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10 DOWNING STREET

From the Principal Private Secretary

30 July 1986

Joe Tang

THE NATIONAL HEALTH SERVICE MANAGEMENT BOARD

The Prime Minister met your Secretary of State yesterday afternoon to discuss his minute of 22 July about the National Health Service Management Board.

The Secretary of State said that he saw advantage in developing the organisation of the National Health Service in the direction of either a single corporation structure or separate corporations comprising the various regional health authorities. This would require highly sensitive primary legislation. Such a development of the NHS would be a long term process. The Government could not, however, dodge the underlying policy issues since Mr. Meacher looked likely to pledge the Labour Party to locally elected health authorities. The immediate decision for Ministers was the role of the National Health Service Management Board (NHSMB). This, he suggested, should continue with its present role with the Chairman of the Board as a progress chaser and advisor to the Secretary of State. The Chairman was not, under the existing structure, an executive.

The Prime Minister said that people's initial reaction would be to recoil from establishing the health service on a public corporation basis since perceptions of the nature and purpose of the service were different. Any change therefore would need the most careful presentation. On the Secretary of State's analysis of NHS organisation, she accepted that it would never be right if its managing board was effectively no more than an advisory committee. But she wondered whether he was, in effect, saying that the recommendations of the Griffiths report were unworkable. Surely it would be possible for the Secretary of State to delegate, informally if not formally, some of his powers to the Chairman of the Management Board. This might invest the Chairman with real executive authority.

The Secretary of State said that the Griffiths Report's recommendations made more sense in the lower reaches of the NHS, particularly the concept of general managers, than in its higher reaches. The basic point was that the regional hospital authorities would not accept that they were subordinate to the Management Board. The Management Board could exhort and allocate the resources. But the Board

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could not manage the running of the service. Nor did it employ the people running the NHS.

The Prime Minister then asked whether it was practicable to erect within the existing legislative framework a structure which had the advantages of a corporate structure. The Secretary of State saw real obstacles here, especially in the shape of the 14 regional chairmen who would not accept a line management responsibility to the Management Board. He accepted that the establishment of a corporate structure raised political issues, both in relation to the medical profession and Parliament. He agreed with the Prime Minister that it was absurd that Ministers could be cross-questioned on minor issues of health service administration. The Prime Minister asked whether it was worthwhile reconsidering the use of Sir Roy Griffith in some capacity. The Secretary of State did not think so.

At an earlier point in the discussion, the Prime Minister recalled that she had heard complaints recently about the lack of standardisation in NHS equipment, with the different regions operating different standards. Your Secretary of State reported that Mr. Critchley, a member of the Management Board, was now making progress in persuading the regional authorities to standardise their purchases. It was also important to convince the authorities of the connection between their procurement policies and industrial policies.

The Prime Minister said that she would wish to reflect on the Secretary of State's approach. She agreed that he should discuss the scheme further with her after the holidays. Sir Kenneth Stowe should join that discussion.

During the meeting there was little discussion of possible candidates for the next Chairman of the NHSMB, except that Sir Ronald Halstead was mentioned.

*Yours sincerely
Nigel Wicks*

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