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C(70) 9

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CABINET

REORGANISATION OF THE NATIONAL HEALTH SERVICE

Memorandum by the Chief Secretary, Treasury

The Secretary of State for Social Services proposes in C(70) 8 that we should decide firmly and announce now that control of the Health Service should not be transferred to local government. I agree that such a transfer is not feasible in the immediate future at least. The corollary is that we, the central Government, will continue to be responsible for finding by far the greatest part of the finance, and to be fully answerable to Parliament and the electorate, for the administration of the Service at all levels. We cannot shift this responsibility partly on to someone else, however much we might wish to do so; and this is why I disagree with one of the main aims of the National Health Service (NHS) reorganisation as proposed by the Social Services Secretary - namely, giving to local interests a bigger share of the responsibility for running the Service.

2. I believe moreover that the way in which the Social Services Secretary proposes to translate this aim into practice, via area boards with a membership of as many as 20-22 composed as to about two-thirds of delegates of special interests, would result in confusion of the lines of responsibility and encouragement of pressure blocks within the administration, to the detriment of rational priorities and efficient management.

3. I certainly agree that it will be important to secure close co-operation between the Health Service and local government, and that a necessary and valuable contribution to Health Service management should be provided by doctors and other members of the health

professions. But it does not follow from this that delegates of local authorities and the health professions should constitute one-third each of the membership of NHS management, that almost a half of that membership should be drawn from the medical and other professions, and that members appointed by the Secretary of State, with no special interests, should be in a very small minority.

4. The task of running the NHS in the field is a formidable one, involving as it does the disbursement of over 5 per cent of the National Income on a complex set of activities with an unceasing problem of priorities in matching demands with available resources. I therefore welcome the developments envisaged by the Social Services Secretary to bring the central Department into closer contact with the management in the field; this is very desirable, irrespective of other changes, in order to give greater assurance that national priorities will be brought to bear locally. But there will always remain an immense task for the operational management in determining relative local priorities and in securing the best value for the expenditure entrusted to the management by us, on the taxpayer's behalf. If mistakes are made, then not only does the Health Service suffer, but resources are pre-empted which might better have been used for other services. The principles of accountable management should, if anywhere in the public service, be brought pre-eminently to bear in this area; but the first principle of accountable management is to ensure that operational control is devolved, through a clear chain of responsibility, to persons chosen for their ability for the task.

5. I conclude that the bodies entrusted with the management of the NHS ought to be as small in size as possible, with a view to encouraging a sense of corporate responsibility; that to the greatest extent possible their members should be appointed by the Secretaries of State, so as to minimise confusion over the lines of responsibility; that members with some special interest (e.g. doctors) should not total more than 25 per cent of the whole; and that if we are to make provision for delegates of particular organisations, then (as has previously been accepted by Ministers collectively) the number of such delegates must total less than a majority.

6. It may be that we should be wise, in any event, to avoid spelling out in the revised Green Paper on NHS reorganisation a precise specification for the composition of the managing authorities. To do so might encourage the local authority associations and the British Medical Association to regard our specification as a base from which to press for more. But I consider it essential that the revised Green Paper should state firmly the principle that composition and methods of appointment should be geared to the fact of continuing central Government responsibility and the need for as objective and effective management as possible.

J.D.

Treasury Chambers, S.W.1.

13th January 1970

