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RECORD OF MEETING BETWEEN PRIME MINISTER AND MR. ROY GRIFFITHS ON WEDNESDAY 20 JUNE AT 1500 HOURS

NHS REORGANISATION

Mr. Roy Griffiths came to see the Prime Minister to discuss the reorganisation of the NHS. The Prime Minister said she was very concerned at the way this was progressing. She had seen a chart produced by DHSS which showed the Management Board, not in a direct line between the Secretary of State and the Regional Health Authorities, but out of line, creating the appearance of a new specialism of management acting in an advisory role. She was worried that new posts were being created but not enough was being done to cut down the 2,200 DHSS staff supervising the NHS. She was concerned about the quality of applications for the post of Chief General Manager. Finally, she wondered whether the post of Personnel Director was necessary. This would be the first reorganisation of the NHS and it was essential to get it right this time. She wondered if Mr. Griffiths shared these concerns.

Mr. Griffiths said he shared some of these concerns but he was "not too depressed"; substantial progress had been made. He had foreseen three stages - preparation of the report, consultations, and implementation. The report had been completed rapidly in seven months; consultations had been successfully completed though they had taken six months which was rather longer than he had hoped; the exercise had now reached the most important stage of implementation.

Mr. Griffiths said his group had considered

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establishing the NHS as a corporation but had rejected this approach. It could have alarmed people unnecessarily and it would have required a long period for legislation and reorganisation. His aim had been to secure a reorganisation which could be put into effect much more quickly and which achieved, in terms of management structure, many of the features of a corporation without incurring those penalties.

He said the way the Management Board was represented on a chart was less important than the way it was implemented in practice. The key to success was that the Secretary of State should invest the General Manager with authority and that the Secretary of State and the Minister of Health between them should devote adequate time to the pursuit of greater efficiency in the NHS. It was vital that the Management Board should not be surrounded and enmeshed by the Department. For the venture to be successful he recommended the following steps:

- i) The best Chief General Manager obtainable should be appointed. The Prime Minister should be prepared to reject the first candidates put up if she was not totally satisfied.
- ii) The Director of Personnel should be appointed and the equivalent post in the Department should lapse.
- iii) The Secretary of State should clarify the role and functions of the Management Board.
- iv) The Secretary of State should examine urgently the role and structure of the DHSS in relation to the Management Board. This could not be done internally but should be done using outside consultants reporting to the Supervisory Board. (The Prime Minister suggested a role here for

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- v) Adequate Ministerial time should be devoted to the management of the NHS.

He was confident that if these steps were followed cost savings of £1 billion out of £15 billion could be secured in the space of three years.

The Prime Minister queried whether a separate Director of Personnel was required as much of his work would also be the responsibility of the General Manager. She felt the title also had an unhelpful welfare connotation. Mr. Griffiths felt that the General Manager needed support in the vital area of manpower. Given the structure of pay bargaining and the dominant role of Review Bodies, the Managers of the NHS had only a limited role in determining pay. It was all the more important, therefore, to secure greater productivity by the pursuit of better working practices. There were many restrictive practices enshrined in Whitley agreements which should be removed.

He shared the Prime Minister's doubts about the quality of the shortlist for the post of Chief General Manager, though he had not yet interviewed them personally. They were -

Gregory - the Director of UK and External Affairs at  
BP;

Wilkinson - Joint Managing Director of Lucas;

Travers-Clarke - Chairman of Express Dairies

He would not have adopted the same selection process. This meant that no candidates were presented to those making decisions until the very end of the process. It might have been better to have pursued a policy of more active search for good candidates and to have brought names up for

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consideration earlier so that a bench mark for the search for other candidates could be established. If, under the present procedure, none of the shortlist was acceptable, it would be necessary to go back to square one.

The Prime Minister thanked Mr. Griffiths for giving her his views which she would find very useful in carrying through the reorganisation successfully.

The meeting ended at 1600 hours.

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20 June 1984