



War Health

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

MANAGEMENT IN CONFIDENCE

The Rt Hon Michael Jopling MP
Chief Whip
12 Downing Street
LONDON SW1

1 Mr Lambester PL
2 Prime Minister 2

Mr Jenkin will shortly be announcing the re-appointment of the 90 Area Health Authority Chairmen. Their reappointment will be effective until they are replaced by the District Health Authority Chairmen. Mr Jenkin's statement includes a low key statement that DHA chairmen will now be paid as much as their AHA predecessors, given their new responsibilities.

mt

Dear Michael,

Thank you for your letter of 12 May about the remuneration of District Health Authority Chairmen. I am most grateful to you for your agreement on this. I now propose to carry this forward by way of a press statement (draft attached) which we plan to release shortly to cover the re-appointment of existing Area Chairmen to 31 March 1982. By adding a deliberately low-key statement about their successors' pay to this release, we can go public on the pay question before decisions are announced on individual District Chairmen.

WPSIL
1/6

I had intended to copy my original letter of 27 April to you, to the Prime Minister, Barney Hayhoe, Nicholas Edwards, George Younger and Humphrey Atkins. This was overlooked at the time and, in view of their possible interest in the matter, I am copying this letter and the earlier correspondence which has passed between us to them.

Your ever
Patrice

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DRAFT PRESS RELEASE

REAPPOINTMENT OF AREA HEALTH AUTHORITY CHAIRMEN

Mr Patrick Jenkin, Secretary of State for Social Services, has today [] announced the reappointment of [the 90] Chairmen of Area Health Authorities in England.* The chairmen were appointed from 1 August 1979 to 31 July 1981 and their reappointments are effective from 1 August 1981 until the Area Health Authorities are replaced by the new District Health Authorities. The Secretary of State has said that he is grateful that [all] [so many] Chairmen have agreed to remain in post during this transitional period whilst the Area Authorities prepare to hand over to their successor authorities.

It is expected that, in most if not all cases, District Health Authorities will be established on 1 April 1982. The names of District Health Authority Chairmen will be announced at a later date.

[For personal reasons, the following Area Chairmen will retire on 31 July 1981 and are to be replaced by]

District Health Authority Chairmen will receive the same level of honorarium (currently £6,693 pa) as AHA Chairmen but whilst in shadow form (ie until 31 March 1982) the District Chairmen-designate will be remunerated at only two-thirds of the full annual rate (ie equivalent to £4460 pa). Any existing Area Chairman who is subsequently appointed as a District Chairman will not receive any additional honorarium for his "shadow" duties. The extra expenditure arising from a higher number of new authorities at district level will come from health authorities' management costs which, as a proportion of NHS resources, are to be reduced by 10 per cent by the end of 1984/85 as a result of the Government's policies for streamlining the structure of the NHS, including the elimination of the Area tier; those savings will be devoted directly to services for patients.

* Note to Editors

These reappointments are subject to the enactment of new regulations which will alter the date to which health authority chairmen are appointed. At present, these always run from 1 August to the end of July in a subsequent year.

**PRESS
RELEASE**

Alexander Fleming House
Elephant and Castle
London SE1 6BY

Telephone 01-407 5522

81/166

18 June 1981

REAPPOINTMENT OF AREA HEALTH AUTHORITY CHAIRMEN

Patrick Jenkin, Secretary of State for Social Services, today (Thursday) announced the reappointment of the 90 Chairmen of Area Health Authorities in England*. The Chairmen were appointed from 1 August 1979 to 31 July 1981 and their reappointments are effective from 1 August this year until the Area Health Authorities are replaced by the new District Health Authorities next year. The Secretary of State has said that he is grateful that all Chairmen have agreed to remain in post during this transitional period whilst the Area Authorities prepare to hand over to their successor authorities.

It is expected that, in most if not all cases, District Health Authorities will be established on 1 April 1982. The names of District Health Authority Chairmen will be announced at a later date.

District Health Authority Chairmen will receive the same level of honorarium (currently £6,693 pa) as AHA Chairmen but whilst in shadow form (ie until 31 March 1982) the District Chairmen-designate will be remunerated at only two-thirds of the full annual rate (ie equivalent to £4,460 pa). Any existing Area Chairman who is subsequently appointed as a District Chairman will not receive any additional honorarium for his "shadow" duties.

The extra expenditure arising from a higher number of new authorities at district level will come from health authorities' management costs. These are to be reduced by 10% as a proportion of NHS resources by the end of 1984/85 as a result of the Government's policies for streamlining the structure of the NHS, including the elimination of the Area tier; these savings will be devoted directly to services for patients.

*Note to Editors:

These reappointments are subject to the enactment of new regulations which will alter the date to which health authority chairmen are appointed. At present, these always run from 1 August to the end of July in a subsequent year.

Department of Health
and Family Services

24 JUN 1981



MANAGEMENT IN CONFIDENCE

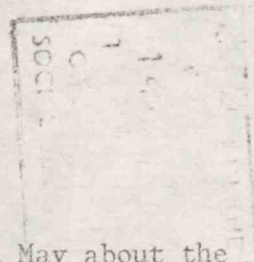


Government Chief Whip
12 Downing Street, London SW1

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MAY
1981*

12 May 1981.

Patrick Jenkin



Thank you for your letter of 11 May about the remuneration of District Health Authority Chairmen.

Since you asked my views I thought I should let you know what the reaction was likely to be, but if you want to press on with your proposals, I will not bang on about it.

STATE'S OFFICE	
<input checked="" type="checkbox"/>	<i>Mr Snow</i>
<input checked="" type="checkbox"/>	<i>Mr Knight; Miss Doran</i>
<input checked="" type="checkbox"/>	<i>Mr Phillips; Mr Oliver</i>
<input checked="" type="checkbox"/>	<i>Mr Bennet; Mr Rayner</i>

Michael

The Rt Hon Patrick Jenkin, MP,
Secretary of State for the Social Services.

MANAGEMENT IN CONFIDENCE



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE16BY
TELEPHONE 01-407 5522 EXT

The Rt Hon Michael Jopling MP
Government Chief Whip
12 Downing Street
London SW1

11 May 1981

Dear Sir,

Thank you for your letter of 27 April about the remuneration of District Health Authority Chairmen.

We gave much thought to the realism of our proposals before deciding that DHA Chairmen should be paid the same as their Area predecessors (and 38 of them will be the same people, albeit wearing a district label). I can only repeat what I said in my original letter, namely, that the District Health Authority Chairmen's responsibilities may increase rather than decrease in the new Service. The loss of morale and sense of direction evident in places in the last NHS reorganisation has to be replaced by renewed confidence and determination. I shall be looking to the District Chairmen, above all, to make the new structure work, and endure. Our purpose in creating smaller, more locally-based health authorities is to provide more opportunity for those running and managing services locally to be fully involved in decision-making. Effective management and local leadership will be crucial. Operating free of unnecessary interference from the centre, the DHAs will have to stand on their own feet and take responsibility for decisions which might previously have been passed up to higher authority. When the new authorities begin to operate, in the face of tighter, cash-limited budgets and within lower management cost targets, I am under no illusion as to where the strains and pressures are going to be felt. In these circumstances, I continue to believe that it would be quite wrong to offer the new Chairmen less than their Area predecessors by way of remuneration, when we shall be demanding much more from them.

I would also stress that the extra costs involved in paying 190 Chairmen instead of the existing 90 were taken into account in arriving at our judgement of the possible savings in management costs following reorganisation (savings which, incidentally we can insist upon through our system of controls on these costs). We accepted that the increased number of authorities would create some additional costs - such as, for example, those incurred through an increase in the number of chief officers to be employed by the greater number of authorities - to be offset against the savings to be achieved. But we are determined that there will, overall, be a 10 per cent reduction in the proportion of NHS resources devoted to management costs.

I am not sure whether your objection is to the principle of payment or to the amount of the honorarium. But if, for example, we were to divide up the sum we pay to the 90 Area Chairmen among the 190 District Chairmen, the level of the honorarium would drop from £6,693 a year to about £3,200. It would be very hard indeed to defend this, especially in the case of some of the existing smaller areas which will continue unchanged as districts. Here Chairmen would be expected to take a pay cut of over 50 per cent whilst retaining exactly the same territorial responsibilities as before. In such circumstances, the possibility of a number of resignations

cannot be ruled out. In addition, the already difficult task of finding able Chairmen for the new DHAs will become almost impossible (in these days there are very few people who can devote about three days a week to the chairmanship of a health authority for less than the present level of honorarium (£5,693 per annum - taxable)). There are those - and I am among them! - who would regard any reduction in the honorarium as cheese-paring, in view of the important and substantial benefits which we seek from the forthcoming reorganisation.

The costs involved, and the actual amount of the honorarium itself, are - I accept - something which people may not fully appreciate. We shall have to think carefully about the press release (which I mentioned in my original letter). Indeed, once we have come to an understanding on the payment itself I would welcome your help in the presentation of this.

As you can see from the above, I feel strongly about this and I hope, therefore, that we can agree to proceed as I suggested in my letter of 27 April, but with a further reference back to you on presentational aspects.

Your ever
faithful

I am sorry if people are banging on about NHS members: I'm sure you know the score - Cabinet has agreed to give more spending priority: more money must have been raised, nurses, medicals, health visitors, physios, dentists, etc. etc. etc. Chief - they just don't understand - more than that by

MANAGEMENT - IN CONFIDENCE

MANAGEMENT IN CONFIDENCE



Government Chief Whip

12 Downing Street, London SW1

30 April 1981.

A handwritten signature in cursive script, likely belonging to the Government Chief Whip.

Thank you for your letter of 27 April, about remuneration of Chairmen of the new health authorities.

I am unhappy about your proposals. On top of the massive increase in N.H.S. staff, I think it would be unfortunate to increase costs in this way when the district health authorities are set up.

A handwritten signature in cursive script, likely belonging to the Rt Hon Patrick Jenkin, MP.

The Rt Hon Patrick Jenkin, MP,
Secretary of State for the Social Services.

MANAGEMENT IN CONFIDENCE



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

COPY ON
 CARBON

Mr J Rogers
 Mr King
 Miss Doran
 Mr Phillips
 Mr Chief
 Mr Benner
 Mr Rayner
 Mr Shaw

MANAGEMENT - IN CONFIDENCE

The Rt Hon Michael Jopling MP
 Chief Whip
 12 Downing Street
 LONDON SW1

27 April 1981

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I am grateful for the considerable help which your office has provided in suggesting a number of people as potential chairmen for the new district health authorities. This source of names is invaluable.

I should also mention one other aspect of chairmanship - remuneration. Regional and Area Health Authority Chairmen are entitled to draw an annual honorarium. Currently this is £6,693 per annum subject to taxation. Although a flat rate, it is based on an average three days' work a week derived from a notional full time salary of £11,155pa. The purpose of the honorarium is to give some compensation to incumbents for their taxing duties and, more importantly, to widen the field of Ministerial choice beyond those who otherwise would have to rely on private means to carry out the chairmanship function.

In restructuring the NHS the Government is, in effect, setting up a network of what are tantamount to single-district Area Health Authorities. The District Authorities will, however, enjoy a greater degree of autonomy than Areas do at present and this will have implications for the role of District Chairmen. For example, they will be expected to decide and implement their own management and staffing arrangements with the minimum of guidance from my Department. Within smaller budgets (compared with the larger areas) they will have less room to manoeuvre in the face of competing pressures. All of which, together with their greater involvement in local issues, will result in more demands on their time.

When the dust of reorganisation has settled, I may need to examine - with Ministerial colleagues in the other UK Health Departments and the Civil Service Department - whether we should move towards a system of paying differential rates to chairmen of authorities of different sizes, complexities and responsibilities, as is currently the case in the Scottish Health Boards. At this stage, however, such an exercise would not be possible.

In all the circumstances, I have come to the conclusion that there is a case on merit for extending the current Area Chairmen's remuneration to their successors at district level, though this decision may not be greeted with universal acclaim. So far only one of our backbenchers, Warren Hawksley, has written to express his misgivings (having correctly, if prematurely, anticipated my decision) and others may share his views. I see a need, therefore, to explain our decision by a press statement. In addition to setting out the reasons for this payment, it would be made clear that, although the additional costs (£670,000 annually) stem from the doubling of the number of health authorities (from 90 to between 180-200), the extra expenditure will come out of the pool of administrative costs which are to be reduced by 10% over the next few years as a result of our restructuring policy.

In the run-up to the NHS restructuring, which will take effect on 1 April 1982, the new district health authorities will operate in 'shadow' form. They will need to appoint new chief officers and prepare management and operational service arrangements. I intend to announce the names of the future District Chairmen in June or July 1981 and, for those who are not currently serving as Area Health Authority Chairmen, to offer them a somewhat lower honorarium for their responsibilities whilst in shadow form. I intend to set this at two-thirds the full rate (ie £4460) for the period up to April 1982, although the Area Chairmen will continue to receive their current honorarium (£6693) until then. Anyone who is both an existing Area Chairman and a 'shadow' District Chairman will receive only the Area Chairman's pay. This is another consequence of our restructuring, albeit a non-recurring expense. The Treasury and the Civil Service Department are content with this arrangement.

Yours sincerely
[Signature]

5-1 JUN 1981

