



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Secretary of State for Social Services

Nigel Wicks Esq
10 Downing Street

Prime Minister ²

6 June 1986

*A useful note which throws
light on the workings of
the NHS at local level.*

Dear Nigel

HEALTH SERVICE MANAGEMENT

N.L.W. 9.6

You wrote to Graham Hart on 23 May about the resignation of Mr Lucas as General Manager of Central Birmingham Health Authority. In order to clarify matters, Mr Hart decided that it would be necessary to interview Mr Walliker, the Chairman of the Health Authority.

As a result of this discussion, a revised note on the case of Mr Lucas is enclosed.

Yours

Tom

A LAURANCE



Background

Central Birmingham is a teaching district with an annual budget of £77m. It faces the usual pressures on inner city health authorities - the pressures to maintain excellence in the teaching hospitals and to develop the "priority" services, within a limited budget. Any such district presents a major management task.

2. The district health authority Chairman is Mr C J Walliker, FCA. Aged 50, he is Chairman of Benjamin Priest, a medium sized engineering company, a position in which he succeeded Mr Charles Wardle MP. Before that he was Personnel Director of Delta Group. The Vice Chairman is a local general practitioner, Dr Bruce-Smith. Neither Mr Walliker nor Mr Ackers, Chairman of the Regional Health Authority, regards Central Birmingham as a particularly "political" authority. Of course some members hold strong political views, and as in many health authorities some issues are likely to arouse controversy and need to be handled with some care by the Chairman and the General Manager: but such issues are not taboo and, the record shows, can be dealt with successfully.

3. The authority has in the past had difficulty in getting its spending under control but Mr Walliker took firm action over this and recently the authority's financial record has been good. They have achieved efficiency savings of £2.3m since 1984, including £780,000 from competitive tendering. In fact in competitive tendering - an area where political differences can easily obtrude - the district's record is the best in the Region.

4. The authority enthusiastically accepted the need for general management and has reaffirmed its support since Mr Lucas resigned. It was very much Mr Walliker's initiative to bring in someone as general manager from outside the NHS. The record very much supports the view that Mr Walliker and his authority had a strong interest in Mr Lucas's success as general manager.

Mr Lucas

5. Mr F J Lucas CBE was appointed District General Manager in August 1985; after two months' familiarisation, he took up full executive authority on 1 October. Before his retirement he had been a Brigadier, but he deliberately eschewed using his rank or any consciously military approach. He fitted in well from the start and Mr Walliker says everyone liked him.

6. Mr Lucas resigned on 25 April, subsequently making claims in the press that members of the authority had impeded his attempts to manage and that he had uncovered numerous inefficiencies.

Events leading up to the resignation

7. Mr Walliker reports that during February and March questions began to arise about Mr Lucas's performance. He allowed an inhouse tender for cleaning at the Maternity Hospital to go forward to the authority although when members challenged it he admitted it was



unrealistic and could not be delivered. He made premature and tactless remarks to the press about an approach from an American company to provide psychiatric services. He failed to advise the authority adequately on the implementation of its long term strategy. He failed to respond to the Chairman's request for reports to the authority that were informative about key issues of performance instead of minor matters.

8. For the authority's meeting on 15 April Mr Lucas produced a six months' report which may have been an attempt to vindicate his performance to date. He classified it "In confidence - authority members only" and it was discussed in the private part of the meeting. The report was not well received. It showed no real understanding of the major issues facing the authority, including the need for strategic change in the balance of its services. It contained a curious hodge podge of matters - some events in the past, some still to come, some minor, some major. It referred to a number of areas in which efficiency savings had been effected or at least identified. He gave the impression that in some cases he was claiming the credit for the work of others, eg in savings in the supplies field (entirely the work of the supplies officer) and in referring to the transfer of the Women's Hospital to the Queen Elizabeth Hospital site. (This proposal is some years old, and had already been accepted publicly by the RHA and incorporated in its plans).

9. On 24 April Mr Walliker and Dr Bruce-Smith had a meeting with Mr Lucas at which they counselled him about his performance. Mr Walliker says this discussion was amicable but frustrating. For example he tried to explain to Mr Lucas that the authority looked to him to advise it urgently on the development of community health services: Mr Lucas seemed quite unable to grasp what was needed, being able only to talk about the need to recover wheelchairs that had been loaned to patients and were no longer needed.

10. On 28 April Mr Walliker received a curt letter of resignation dated 25 April. Mr Lucas subsequently spoke freely to the press about his resignation.

Why did Mr Lucas resign?

11. Mr Lucas's account of his reasons does not seem to stand up. It is true that the authority did question some of his actions, as is their right, but Mr Walliker is clear that he did not receive harsh or unreasonable treatment. Certainly no proposal by Mr Lucas to introduce efficiency measures was rejected by them. As noted above, the authority's record on efficiency savings is a good one. Mr Walliker, himself an experienced industrial manager, completely rejects the suggestion that Mr Lucas was not allowed to manage. Furthermore, even on his own account of events, resignation after six months in the job does not speak well for Mr Lucas's persistence in the job.



12. After careful consideration Mr Walliker and Mr Ackers have concluded that one motivation for Mr Lucas in resigning was a recognition that he was out of his depth, especially where policy was concerned, and was likely to have his contract terminated prematurely.

13. There remain certain puzzling features of the episode; for example, why Mr Lucas did not himself seek any sort of advice from anyone, nor given any informal warning of his resignation, and why he felt at liberty to stir up controversy in the press. His conduct has certainly left all his colleagues at the health authority feeling that he has behaved very disloyally, and, therefore, out of character. Mr Walliker says that Mr Lucas did not show any outward signs of strain before his resignation but nevertheless he does not rule out the possibility that this was a major factor.

Lessons to be learned

14. It seems that Mr Lucas's selection for the post of District General Manager was a mistake. More care must be taken next time.

15. Apart from his regular meetings with all DGMs in his region, the Regional General Manager made himself available to advise Mr Lucas on several occasions. The RGM was aware that Mr Lucas was having some difficulties and being counselled by his Chairman, but the resignation caught the RGM by surprise. Closer and more frequent contact might have avoided this - but it seems unlikely given that the DHA Chairman was in close contact and was also caught by surprise.

16. A great deal of training is available for NHS general managers recruited from outside the NHS. More use might have been made of this, and should be on a future occasion.

NAT. HEALTH: Expenditure Ac S.



COPIED

11



10 DOWNING STREET

From the Principal Private Secretary

10 June 1986

HEALTH SERVICE MANAGEMENT

I have shown the Prime Minister your letter of 6 June about the resignation of Mr. Lucas as General Manager of Central Birmingham Health Authority.

The Prime Minister was grateful for the work done in preparing this note, which she read with interest.

N L WICKS

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