B

PRIME MINISTER

NHS: IMPLEMENTATION OF GRIFFITHS

Your Private Secretary's letter of 11 June raised some questions about our approach to the implementation of the Griffiths Report in the NHS and the DHSS. This also relates to the three senior appointments which Sir Robert Armstrong recommended to you, and which I support.

2. For the NHS, I have now issued guidance to health authorities on the implementation of the key recommendation: the appointment of general managers, first at RHA level (14 appointments) and the, over the next 18 months, in the total of about 200 Districts and 1,000 management units (major hospitals or smaller hospital groups and community services). In instructing health authorities to get on with this I have made three things quite clear:

- First, this is not a cosmetic exercise. The general manager has a real job to do and they must not just allow one of their existing chief officers to change his title without changing his role. Where the management skills do not exist inside authorities they should not hesitate to recruit outside the health service;

- Second, this is not a job-creation scheme. There is a new job to be done - that is the essence of the Griffiths proposal. But general managers selected from existing staff will not need to be replaced at

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the same level; and some (e.g a consultant appointed as general manager in a hospital) will not be full-time. Every new general manager post (whether an internal or external appointment) will have to be offset - both in terms of numbers and costs - elsewhere within the budget for management in the Region, District or unit concerned;

- Third, I am not going to loosen my grip on this exercise. The proposals from each RHA and DHA will have to be approved by Ministers.

3. In the DHSS, what we are doing is again to implement Griffiths in full. That means setting up the Health Services Supervisory Board (which is now meeting monthly under my Chairmanship and with Roy Griffiths as a member); and the NHS Management Board with - as you have agreed - a Chairman and Personnel Director recruited from outside the Civil Service. Because of the statutory position of health authorities, the Management Board cannot have a line management relationship with them. But the Management Board (and its Chairman) acting on my behalf and with my authority will exercise all the Department's functions in relation to the management of health authorities and give them the leadership they need.

4. That is why I want to get on with the necessary changes. We need to leave room for discussion with the Chairman how the Management Board will operate; although the basic structure was of course settled when we accepted the Griffiths proposals. The same goes for the Personnel Director, whose appointment is needed soon.

5. As for the rest of the Department's senior staffing, I am looking to make further progress (and savings) not only in

the Griffiths area but elsewhere; remembering that Griffiths covered only about one-quarter of my responsibilities - excluding social security, personal social services and the Family Practitioner Services and the support required by Ministers in relation to Parliament. We have already made much progress: our HQ staffing has been reduced by 20 per cent since 1979 and our Senior Open Structure (Under Secretaries and above) has been similarly reduced from 75 at 1 April 1979 to 61 on April 1984.

6. And I expect to do more: despite the two new posts for the Management Board, I will make a net saving of four more open structure posts before next April - a gross saving of six posts . I shall be doing this by reducing the functions of the DHSS in relation to health, in line with the Griffiths approach; getting the Department out of the field of health services research management; and ending the central involvement in design and construction of hospitals, concentrating instead on the better management of the NHS estate (including disposals).

7. In summary this means the following changes in DHSS senior staffing will have taken place:

SENIOR OPEN STRUCTURE 1979-1985

	At 1.4.1979	At 1.4.1984	At 1.4.1985
Grade 1	1	1	1
Grade 1A	2	2	3 (including Chairman of NHSMB)
Grade 2	14	12	11 +1 (Personnel Director)
Grade 3	58	46	41
Total Senior Open Structure	75	61	57

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8. But if I am to maintain the momentum on all this we will need to get on with the senior staff changes. There are three key Deputy Secretary appointments to be made - as detailed in the Annex to this minute - and recommended by Robert Armstrong with my support:

- the Chairman of the NHS Management Board will need first-class support at Deputy Secretary level from someone who knows the NHS and the Department. John Evans was to have filled this role but he has had to retire because of illness. I think Graham Hart is the right man for this job. We need him appointed now to take control of the interim Management Group, from which the Management Board will take over, and monitor the implementation of Griffiths in the NHS.

- as part of our effort to get better control of expenditure on the family practitioner service I am bringing together responsibility for the main elements of the FPS: the costs and pay of the independent practitioner services and the control of the drugs bill through the PPRS. This post has been filled temporarily by Pat Benner's deferring his retirement. We need a new man - and Brian Rayner is well equipped - to carry this through.

- the third post, where you have agreed that Chris France should take over, will be of great importance in the next few years. We will need fresh thinking in such areas as personal social services and the involvement of the private sector in care of the elderly.

9. Finally, we have already seen how long the process of appointing the Chairman of the NHS Management Board has taken. We cannot afford to delay the process for the Personnel Director. Once the Chairman has been identified we will,

of course, be able to take account of his views on some of the details of the Personnel Director's job and on the candidates. But the main part of the job description and the procedures are agreed and I believe we should start the recruitment process now.

10. I am copying this to Robert Armstrong.

N.F

26 June 1984

ANNEX A

1) NHS MANAGEMENT GROUP

This group will be the major component of the NHS Management Board and embrace responsibility for a multi-disciplinary Departmental team working under the Chairman of the Board. The post holder will be de facto, and perhaps formally, deputy chairman. This is the post currently occupied by John Evans and it is heavily loaded and very active. Given a Chairman of the Board appointed from outside the Civil Service, this Deputy Secretary will have a key role to play in making the board an effective instrument within the department as well as within the NHS. The special requirements for this post are a depth of knowledge of the NHS, of the Department and of the politics of health care plus an ability to support a new Chairman in a positive way - particularly in relation to Ministers and Parliament.

2) HEALTH PRACTITIONERS AND INDUSTRIES

This post comprises the bulk of the existing Deputy Secretary command covering the Family Practitioner Services and Medicines Commission, (the personnel function for health authority staff having been re-allocated to the NHS Management Board - one Under Secretary command) plus responsibility for the department's functions in respect of health care supplies and pharmaceutical industries - a wide range of responsibilities. The desiderata for this post are those of a first-class administrative manager, adviser and negotiator, with broad experience of NHS and health issues and of professional machinery.

3) HEALTH AND PERSONAL SOCIAL SERVICES POLICY

This will be built round the existing post held by Nodder and cover responsibility for the overall policy for social services (other than social security) in the central government, private and voluntary sectors. It ties in closely with the public health responsibilities of the Chief Medical Officer and entails the leadership of many clinical and scientific disciplines in the development of policy. Ministers attach great importance to fresh thinking here. The desiderata for this post (apart from first-class administrative competence) are a penetrating mind, with the ability to bring fresh thinking to complex issues of social policy, a cost-conscious but innovative approach, and an ability to lead a multi-disciplin professional team.