



SECRET

From: R T J Wilson
19 January 1989

P 03337

1. SIR ROBIN BUTLER
2. MR GRAY

NHS REVIEW: CENTRAL MANAGEMENT OF THE NHS

1. You invited comments on Mr Clarke's minute of 18 January.

Revised Paragraphs

2. The revised paragraphs on central management incorporate all the drafting changes which the Ministerial group agreed at the meeting on Tuesday, and are a substantial improvement. The Prime Minister may, however, wish to consider asking for changes on three points.

3. First, paragraph 2(iv) says that the Chief Executive will oversee the day-to-day decisions taken locally by operational units. Interpreted literally this is impracticable, and there may be a risk that it could become an excuse for a growth in bureaucracy and intervention, contrary to the policy of maximum delegation. It might therefore be better to say:

Amend
mt

"...Such accountability does not mean that Ministers should be involved in operational decisions. On the contrary, these decisions must be taken locally by operational units and oversight of the operational units will be the responsibility of the Chief Executive of the NHS Management Committee. Ministers will be responsible for policy and strategy".

4. Second, it might be useful if paragraph 2(vi) were to include an explicit description of the remit of the policy board, along the lines agreed by the Ministerial group, in order to establish firmly the distinction between its role and that of the



Management Committee. This might be done by amending the first indent as follows (the words have been taken from Mr Clarke's covering minute):

✓ *ms*
 "A new Policy Board, chaired and appointed by the Secretary of State, will determine the strategy, objectives and finances of the NHS, in the light of Government policy, and will set objectives for the Management Committee and monitor whether they are satisfactorily achieved. It will replace..."

Management Committee

5. Third, there is the question whether to have a Management Board or Committee. Mr Clarke is still holding out for "Board". The Prime Minister will wish to decide whether to press this point again. It seems to me that one important argument is that a change of name is needed, in order to distinguish the new body from the present management board, which has a different function and has not worked well.

Open. Suggest Management Committee

POINTS OF SUBSTANCE

6. More generally, the Prime Minister will want to be satisfied that there are no major points of disagreement or misunderstanding concealed behind this part of the White Paper. She may in particular want to consider the following aspects.

Ministerial accountability to Parliament

7. On Ministerial accountability to Parliament, Mr Clarke proposes to take a robust stance on the basis of paragraph 2.4 of the White Paper. This paragraph does not however say explicitly that Ministers will not be answerable in Parliament for day-to-day operation of the NHS; and Mr Clarke makes it clear that Ministers must realistically expect to come under considerable pressure to continue to answer to Parliament on operational issues in the public eye or of concern in constituencies.



8. This is an important but difficult area where the Prime Minister may want to ask for clear guidelines to be drawn up on how the new arrangements for Parliamentary accountability are going to work. On the face of it, it ought to be possible to have an arrangement as follows.

i. The Secretary of State will continue to be answerable to Parliament, not only for the huge sums of money spent on the NHS as indicated in paragraph 2.4, but also for the matters dealt with by the Policy Board and for the functions dealt with by his Department which lie outside the NHS (eg public health).

ii. If the Secretary of State is asked by a Member of Parliament about an operational matter, his normal course will be to refer it to the Chief Executive or, in appropriate cases, the relevant Regional or District Health Authority for a reply (this is already meant to be the practice). The Chief Executive will be available to appear before Select Committees or to meet MPs on operational issues, where necessary. In the last resort, if the MP is still not satisfied, particularly on a major issue such as a hospital closure, it will still be open to the Secretary of State to reply; but this will not be the normal routine.

iii. In exceptional cases, where for instance an operational issue may be symptomatic of a more general national problem ~~(or may become a cause celebre suggesting a serious failing in the NHS)~~, the Secretary of State may respond to pressure in Parliament by asking for a report from the Chief Executive, discussing it with him and publishing the report together with an account of the action being taken to deal with the problem. (But it will be made clear that the Secretary of State's role is to make sure that the problem is being dealt with, not to deal with it himself.)



9. If this general approach - which we have not discussed with the Department of Health - is right, it needs to be worked through in more detail and formally set down and, perhaps, published, as guidance for future practice. The Prime Minister may wish to ask for this work to be set in hand. It is essential to be clear about these groundrules, in broad outline at least, before the White Paper is published, since accountability may be a matter for immediate questioning.

Yes ✓

Role of the Department of Health

10. A second point which needs to be clarified is the role of the Department of Health in relation to the Management Committee. Mr Clarke says only that the work of the Committee will be separate from the work of officials whose responsibility is to advise him. What this means in practice and how it is to be achieved, will need to be carefully worked out. ✓

11. At present there are significant parts of the Department of Health which appear to be carrying out operational functions which are part and parcel of the running of the NHS. Our understanding is that they include, for instance, the Department's regional liaison division, its health building directorate, its estate and property management directorate, its procurement directorate and its NHS information technology and planning division as well as those parts dealing with national issues such as pay. The logic of the new arrangements is that parts of the Department which have this sort of operational function should be brought under the Chief Executive and the Management Committee, and be completely separate from the part of the Department which advises the Secretary of State and his Policy Committee. How this is to be done is something which needs to be worked out with some care. The Prime Minister may wish to ask Mr Clarke to carry out an exercise to identify which parts of his Department have operational functions and should therefore come under the Management Committee; and to report to her on how he proposes that the new arrangements should work in practice.

This is non-UK

Yes - but
most of them
should be
of the task
Regions &
hospitals

Yes



CONCLUSION

12. I attach a possible draft reply for your signature.

RJW.

R T J WILSON

SECRET

DRAFT LETTER FROM PAUL GRAY TO PRIVATE SECRETARY TO SECRETARY OF STATE FOR HEALTH

NHS REVIEW: CENTRAL MANAGEMENT OF THE NHS

The Prime Minister has seen your Secretary of State's minute of 18 January.

She is generally content with the revised paragraphs for the White Paper which he enclosed, subject to a number of points which she thinks could be further clarified in detail. I enclose some amendments on the attached sheet. ~~You will see that she still~~ ^{she still} considers that Management "^{Executive}Committee" is better than "Board". She believes that having two boards is a recipe for confusion, and that it is also important to mark the change from the present Management Board.

The Prime Minister also has two points of substance.

The first is that she thinks that it is necessary to be clear about the new arrangements for accountability to Parliament and the way in which they will match the new management structure in the NHS and your Department. She thinks this is likely to be raised when the White Paper is published, and that it is essential that all Ministers should say the same thing. She would be grateful if this matter could be discussed between your Department, the Treasury and the Machinery of Government Division of the Cabinet Office, and a suitable note be produced before the White Paper is published.

Second, the Prime Minister is not clear from your Secretary of State's minute that sufficient thought has yet been given to the role of officials in your Department. She takes the view that there needs to be an exercise to identify those parts of the Department which are concerned with operational matters and are therefore responsible to the Chief Executive and the Management

Committee, and those parts which deal with other matters and answer to the Secretary of State and the Policy Board; and that their respective responsibilities need to be defined and the arrangements for keeping them separate clearly set out. Although this does not affect the wording of the White Paper, the Prime Minister thinks that it too needs to be worked up urgently in consultation with the Treasury and the Machinery of Government Division of the Cabinet Office and she would be grateful for a further report as soon as possible.

I am copying this letter to the private secretaries to the Chancellor of the Exchequer, the Secretaries of State for Wales, Scotland and Northern Ireland, the Chief Secretary, the Minister for Health, Sir Robin Butler, Professor Brian Griffiths and Mr Richard Wilson.

AMENDMENTS TO REVISED PARAGRAPHS 2.4 ONWARDS

Paragraph 2.4: It would be impracticable for the Chief Executive to oversee the day-to-day decisions taken locally by operational units, and any attempt to do so could lead to excessive bureaucracy. Redraft to read:

✓ms
"...Such accountability does not mean that Ministers should be involved in operational decisions. On the contrary, these decisions must be taken locally by operational units and oversight of the operational units will be the responsibility of the Chief Executive of the NHS Management Committee. Ministers will be responsible for policy and strategy".

Paragraph 2.6. There needs to be a clearer definition of the role of the Policy Board, as follows:

✓ms
"A new Policy Board, chaired and appointed by the Secretary of State, will determine the strategy, objectives and finances of the NHS in the light of Government policy, and will set objectives for the Management Committee and monitor whether they are satisfactorily achieved. It will replace..."