

PRIME MINISTER

NATIONAL HEALTH SERVICE MANAGEMENT BOARD

Because of the "Personal" classification of Sir Robert Armstrong's minute (Flag A), I have not shown it to either Brian Griffiths or David Willetts. But I do know that David would, in particular, be unhappy with the proposal which I understand Ken Stowe is putting to Norman Fowler, and which Sir Robert favours in his minute below, to appoint Mr. Len Peach as Chairman of the NHS Management Board. There is a straight conflict of evidence about Peach. David says that the appointment of Len Peach "would cause NHS morale to plummet still further". But Sir Robert, on, I think, DHSS advice, says Peach is performing well as acting Chairman; Ken Stowe tells me that he has much impressed Management Board members and the Health Service hierarchy.

As you will see from David's note at Flag B, he still hankers after the appointment of Roy Griffiths (or John Banham), but I understand from DHSS that they are no longer considering him. (There is a particular difficulty about Griffiths, which I can mention to you orally if you wished to pursue his name).

David's note (which Norman Fowler has seen) advocates a more managerial "Director-General" role for the Chairman of the Management Board, giving him quasi-executive power over regional managers who in turn would be given power over district managers. I can see a good case on managerial grounds for such changes, which would move the NHS towards a public corporation model. But I really wonder whether the politics point that way, especially in the second half of a Parliament. The point at 'X' in David's page 3 is a case in point. He suggests that a "bigger" Chairman of the Management Board should have a more public role - if a hospital has to be closed, he should be sent to the spot to handle the press and take the flack away from the Ministers. I cannot see that working politically. Local MPs and Councillors will not want to talk to the Management Board Chairman. They will want to

go straight to the Minister. None of this is to decry the force of David's arguments. From the managerial point of view, they look sensible. But they look to me to be more the stuff for consideration for a manifesto than for action now.

This still leaves a problem of finding a new Chairman for the NHS Management Board. Unless you want to rule out ab initio Peach, I suggest that you let Mr. Fowler put his name forward to you. You might then have a discussion with him just to confirm Peach is the right man. But, if you are convinced now that Peach should be ruled out, it would be best to tell Mr. Fowler straight away.

How would you like to proceed?

*1 must have a*

*fuller discussion with*

*Norman Foster.*

*not*

*N.L.W.*

N. L. Wicks

4 July 1986

Ref. A086/1957

MR WICKS

National Health Service Management Board

I undertook to bring you up to date with developments on the Chairmanship of the National Health Service Management Board (NHSMB) since the resignation of Mr Victor Paige and the decision to appoint Mr Len Peach (Personnel Director) as acting Chairman.

2. I understand that the Secretary of State has been continuing to explore the possibility of finding a basis on which Sir Roy Griffiths might take on the Chairmanship. My impression, however, is that that exploration is leading nowhere. Apart from any other considerations which Sir Roy Griffiths might have in mind, he would only want to take the Chairmanship on if it were possible to run the NHSMB (and the NHS) very much as if it were a statutory public corporation, and with a high degree of autonomy. That does not seem to be realistic, so long as Ministers, and in particular the Secretary of State, have the responsibility of the inevitable accountability to the House of Commons. At any rate, my impression is that the Secretary of State has now concluded that the solution to the problem does not lie in that direction.

3. The second possibility that has been considered is that the Chief Medical Officer, Sir Donald Acheson, should be appointed Chairman of the NHSMB as well as Chief Medical Officer. I do not believe that it is a good idea to ask the Government's chief professional medical officer also to run the NHS Management Board: the requirements of the two jobs could too easily be seen as - and would probably be - conflicting. Sir Donald Acheson is proving to be a very good Chief Medical Officer, and



it would be a pity to put at risk the standing he has achieved in that capacity. Finally I am told that Sir Donald Acheson does not really want to become the Chairman of the NHSMB.

4. The third possibility is to go out and try to find another suitable person from outside. That would inevitably take quite a lot of time, with no guarantee that we should find it any easier to identify a suitable candidate than it was last time round. Unless we were very clear about the nature of the job, we should run the risk of repeating the problems that arose with Mr Paige. This course does not guarantee either the right solution or a reasonably quick one.

5. The fourth possibility is to appoint Mr Len Peach as definitive Chairman, not just as acting Chairman. He has made it clear that he would be willing to accept such an appointment or revert to being Personnel Director. What he does not want to do is continue indefinitely as acting Chairman. There would be no problem with IBM about continuing the secondment if he were to be appointed Chairman.

6. I understand that Mr Peach has been performing well as acting Chairman. He is clear about the role of the NHSMB and of its Chairman, and willing and able to discharge that role. He is an effective manager of business. Other members of the Board have come to have respect for him as acting Chairman (as well as in his position as Personnel Director). He has made a very good impression on Health Service managers and authorities.

7. The Prime Minister is discussing with the Secretary of State and others the needs and problems of presenting the Government's achievements on the National Health Service to the wider public. That will not be helped by further uncertainty or political dispute about the Chairmanship of the NHSMB. As one DHSS Minister has said, what the Government now needs as regards the NHSMB is silence. Since Mr Peach is performing admirably in



the role of acting Chairman, I think that there is a great deal to be said for making his appointment as Chairman definitive. And the indications are that that would be well received in the NHS.

8. If that were to be the decision, there would then be the question of timing. I should have thought that the ideal timing for an announcement would be early September, well into the Parliamentary Recess and after the main holiday period. It would be fair to Mr Peach to let him know privately sooner than that of the Government's intention if that is the way in which it is decided to proceed.

RA

ROBERT ARMSTRONG

4 July 1986