

CC D.W

Prime Minister 1

Agree to the second of David's proposals
(I imagine you will not wish to pursue the
first at this stage) ?

PRIME MINISTER

9 May 1986

No 2

Plus
I really think we
must ask for a
response

DRS
9/5.

HEALTH SERVICE MANAGEMENT

We have just had the first resignation of a health service manager. The attached interview in yesterday's Daily Mail is a fascinating account of the difficulties Brigadier Lucas encountered in running Central Birmingham Health Authority. Some of his problems were local: his district chairman failed to back him up in dealing with hostile political activists who tried to interfere in decisions like the appointment of hospital managers. The final straw seems to have been an attempt by the Health Authority to stop negotiations with Community Psychiatric Centres about a possible contract to provide mental health services - the same organisation is of course interested in a similar deal following the run-down of the Friern and Claybury mental hospitals near your constituency.

But the problems go more widely than just personalities in one district. Brigadier Lucas did not feel there was anybody above him in the management hierarchy to whom he could turn for support. I know of at least one regional manager who is also considering resignation because he feels he is battling hard against the odds, without any drive or backing from the centre. Victor Paige's offer to resign is the obvious opportunity to bring in a bigger man to manage the Health Service. The district and regional managers could look to him for direction and support. Roy Griffiths is available though

We don't just need to get a grip on the management of the health service. We also need some new initiatives so that the patients and voters can see that better management brings them better quality care. Norman Fowler has still not replied to your request for a campaign to reduce waiting lists in the worst districts. Another possibility would be a patients' charter promising to try to raise the quality of the peripheral services in hospitals which matter so much to patients and so little to doctors.

I recommend that your office write to Norman Fowler:

- saying that Roy Griffiths would make a far better Chairman of the Board than Victor Paige;

- ^{checking} ~~asking for~~ a report on Norman Fowler's proposals for a campaign to reduce waiting lists and suggesting he look at a 'patients' charter'.

David Willetts

DAVID WILLETTS

EXCLUSIVE...the full inside story from the Brigadier who quit a top NHS job

IT fell to a shop steward to inform hospital district CO, Brigadier Freddie Lucas, that a £250 filing cabinet still lay wrapped in its packing at Birmingham's John Conolly Psychiatric Hospital, weeks after delivery.

To the Brigadier that cabinet became a monument to the wastage, budgeting incompetence, committee amateurism and abuse of taxpayers' money that is the hallmark of the National Health Service.

And now anger at being frustrated in attempts to get a grip on waste have led the 53-year-old Brigadier to quit his job as 'Chief Executive' or general manager of the Central Birmingham Health Authority.

Brigadier Lucas is one of the first of the new-wave NHS administrators to resign.

He was recruited last year in the wake of Sir Roy Griffiths's recommendation in the Griffiths Report on 'general managers' for the Health Service, apolitical outsiders from industry or senior officer retirees from the three Services to replace the old impotent administrator roles.

The shop stewards have sufficient confidence in me that they let me know about such things as a filing cabinet left abandoned and unopened,' said the Brigadier at his Midlands home.

Pioneer

'The Government hit the button with its idea for general management in the NHS.

'It was a bold decision and it deserved to work, but you have to have total support from the Authority.

'Sadly the project doesn't deserve to fall foul of the Government's political opponents.'

He privately castigates Authority members who, through their political ideologies, were against his brand of 'business pragmatism.'

'I have voted Labour for many, many years, but that lot, the Authority, have turned me Conservative.'

Brigadier Lucas earned his brigadier's red flashes after 32 years in the British Army, rising from National Service conscript to direct the 2,000-man Royal Pioneers at their Northampton regimental depot.

He retired after 37 years in khaki two years ago and started last August as the £33,500-a-year district general manager of the Central Birmingham Health Authority.

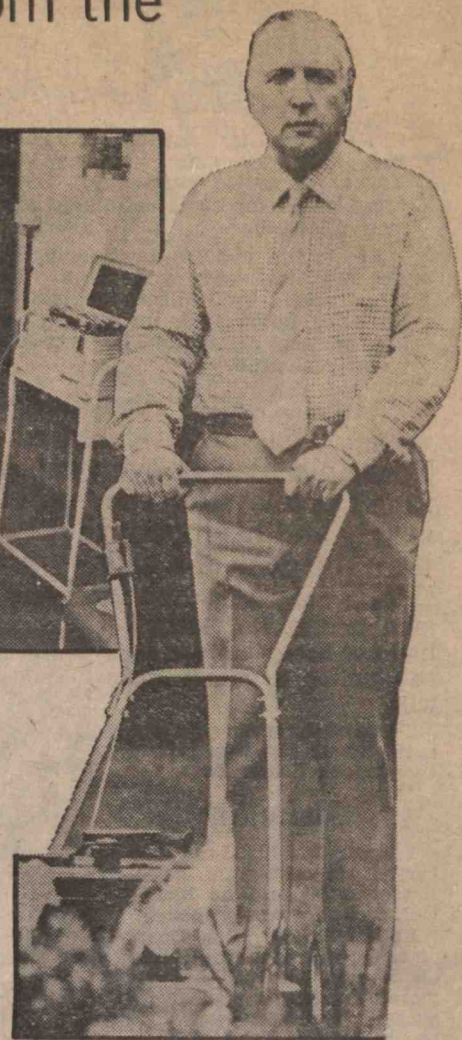
In industry terms he was managing director over 11 hospitals with a budget of £74m.

He has quit the job after nine months and left behind an explosive report by himself on some inexplicable wastages in the local NHS, and says he was rendered impotent as a chief executive by 'my employers not allowing me to manage, which is what they employed me to do.'

He was at pains to point out the 'men'—the doctors, surgeons, nursing staff and man-



Behind the vital work in Birmingham hospitals, an administrative scandal exposed in an explosive report



Resigned... Brigadier Freddie Lucas

How I found hospital cash pouring away



Interview by BRIAN VINE

agers—were not to blame and praised their outstanding professional service.

His catalogue of travesties:

- There was the mural costing £5,500 which was commissioned for the entrance of the Moseley Hall Geriatric Hospital. Auditors drew it to his attention.

'I pointed out to the Authority that surely we should tighten up on this kind of expenditure.' The mural supposedly depicts latter-day Birmingham—'quite frankly', says the Brigadier, 'the people looked more like Romans to me.'

- Brigadier Lucas recommended that £10,000 should be lopped off the annual taxi bill

of £80,000. He pointed out that one doctor had gone to and from his home by taxi at the Authority's expense. This doctor was promptly sent a bill by the director of finance.

'I'm not in the business of witch-hunts. All I was doing was raising the spectre that perhaps some cab journeys were not legitimate.'

- For two years a 'factory' costing £500,000 for manufacturing sterile fluids at the Queen Elizabeth Hospital complex was not used for this purpose, while five management teams from Central, and North, South, East and West Health Authorities wrangled over the price

and market for the fluids. It was wise investment money put to waste through lack of agreement.

- Of 100 private telephone lines which bypassed hospital switchboards in the Brigadier's district, he found one was in a boiler-room, another for gardeners and another for social workers.

Two of them were at a mental hospital which had no exchange—not that he was suggesting the inmates had access, but the Brigadier did suggest that a 50 per cent. cut was 'achievable' from the £52,583 these private lines were costing on an annual basis.

Decision

- He described Alpha Towers, — ex-home of the defunct Area Health Authority—as a 'white elephant'. Because it could not be successfully let, the Central Authority was levied originally £38,000 for the partially let premises and now £25,000 a year. Waves were created by his raising this 'indefensible cost'.

'My idea was to divert financial resources from non-essential areas to where they were urgently needed to enhance patients' care.'

But he says he found himself at odds with certain 'ideologically-persuaded Authority members'.

Currently, the decision-making powers of this sawn-off soldier-manager dwell on whether rain will prevent his cutting his lawn. As a pragmatist he counsels the barometer.

But he makes no bones about the squalid outlook for the Health Service if his experience is typical. 'The political ideologist will make sure wastage is never arrested.'



cc: Prof. Griffiths

10 DOWNING STREET

From the Private Secretary

13 May 1986

HEALTH SERVICE MANAGEMENT

~~2/~~ The Prime Minister saw the announcement of the resignation of Brigadier Lucas and the article, attached, from the Daily Mail which reported his views on the difficulties he faced as a manager in the Health Service. The Prime Minister would be grateful to know the background to Brigadier Lucas's resignation, and also to know how far there is truth in what he says. She found it most disturbing.

~~2/~~ On a separate point, my letter of 4 February asked for a report on action agreed at Mr. Paige's seminar in February about NHS waiting lists. I heard subsequently that you would be reporting back on this when a programme of action had been prepared. I should be grateful to know quickly where this now stands.

David Norgrove

Tony Laurance, Esq.,
Department of Health and Social Security.

CONFIDENTIAL



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From the Secretary of State for Social Services

David Norgrove Esq
Private Secretary
10 Downing Street

21 May 1986

Dear David

HEALTH SERVICE MANAGEMENT

You wrote to me on 13 May asking for background on the resignation of Mr Lucas as General Manager of Central Birmingham Health Authority. I attach a note on this case based on a confidential report which we have received from the Regional Health Authority.

I hope to be in a position to write to you about waiting lists in the next few days.

Yours

Yours

A Laurance
Private Secretary

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HEALTH SERVICE MANAGEMENT: RESIGNATION OF DISTRICT GENERAL MANAGER,
CENTRAL BIRMINGHAM HEALTH AUTHORITY

General

1. Brigadier F J Lucas CBE resigned from his position as District General Manager for Central Birmingham Health Authority on 28 April 1986. He subsequently made allegations to the press of waste and inefficiency within the District and of political opposition from Authority members.
2. Central Birmingham DHA is the only teaching district in West Midlands Region, with an annual budget of £77 million. It has a history of overspending problems but firm management action by the District Chairman with the support of his members has brought the situation under control. The District treats some 55,000 in-patients a year and is efficient in terms of bed usage in nearly all specialties. Its costs per case compare favourably with many other teaching districts. It has a good record on cost improvements, having achieved savings of £2.3 million since 1984, including £780,000 from competitive tendering; further substantial savings are planned. Both the Regional Health Authority and the DHSS Audit Team are satisfied with its financial management arrangements.

Background

3. Brigadier Lucas was appointed on 1 August 1985 at a salary of £33,500 per annum. Some members of the Authority began to have misgivings about his performance earlier this year. They formed doubts about his management style and his overall ability, and he seemed also to misunderstand the relationship between the Authority and the District General Manager. He was accordingly counselled about these misgivings in line with the terms of his contract (which specified a year's probationary period with a review at six months) by the Chairman and Vice-Chairman of the Authority. Shortly afterwards he resigned.
4. The DHA Chairman has since said that it is most unlikely that Mr Lucas' contract would have ^{been} renewed at the end of the probationary period. According to the Regional Chairman, Mr James Ackers, his

particular failings were an inability to distinguish between strategy and tactics, to determine priorities and to foresee the consequences of his actions.

Allegations

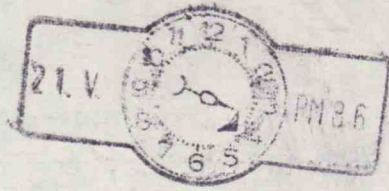
5. In what is believed to have been an attempt to defend his managerial record, Mr Lucas prepared a report to go before a private session of the Authority on 15 April. This included a set of 30 savings proposals ranging from a proposal to transfer the Birmingham Women's Hospital at a saving of £500,000 (a measure already agreed by the Regional Health Authority) to a proposal to save £10,000 a year on taxis and to tighten up procedures for the commissioning of works of art, following a DHSS auditor's report on a £5,000 mural. The report did not distinguish the relative importance of these various proposals and showed little appreciation of the fact that some proposals were for management action whilst others required prior discussion by the Health Authority. This report added to Authority Members' doubts about the General Manager's judgement and grasp of his responsibilities. The report had been classified "In Confidence - Authority Members Only" by Brigadier Lucas. He subsequently leaked the report to the Press.

Follow-up action

6. A copy of Mr Lucas' report has gone to the DHSS audit team in Birmingham, who had already been pursuing most of the issues raised. They will ensure that all of the allegations are followed up. The Authority also decided at their 15 April meeting to take further action on a number of the points raised.

7. In spite of the background to the case, Mr Lucas' decision to resign came as a surprise to both the District and Regional Health Authority. The Regional Chairman recognises the need to investigate very carefully the precise events that led up to the resignation before he can be confident about proceeding with a fresh appointment exercise: the Department will be keeping closely in touch with this investigation. A member of the District Management Board will be acting as general manager until a new appointment is made.

NAT HEALTH: Efficiency Part 5





10 DOWNING STREET

23 May 1986

From the Principal Private Secretary

Dear Graham,

THE GENERAL MANAGER OF CENTRAL BIRMINGHAM HEALTH AUTHORITY

We spoke on the telephone about the note attached to Tony Laurence's letter of 21 May on the circumstances of the resignation of the District General Manager, Central Birmingham Health Authority. As I said, while the note gives some information about the DGM's resignation, it does prompt further questions. I suggest that it would be worth answering them before it goes to the Prime Minister. Hence this letter. The sort of questions which I have in mind are:

- what was it about Brigadier Lucas's management style to which some members objected. What was his misunderstanding of the relationship between the Authority and the District General Manager?
- is this Health Authority a highly "political" one, with strong representation from the Left of the Labour party? If so, did this cause any difficulties?
- what is meant by the allegation that Brigadier Lucas was unable "to distinguish between strategy and tactics, to determine priorities and to foresee the consequences of his actions"? Did Authority members involve themselves in his work to the extent that "Management could not manage"?
- what is the importance of the fact that the Brigadier's report "did not distinguish the relative importance of these various proposals [for savings]"
- how can it be said that Brigadier Lucas did not appreciate that some proposals were for management action while others required discussion by the Health Authority when the proposals were included in a report which was to go before the Authority on 15 April?
- what support did Brigadier Lucas receive from the Regional General Management?

As I told you on the telephone, the Department's note gives me the impression that while Brigadier Lucas may have been an ornery cuss, he was a mover and a shaker who wanted to see his small parish made more efficient, set about it with a will but was to put it at its best not helped by either his Authority or Regional General Management. This may not be the case, but I do have to say that it is the impression which the Department's note gave me.

How to proceed? I am quite willing to put your note in as drafted to the Prime Minister. Or you could produce a further edition which takes account of the questions above, either in a supplementary annex or by expanding the existing version.

If you want a further word on the telephone I am at your service.

Lucas
Nigel Wicks
N. L. WICKS

Graham Hart, Esq.,
Department of Health and Social Security