expense of services to patients. The total cost of the general management function should be therefore specified in the authority's proposals, with details of how it is intended to contain the cost within existing provision for management.