

Ref. A086/1694

MR WICKS

National Health Service Management Board

N.L.W.

You asked me if I knew what was happening about the 13.6 succession to Mr Paige.

2. I think that the answer is, in the absence of Sir Kenneth Stowe, not very much. Mr Peach is acting as Chairman of the NHS Management Board for the time being, and at one stage Mr Fowler was certainly thinking that that might become a permanent arrangement.

and a corporate  
very largely  
financed  
by grant.

3. I hear more recent reports, however, that Mr Fowler has been talking about the possibility of turning the NHS into a public corporation and of inviting Sir Roy Griffiths to be the first Chairman of the new NHS corporation. I should have thought that it would be better if Mr Fowler did not talk too freely about this idea. It would require legislation; there is no such legislation in the Legislative Programme next year, and it would certainly be controversial legislation, because of the objections that, at any rate, the Opposition parties would see to putting health care on the same footing as, say, electricity or gas. Unless there were a real likelihood that the Government would want to proceed in this direction before an election, it might be more sensible not to start any hares running.

RA

ROBERT ARMSTRONG

12 June 1986

Spale T.h. He knew nothing.

N.L.W.  
19-6



11 June 1986

VICTOR PAIGE: LESSONS FOR THE FUTURE

1. The Management Board needs a management function

The Griffiths reforms are working at District and Regional level because there is a job for the Managers to do. But we have not created a matching management function at the centre. The organisation chart published in June 1984 shows that the Management Board had no management powers. It was an extra committee with a rather grand title, placed within a normal Whitehall structure.

We cannot stick with this. We got the worst of all worlds appointing a man to a management job which didn't really exist. We must either go forward or backward:

Forward: The Management Board should be given a real management job to do with real authority.

Backward: If the arguments against change at the centre are valid, we should accept that the management function is for Regions and Districts, but not for the centre. We should stop raising expectations we cannot meet.

If we decide to go forward, how could we give the Management Board some teeth?

The National Health Service does not have an autocratic chain of command; nor will it while there is quasi-democratic representation on District and Regional Health Authorities. Nevertheless, Regions and Districts look to the DHSS and the Secretary of State for guidance and instruction. They should not be encouraged to interpret references in legislation to the Secretary of State as meaning the Secretary of State in person. Instead, the Secretary of State's managerial powers should in effect be




delegated to a Manager "clothed with his authority" (in the words of the original Griffiths Report). The new Manager would derive executive authority in two ways:

- a. A clear chain of communication from District Managers to Regional Managers to the centre. The case of Brigadier Lucas, who did not turn to his Regional Manager when in difficulties, is evidence that this chain does not exist at the moment - indeed, no such chain was envisaged in the June 1984 organisation chart.
- b. Regional Chairmen would deal with him as the agent of the Secretary of State. They refused to deal with Victor Paige on this basis. Their behaviour might change if the new man were a "Director General" chairing a Board comprising the Regional Chairmen and full-time members (the Electricity Council might be a model).

## 2. Authority within the Department

Although Victor Paige was the Accounting Officer for the hospital and community health services, Sir Kenneth Stowe retained his position as Accounting Officer for the central DHSS. The Establishment Officer responsible for all staff at the centre reported to Sir Kenneth. Victor Paige had no power to move any staff where he wished (he didn't even have the private secretary he wanted). He had less involvement in the management and scrutiny of Civil Service staff than a normal civil servant. The Personnel Director on the Management Board has no powers over any personnel

Victor Paige couldn't exercise any authority outside the Department because he was trapped inside it; but he didn't have any powers inside the Department because he was an outsider.





The new Manager needs some power in the selection and management of staff on the Health side of the Department. This points to splitting the administrative vote for the Department and making him Accounting Officer for the health side.

3. Public campaigning for good management

The management and cost-effectiveness of the Health Service are improving. But most of these changes began before the arrival of the Management Board. Moreover, they are only apparent to a few professionals on the inside. The Management Board needed to take a higher profile and campaign publicly for the achievements of good management. Instead, the management silence has been filled by the damaging RCN campaign.

That is part of the rationale for a waiting list campaign - to show that the arrival of Victor Paige and professional Managers could make things better for the average patient. The dynamic Regional Chairman see this as part of their job. It was not done by a Manager at the centre.

(X) The new man should be given a public rôle. If a hospital has to be closed, he should be sent to the spot to handle the press and take the flak away from the Ministers. He should be to Ministers what Ministers are to Royals - getting the unpopular jobs while they can go and open the new hospitals. He should also be a public campaigner for value for money and good management - doing in the Health Service what John Banham does in local government.

4. Lifting the burden

The NHS Management Board was introduced as a fifth wheel on the waggon. But that didn't make failure inevitable, because a fifth wheel will be used if it can help ease the



burden on the others. But the Board didn't crack problems and offer solutions. I am not aware that at any point in the last 18 months any senior official or Minister felt: "Here's a tricky problem - London/waiting lists/patient satisfaction/managers' pay - the NHS Management Board will be able to sort it out for us". The Board was just another source of briefing papers. But a busy Minister of a busy Department is entitled to look to the Management Board to make life easier.

So the new Manager must have a fairly free rein to fix things on behalf of the Minister and help and encourage people in Regions and Districts to get things done. At the moment, Regions and Districts seem to think of the centre as a brake, stopping them doing things. They believe they have changed, but the centre has not. We need to be demonstrably as energetic and purposeful as they believe they are.

5. A big man

Especially given the organisational problems identified above, the introduction of a Management Board was only going to work if the Chairman was a big man who carried the respect of Ministers, the Department and the Regions. Such a man might have been able to overcome the flaws in the definition of the post. Similarly, redefining the post to give it more powers will count for nothing unless the individual chosen to fill it has weight, authority and the knowledge of the Health Service to be able to use them.

DAVID WILLETTS