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File

PRIME MINISTER

NHS REVIEW

Kenneth Clarke has sent over late this evening a further minute on the central management of the NHS and a revised draft of the key section of Chapter 2 of the draft White Paper.

Others will no doubt be considering this tomorrow and registering their reaction. But you may want to have a first look at it tonight to consider whether things are now getting on to the right lines. My immediate reactions on the covering minute are:

- We are now getting closer to what you want.
- He now seems to be envisaging two separate but parallel chains of command running up from the regions to the centre. At the Executive level, the Regional General Managers will be accountable to the NHS Chief Executive, and at the non-Executive level, the Regional Chairmen will report to the Secretary of State. There are some problems with this, eg if the Regional General Managers are accountable to the Chief Executive, what is their relationship with the Regional Chairmen? But, overall, this looks a promising approach.
- A particularly welcome proposal is for the NHS Chief Executive to be the Accounting Officer.
- The relationship of the Management Board to the Department of Health is still unclear - see paragraph 8 of the minute. What we need to know is exactly who Mr Clarke envisages as members of the Management Board - your wish, as I understand it, is that it should include no DoH civil servants.

- I still think it would be much better to talk about a Management Committee rather than Board. Having two Boards is a recipe for confusion. Having the Management tier as a Committee of the Policy Board emphasises the necessary links between them.

On the revised draft Chapter, my immediate thoughts are:

- The worst problems with the earlier draft have now gone.
- It is worth making clear, particularly if we are to have two Boards rather than a Board and a Committee, that the Chief Executive will be a member of the Policy Board.
- If early agreement can be reached on this, it would be worth including in the draft that the Chief Executive will be the Accounting Officer. It would also help to spell out the proposed relationship between Regional General Managers and the Chief Executive.
- Paragraph 2.11 needs to make clear that it relates only to hospitals still run by DHAs and not to self-governing hospitals.

RCG.

PAUL GRAY

18 January 1989

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