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10 DOWNING STREET

7 July 1986

From the Principal Private Secretary

Dear Tony,

THE NATIONAL HEALTH SERVICE MANAGEMENT BOARD

The Prime Minister had a three-quarter hour discussion today with your Secretary of State about the NHS Management Board.

The Prime Minister said that the Chairman of the Management Board needed to be a considerable person with an outside reputation and the full confidence of the Secretary of State. He needed to have sufficient managerial authority to improve the performance of the Service. A good candidate might be John Banham of the Audit Commission. On Len Peach she wondered whether it would be wise to promote Victor Page's deputy into the job of Chairman since he might not have sufficient personal authority. The Secretary of State commented that Peach had made a good impression on the Supervisory Board.

The Secretary of State agreed that the Chairman of the Management Board needed to be someone well known with clout. It was, however, for consideration whether the job currently on offer would attract anyone of such calibre. This Chairman's job was not equivalent to the Chairman of British Rail or even of the Electricity Council. It was a mixture of a progress chaser and the Secretary of State's chief adviser. The Chairman did not have powers to impose his will on the Service as a whole, nor did he have direct line management authority over the Regional General Managers. Another possible candidate was Brian Nicholson, Chairman of the Manpower Services Commission. He had experience of a centrally financed organisation with some independence and responsibility of its own. Another possibility was Jim Ackers, Chairman of the West Midlands Health Authority, though the Government's critics would attack his appointment on the grounds that he was a personal friend both of Mr. Ken Clarke and himself.

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The Secretary of State then said that another possible course would be the establishment of the National Health Service as a public corporation, either on the lines of the Manpower Services Commission or the Electricity Council Regional Boards. This would require legislation though someone might be appointed to head such an organisation on the announcement of the Government's intentions. This sort of organisation could be presented as a logical extension of the concept of General Manager in that there would be a General Manager for the Service as a whole with a power to manage. Another possibility was to link changes in the management organisation of the Service with some form of compulsory health insurance system.

The Prime Minister replied that her instinctive reaction to this approach was that people would not like the National Health Service being turned into a public corporation. The Government's critics would play on fears that it was a prelude to privatisation and charging. Nor did the 1986/87 legislative programme allow for legislation on the scale required. NHS employees would no doubt react against yet another reorganisation. She wondered whether the advantages of this approach might be secured without legislation. The Secretary of State was somewhat doubtful.

Summing up the discussion, the Prime Minister said that the Secretary of State should provide her with a short list of candidates proposed as Chairman of the NHS Management Board. He should also provide a note on the changes which he would recommend should be made to the management structure of the NHS with and without legislation. Knowledge of this work, should, at this stage, be confined very closely indeed within the Department.

Wicks
Nigel Wicks

(N.L. WICKS)

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