



WJH

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522 ext 6981

From the Permanent Secretary

Sir Kenneth Stowe KCB CVO

Sir Robert Armstrong, GCB, CVO,
Cabinet Office,
Whitehall,
London SW1

15 August, 1985

My dear Robert.

As I depart on leave tomorrow I thought you should have a progress report on where we are on the appointment of a Director of Personnel for the Department's National Health Service Management Board.

... I have approached Eddie Nixon (see letter attached) and subsequently received a telephone call. Eddie Nixon agrees in principle to the release of Len Peach as soon as possible on secondment terms to fill the Director of Personnel Post. He would, however, like to check out a possible successor to Len Peach first. Eddie Nixon will then write, probably at the end of next week confirming his agreement to Len Peach's release.

I then went on to explain to Eddie Nixon that following receipt of his letter I would have to clear the terms of the secondment with the Prime Minister and that as the Prime Minister was at present on holiday this would have to await her return. There was, therefore no immediate hurry for an announcement of the appointment and consequently for a reply from him.

I am copying this letter to Robin Butler.

Yours ever.
K.S.

PERSONAL



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522 ext 6981

From the Permanent Secretary

Sir Kenneth Stowe KCB CVO

Sir Edwin Nixon,
Chairman and Chief Executive,
IBM United Kingdom Ltd.,
76 Upper Ground,
London SE1 9PZ

12 August 1985

Dear Eddie,

I am writing, at the request of the Prime Minister, to seek your help in filling a key post in DHSS.

We want to recruit a Director of Personnel for the Department's National Health Service Management Board. The Director will be a Deputy Secretary in DHSS, a member of the NHS Management Board and accountable to its Chairman, Victor Paige, and he will have a key role in supporting the Chairman of the Board in his primary task of improving the general management performance of health authorities in England through developing appropriate personnel policies and practices. The importance of the position may be judged by the fact that there are almost one million employees working for the health authorities.

Appointments at this level are made by the Prime Minister, after consultation with the appropriate Minister, on the recommendation of the Head of the Civil Service after a Selection Board. The Board and Sir Robert Armstrong have unanimously recommended Len Peach's appointment. My Secretary of State would welcome this and the Prime Minister is disposed to make the appointment. She is aware, however, that the disparity between the salary level appropriate to a Deputy Secretary in the Civil Service and Len Peach's current remuneration is such that - as he himself has made clear to us -

PERSONAL

Contd.....

- 2 -

his appointment would only really be feasible if IBM were prepared to second him. Hence this letter.

You will, I think, readily appreciate just how important this post is to the NHS and how critical it is to the Government, the health authorities and their employees - and not least the patients - that we get it right. We think Len Peach is the right man for the job. If, as we hope, IBM could agree to second him, then we would suggest it be on this basis:

i) The appointment would be for a period of three years although it may be terminated earlier on service of three months' notice by either party.

ii) Our normal secondment arrangements would apply regarding remuneration. We would reimburse IBM the salary of a Deputy Secretary at the time. In addition we would pay IBM up to 20 per cent of net Deputy Secretary salary to cover occupational pension contributions. We would also reimburse employers national insurance contribution at the appropriate rate. We would be liable to VAT on the whole. We would reimburse Len Peach normal travel and subsistence expenses at Civil Service rates.

There is one sensitive aspect we would need to agree on, though I doubt if it would cause either of us, or him, any problem. We would need to ensure against any criticism of conflict of interest. He would want to be excluded from any discussions - on the Board or elsewhere - which might lead to DHSS letting a contract or commission to IBM. In addition he would be asked to make a declaration to the Chairman of the Board whenever IBM were to submit a tender to the DHSS or a Health Authority in England or obtain a contract. Finally, the work which he would be performing, and any information to which he may have access in the course of it, would, of course, be subject to the provisions of the Official Secrets Act; and he will be asked to sign the normal declaration regarding the application of the Act.

I would be grateful to know whether these arrangements would be acceptable to you.

If they are, I understand that Len Peach will not be available until 4 November. My Secretary of State would want to make an announcement before then and we would, of course, agree the form of it and the precise timing with you. Until then we would treat the matter as one of strictest confidence.

Yours ever.

Kenneth Storer

PERSONAL