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PRIME MINISTER

23 January 1989

NHS REVIEW: CENTRAL MANAGEMENT OF THE NHS

In the short-run, Ken Clarke's preference for a Management Executive, with a separate and defined status under the Secretary of State (Option 2) is reasonable, but I have two main concerns:

1 Lack of a Clear Definition of Roles

The Policy Board will have a very high profile at the centre. On the plus side, the Board will operate as a buffer between Ken Clarke and the day-to-day operations of the health service. But there is a significant danger that the Board will become far too powerful. The Management Executive would simply become the cashier for the NHS. And the health service would then be run by a team of bureaucratic policy advisers. Back to square one. This must be avoided at all cost.

During the meeting, Ken Clarke should be asked to address four specific points:

Who will be represented on the Policy Board? How will it operate?

How will the relationship between the Secretary of State, Policy Board and the Management Executive work in practice?

What will be the specific division of responsibilities between the Board and the Executive?

Will the Management Executive be responsible for

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setting clear targets and performance bonuses for key regional staff?

2 The Role of the Department

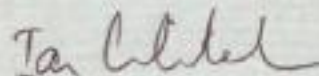
The future role of Department officials is still unclear. This is mirrored by the sketchy details on the operation and make-up of the Policy Board.

Ken Clarke will need to spell out the future responsibilities and reporting lines in the Department.

If the majority of staff become accountable to the new Policy Board, the Management Executive will suffer from atrophy. And the central management of the NHS will continue as before.

Will the Department be slimmed down? Or will the number of senior officials be expanded to support the workings of the Policy Board and the Management Executive?

Will most of the officials report to the Management Executive? Or will a lion's share be accountable to the new Policy Board?



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