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Prime Minister

MANAGEMENT ARRANGEMENTS FOR THE NHS IN SCOTLAND

At its meeting on 24 January, the Ministerial Group indicated that "a clear statement of responsibilities would [also] be needed for Scotland". At our meeting on 25 April, I indicated that the arrangements I propose to put in place in Scotland are broadly on the same lines as those now agreed for England. This note outlines my proposals in more detail.

Background

The White Paper referred to Scottish arrangements at paragraph 10.16 - 10.18. The key features were that:-

a. The responsibility for Health Service policy would continue to rest with the Scottish Home and Health Department (SHHD), reporting to Ministers;

b. A Chief Executive would be appointed for the NHS in Scotland responsible for the efficiency and performance of the Health Service and for the overall supervision of the execution of policy; and

c. The Scottish Health Service Policy Board would be abolished: Ministers would instead consult directly with Health Boards and others as necessary, obtaining advice also from a new Advisory Council which would replace the Scottish Health Service Planning Council.

The Chief Executive post has now been advertised with the aim of making an appointment by 1 October. The Policy Board has been wound up; the Planning Council will shortly have had its final meeting; and

arrangements are in hand to convene a first meeting of the new Advisory Council in the autumn.

The Chief Executive

After examining the way in which current tasks performed by the Scottish Home and Health Department could be separated out, I have concluded that the Chief Executive post should be established within the Department on a five-year contract basis. The important underlying concept is that policy and management must inform and influence each other: policy will not be effective if it takes no account of management considerations; and at the same time, management issues must be set in a clear policy framework, established by Ministers and provided to the Chief Executive for him to implement through the Health Boards and the Common Services Agency.

The Chief Professional Officers of the Department will give advice to both the Chief Executive and the policy side of the Department. The Chief Professional Officers will also retain their present right of independent access to me as appropriate. The Chief Executive will be designated Accounting Officer for the bulk of the Hospital and Community Health Services Vote and for the Health (Family Practitioner Services) Vote. Limited Health Service Accounting Officer responsibilities will remain with the Secretary, Scottish Home and Health Department, for example in relation to research.

The Chief Executive will serve as an Assessor to the new Advisory Council in order to strengthen the management input to its work of promoting good practice. He will be invited to undertake the role of Vice Chairman of the Common Services Agency, which provides a wide range of operational and support services on a national basis; and I will consider whether he should assume the role of Chairman in April 1991, when the present Chairman (formerly Chairman of our largest Health Board) demits office, whether to retain the present arrangement in order to avoid overloading the Chief Executive.

Transitional Arrangements

It will be important that the Chief Executive should have time to consider how best to discharge the responsibilities of the post, looking to the staff of SHHD to provide his main support. To facilitate this, he will have an initial three-month period in which to assess the situation and to decide what pattern of support staff is necessary. He should be free to propose adjustments or supplementation to the existing arrangements at senior level before formally assuming full management and Accounting Officer responsibilities. In consequence and as agreed with the Treasury the existing NHS Finance and Management Grade 3 post in SHHD will be given up by the end of the current financial year.

Management Arrangements

I do not intend initially to replicate the Department of Health's arrangement for a Policy Board to which the Chief Executive would report. Instead he will report directly to Ministers. Supporting this arrangement will be two groups:-

1. The Department's existing **Health Service Policy Group**, normally chaired by the Secretary SHHD. This comprises senior Civil Servants, the Chief Professional Officers, and (now) the Chief Executive. The key element of its role will be to consider major issues of policy arising in relation to the operation and development of the Health Service, including questions of priorities in the allocation of resources, and to formulate policy proposals for consideration by Ministers;

2. A **Management Executive Group** to be chaired by the Chief Executive. The internal membership will be similar to the **Policy Group**; but it will be augmented by key NHS personnel and any additional appointees made on the Chief Executive's recommendation. The Group's function will be to oversee the management of the NHS in accordance with the policies established by Ministers, and to secure the necessary coordination in the implementation of policy decisions.

The Chief Executive will operate in accordance with an annual business plan of NHS policies and priorities, which will be an amplification of the 10 objectives for the Scottish Health Service published in November 1988. He will produce an annual report on the achievement of his objectives; and by the second year of his appointment he will be expected to produce a corporate management programme for the Health Service in Scotland.

Role of Ministers

Ministers will continue their regular meetings with Health Board Chairmen whose role must not be or appear to be diminished. Within the policy framework established by Ministers, the working dialogue will generally be between the Chief Executive and Board General Managers.

General Managers who are now full members of their Boards, will continue to be employed by Boards; but I expect the Chief Executive to foster a sense of corporate identity among General Managers so that they will, in due course, come to regard him as their "head of profession". He will countersign the annual reports on General Managers prepared by Board Chairmen.

Conclusion

Once established and once next Session's Bill is enacted, these arrangements will secure the clearer distinction between the policy responsibilities of Ministers and the operational responsibilities of the Chief Executive and Health Boards that we want to achieve, making it possible for Ministers to disengage from operational detail.

I am copying this minute to Kenneth Clarke, Peter Walker, Tom King, John Major, Sir Roy Griffiths, Sir Robin Butler and Mr Wilson (Cabinet Office) and Mr Whitehead (Policy Unit).

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Scottish Office
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