C

PRIME MINISTER 8 June 1989

MANAGEMENT ARRANGEMENTS FOR THE NHS IN SCOTLAND

It is clear to me that the driving force behind Malcolm Rifkind's proposals is not the more effective management of the NHS in Scotland. It is a means of paying no more than lip service to the health service reforms. The proposals suggest that the Chief Executive will have the necessary power to effect real changes. In reality he will have little authority. Power will continue to reside with departmental officials. The result - which we have been so careful to avoid in Kenneth Clarke's proposals - will be fudged management.

These concerns are shared by Michael Forsythe, who believes the quality of the paper is disappointing and that these proposals are a 'compromise solution'.

Duncan Nichol is also sceptical. He feels that 'the Chief Executive post has been shortchanged'.

SPECIFIC PROBLEMS

Effective management can only be achieved if power and responsibility go hand in hand. The Scottish proposal gives immense overall responsibility to the Chief Executive for managing the hospital and GP budgets of 15 health boards.

But the Chief Executive will have virtually no power:

- The Chief Executive will not be able to hire and fire his staff. Officials already working in the Scottish Home and Health Department (SHHD) will provide his main support. This differs from the English solution. Duncan Nichol will manage his own staff.

- 'He will have an initial three-month period in which to assess the situation and decide what pattern of support staff is necessary' (Page 3). This makes little sense. His job description must be worked out in advance. Otherwise he will become seeped in the SHHD bureaucratic culture, emerging with a small staff of junior officials, over whom he will have minimal control.

- The Chief Executive will not be given immediate responsibility for running the Common Services Agency, which has a budget of £100 million. He will probably be given the No 2 post in the Agency 'in order to avoid overloading the Chief Executive' (page 2).

  In effect, this means the Chief Executive will not have responsibility for **running the key central services** such as the Scottish Ambulance Service (£38m), Building Division (£6m), Supplies Division (£2m), Information and Statistics (£3m), Blood Transfusion Service (£18m) and others.

- 'He will countersign the annual reports on General Managers prepared by Board Chairmen' (page 4). Does this mean a rubberstamp? In England, Duncan Nicol will make the final decision on salary increases, based on the relative performances of the Regional General Managers.

- In short, the Chief Executive will be part of an amorphous talking shop of departmental officials. It is therefore of no surprise that his salary and status will be less than some of the General Managers out in the field.

- Finally, the Chief Executive post will not attract strong performers. Management by force of personality is laudable. But few managers would rely on the wishy washy statement that the Chief Executive will be expected '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' (Page 4).

RECOMMENDATION

A note should be written to Malcolm Rifkind expressing concern that responsibility without power will devalue the effectiveness of the Chief Executive. Malcolm Rifkind may wish to resubmit the paper, taking account of the following questions:

1. What will be the specific powers of the Chief Executive?

2. Will he be able to hire and fire his own staff?

3. Why not decide 'how best to discharge the responsibilities of the post' (page 4) prior to the Chief Executive's appointment rather than sometime after the event?

4. Will the Chief Executive have the final say in fixing the levels of remuneration of General Managers based on the relative performance of the 15 Health Boards?

5. Is there any incentive for a strong General Manager of a Health Board to apply for the Chief Executive post (eg salary, status and responsibility)? If not, there should be.

6. Why not give the Chief Executive immediate responsibility for running the Common Services Agency? His first objective should be to devolve services down to the Health Boards, where possible.

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