



PRIME MINISTER

PERSONNEL DIRECTOR OF NHS MANAGEMENT BOARD

I have seen the Chancellor's minute to you of 5 June. There is, I think, no difference between us about what the essence of the personnel task is and about the formal arrangements for instituting the post. I, certainly, am not greatly concerned about the Civil Service grading which might be attached to the post. Indeed, like Nigel, I shall be quite content for no specific grading to apply. What matters is that we are able to pay the salary needed to get the right man for the job. I am also quite content for the initial appointment to be for a limited period - indeed this was in the job description I sent you. But the task which we want the Personnel Director to perform is not only to devise the right solution to the personnel problems of the NHS but also to carry through the new arrangements, both in negotiations and with health authorities. While I would like to think that this will prove possible in a period of two to three years, I think it unlikely. It is therefore essential that we should hold open the possibility of extending the appointment; that is why we intend to recruit by open competition.

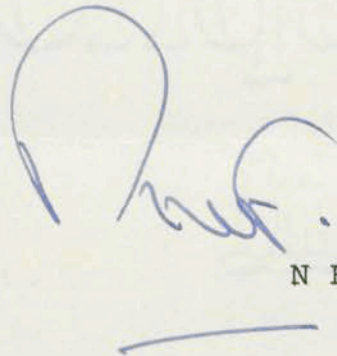
So we are in agreement on the substance. But I think Nigel's suggestion that the post should be a "Personnel Adviser to the Chairman of the Management Board" and to me, quite misses the point. I regard the task of the Personnel Director - to break the mould of present NHS personnel management arrangements and recast them according to the Griffiths' prescription - as being central to the management task of the Department and of the NHS Management Board. To appoint a "Personnel Adviser" would be to give quite the wrong message to the health service. What we must do is to give a clear lead to the NHS and leave the Service in no doubt of the importance we attach to the personnel function and to improving personnel management. The fact that 70 per cent of NHS revenue spending is

E. R.

devoted to staff demonstrates how far the Personnel Director's job is at the heart of the new management structure and management arrangements which we are trying to bring about in the NHS.

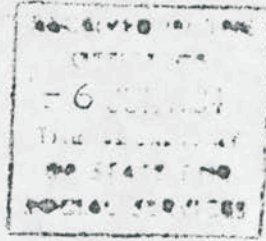
I hope, therefore, that you will agree that we should go ahead with the appointment of a Personnel Director initially for two or three years (but extendable) and with no particular Civil Service grading attached to it (but with necessary flexibility on salary). I also hope you will agree with me that it is essential to our approach on Griffiths that the personnel appointment should be a Director not an Adviser and an integral part (possibly a Deputy Chairman) of the NHS Management Board and the new management arrangements within the Department.

I am copying this minute to Nigel Lawson and (with a copy of his) to Nick Edwards, George Younger, Jim Prior, and Sir Robert Armstrong.



8 June 1984

N F

Ellen
Dispatch

cc CST
FST
MST
EST
Sir P Middleton
Mr Anson
Mr Kemp
Mr Scholar
Mr Watson
Mr N J King
Mr Colman
Mr Bailey
Mr Rayner

Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

PERSONNEL DIRECTOR OF THE NHS MANAGEMENT BOARD

I have seen Norman Fowler's minute of 19 May seeking your agreement to Deputy Secretary grading for this post.

2. The job description attached to the minute does not seem to me fully to reflect what the Griffiths Team had in mind. It envisages the post as integrated into the day-to-day management of the NHS, and dealing with routine management matters as well as the essential mould-breaking role. But I fear this would be at the expense of what Griffiths saw as the essential task - reviewing NHS personnel management practices, devising solutions and negotiating the changes required. I myself see the post as more that of a personnel adviser to the Chairman of the Management Board and to Norman, than as an institutionalised part of the management structure. On this view, I think there is much less of a case for deputy secretary grading and I would therefore argue strongly against that. Indeed, I do not think we need to specify any civil service grading for this post. Would it not be better to treat it as a specific but limited assignment for two or three years?

3. I am copying this minute to Norman Fowler.

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SECRETARY OF STATE'S OFFICE	
Mr M E Clarke	<i>[initials]</i>
Health Ministers	
Mr Doran	
Mr Graham	
Mr Stevens	

(N.L.)

5 June 1984

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