Chapter 1

Timeline

1968

- Kenneth Robinson’s Green Paper on NHS reorganisation in England and Wales was published with a similar paper in December in Scotland. Both proposed the replacement of the tripartite division of health services with area boards (40–50 for England and Wales), combining the responsibilities of Regional Hospital Boards, Hospital Management Committees, local authority personal health services and Executive Councils.
- The Ministries of Health and Social Security were amalgamated to form the Department of Health and Social Security (DHSS). Richard Crossman became the first Secretary of State for Social Services. Health regained its Cabinet seat.

1969

- The Redcliffe Maud Commission on Local Government reported, recommending three Metropolitan Authorities containing 20 Metropolitan District Authorities outside London and 58 Unitary Authorities in the rest of England. They also felt that local authorities should take over responsibility for the NHS.
- The Hospital Advisory Service was established following a series of scandals about the ill-treatment of patients in long-stay hospitals. Geoffrey Howe led an inquiry into care at Ely Hospital in Wales.

1970

- Richard Crossman’s Green Paper on NHS reorganisation was published. It amended Robinson’s 1968 proposals by doubling the number of area boards to fit in with local government arrangements, it reintroduced the idea of regional planning boards and it suggested, within the larger area boards, local ‘district’ committees to involve the community and health service workers in running the NHS. However, the chain of command was to run from the minister direct to area boards, with regions having an advisory role only.
- The Conservatives won the General Election. Keith Joseph replaced Richard Crossman as Secretary of State for Social Services.

1971

- The Harvard Davies Report on the Organisation of GP Group Practice was published.
- The White Paper Better Services for the Mentally Handicapped was published.
1972

- The *Report of the Committee of Inquiry into Whittington Hospital*,\(^9\) arising out of allegations of ill-treatment of patients and theft, was published.
- Keith Joseph’s White Paper *National Health Service Reorganisation: England*\(^{10}\) was published proposing 14 regional health authorities (RHAs) in a direct management line between the Secretary of State and area health authorities (AHA), no district committees but a Community Health Council (CHC) in each district, Joint Consultative Committees with local authorities, and specialists in community medicine. A similar document was published for Wales.
- *Management Arrangements for the Reorganised National Health Service* (the Grey Book)\(^{11}\) was published. A similar document was published in September for Wales.

1973

- A report was published by the Working Party on Collaboration between the NHS and Local Government.\(^12\)
- The post of Health Service Commissioner was established, and Sir Alan Marre was appointed.
- On 5 July the National Health Service Reorganisation Act was given the Royal Assent on the twenty-fifth anniversary of the establishment of the NHS.

1974

- The General Election in February gave no party a clear majority. Prime Minister Edward Heath resigned. Harold Wilson became Prime Minister and Barbara Castle was appointed as Secretary of State for Social Services in the resulting Labour Government. Dr David Owen became Minister of Health.
- NHS Reforms on 1 April created 14 Regions and 90 Area Health Boards managing 206 District Management Teams. Family Practitioner Committees (FPCs) were coterminous with and set up by area health authorities. Teams of managers were introduced at district, area and regional level.
- Sir Henry Yellowlees was appointed Chief Medical Officer (CMO) at the Department of Health and Social Security.
- Barbara Castle’s consultative document *Democracy in the National Health Service*\(^{13}\) was published, and resulted in the inclusion of local government representatives on regional health authorities, an increase in their number on area health authorities, and powers for community health councils regarding the approval of hospital closures.
- In the second General Election in October, Labour won with a working majority of three.

1975

- Harold Wilson announced that the Royal Commission on the NHS would be established and chaired by Sir Alec Merrison.
1976

- James Callaghan became Prime Minister in April. David Ennals replaced Barbara Castle as Secretary of State for Social Services.
- The Regional Chairmen’s Inquiry into the Working of the DHSS in Relation to Regional Health Authorities14 was published (convened by Dr David Owen, Minister of Health). It recommended a strengthened role for regions and a ‘thinned out’ Department of Health.
- The Health Services Board was created to phase out private beds in the NHS.
- Sir Patrick Nairne became Permanent Secretary at the DHSS.

1977

- The National Health Service Act became law. It largely consolidated previous legislation, but also gave the Government the power to set up special health authorities (SHAs).
- In the Hounslow Raid, health officials ‘raided’ the Hounslow hospital to remove 21 elderly patients to the Middlesex Hospital to end a ‘work-in’ by nurses aimed at averting the closure of the ward.

1978

- Declaration of Alma Ata; the World Health Organization produced ‘Health for All’.367
- In the late 1980s a period of sustained industrial unrest began in Britain, which became known as the ‘winter of discontent’. The NHS faced another strong pay campaign from ancillary workers.

1979

- The Conservatives won the General Election in May. Margaret Thatcher became Prime Minister and Patrick Jenkin became Secretary of State for Social Services.
- The Royal Commission on the NHS16 reported that the NHS was ‘not in need of major surgery’. The Government later published its own plans for further health service reorganisation.
- Crown Commissioners were contemplated for Lambeth, Southwark and Lewisham (Teaching) Area Health Authorities in the light of their unresolved financial position.
- The Clegg Report, Pay Comparability,17 was published.
- Patients First18 was published by the DHSS in response to the Royal Commission:
  - strengthening management at local level
  - removing the area tier and establishing district health authorities (DHAs)
  - simplifying professional advisory machinery
  - simplifying the planning system.
1980

- The DHSS published the Nodder Report, *Organisational and Management Problems of Mental Illness Hospitals*.20
- The Employment Act banned secondary picketing.
- The Health Services Act:
  - dissolved the Central Health Services Council (the Minister’s advisory body)
  - dissolved the Health Services Board, which had been established to phase out private beds
  - disbanded the AHAs and created 192 DHAs in their place.
- *Hospital Services: Future Pattern of Hospital Provision in England*21 was published, which proposed that District General Hospitals (DGHs) should not exceed 600 beds, and that smaller hospitals should be retained where possible.

1981

- Cost Improvement Programmes were introduced in April.
- *The Harding Report*22 on Primary Healthcare Teams was published in May.
- Kenneth Stowe became Permanent Secretary to the DHSS in June.
- In September, Norman Fowler became Secretary of State, with Gerald Vaughan, and later Kenneth Clarke, as Minister of Health.

1982

- In January, Norman Fowler announced the creation of annual review meetings with ministers, RHA chairmen and regional officers following pressure from the Public Accounts Committee to strengthen NHS accountability to Parliament. He also announced that performance indicators would be developed.
- In March the health unions started a campaign for a 12% pay rise with a series of one-day strikes. The armed forces were put on standby to cover gaps in emergency services.
- On 1 April the NHS was reorganised again (from the 1979 White Paper and 1980 Health Services Act):
  - the area tier was abolished
  - district health authorities took over as the main operational authorities
  - the ‘unit’ was established as the local management tier
  - planning procedures were pruned.
- The DHSS announced the extension of Rayner Efficiency Scrutinies into the NHS.
- A review of NHS staffing, which was to lead to the Griffiths Report, was announced at the Conservative Party Conference in September.
- The Körner Report of the Steering Group on Health Services23 was published in November.
1983

- In January the DHSS announced central control of NHS manpower numbers.
- The Conservatives won a landslide victory in June, and Margaret Thatcher returned as Prime Minister. Norman Fowler stayed on as Secretary of State for Health and Social Security.
- The UK Central Council for Nursing, Midwifery and Health Visiting (UKCC) was established under powers contained in the 1979 Nurses Act.
- Health authorities were instructed by the DHSS to introduce competitive tendering.
- The first set of performance indicators was published.
- The Griffiths Report\(^2\) was published in October, recommending the following:
  - establishment at the centre of a Supervisory Board and an NHS Management Board
  - appointment of a national Director of Personnel
  - regional and district chairmen to extend the accountability review process through to unit level
  - identification of individual general managers for each unit of management
  - introduction of management budgeting relating workload and service objectives to the available financial and manpower resources, and involving clinicians in this.
- Plans to abolish the Greater London Council were announced.
- The Ceri Davies Report\(^3\) on use of NHS land was published.
- The healthcare staff pay dispute was settled.
- The Supervisory Board met for the first time in December and was chaired by Norman Fowler.

1984

- The consultation period on the Griffiths Report ended in January, and the DHSS published the circular on implementation in June.
- *The Report of the NHS Management Inquiry: Implications for the Organisation of the Department*\(^4\) was prepared by Hart and colleagues and was circulated within the DHSS.
- A pay review body for nurses was established.
- An Interim Management Board was set up under the chairmanship of Dr John Evans.
- Headhunters were appointed in March for the post of Chief Executive in the NHS.
- The first abortive interviews were held in September.
- By July, Regional General Managers began to be appointed.
- A salmonella outbreak occurred at Stanley Royd Hospital, Wakefield.
- In October a bomb exploded at the Conservative Party Conference in Brighton.
- A limited drug list was announced, designed to reduce NHS drug expenditure and encourage generic prescribing.
- Optician monopoly of the sale of spectacles ended.
- British Telecom was privatised.
- Donald Acheson took over from Sir Henry Yellowlees as CMO.
Roots of the Griffiths Inquiry

The ideas that led to the appointment of Victor Paige as Chairman of the NHS Management Board for England in January 1985 had their roots in the industrial disputes in the earlier years of the decade, and in two failed attempts to improve the organisation of the NHS by changes to its structure. The 1974 reforms had been designed to bring the statutory family of the NHS, which at this stage encompassed Hospital Management Committees, Executive Councils (which ran Family Practitioner Services) and community services managed by local authorities, together in pursuit of more integrated management and care. These reforms might have worked had they not been accompanied by a novel but ultimately flawed approach to management, which was imposed by the centre.

![Diagram of NHS structure]

Figure 1.1 Structure of the NHS in England during the period 1974–82.27

Every area health authority had a team of officers which handled policy development on its behalf, and a variable number of locality-based district management teams that were responsible to them (but not through the area team) for the day-to-day management of services on the ground. Every detail of the structure and how it would work had been defined by the Department of Health and Social Security in what came to be known as the Grey Book.11

Each management team was multi-disciplinary and was required to work on a consensus basis. Every team member had to agree before a decision could be
reached. At its best it was a brilliant way of managing a complex multi-
professional organisation, and at its worst it was a disaster. In some authorities
the officers at area level meddled in day-to-day matters and the district teams
fought to secure a role in policy discussions, especially when they impacted on
their locality. It was a good example of how difficult it is to separate out policy and
day-to-day management. There was tension both within teams and between
teams. One of the worst examples was Solihull, where the management team was
in perpetual crisis. The team members simply could not talk to each other without
quarrelling. An inquiry was ordered which involved a young barrister, Kenneth
Clarke, who was later to be the Secretary of State. It was not a good foundation
from which to respect health service management.

Kenneth Clarke, Secretary of State, July 1988–90

Kenneth Clarke was born on 2 July 1940 in Nottinghamshire, where his
father had been a miner and an electrician but now repaired watches and
ran a cinema in Eastwood.

From the local school Clarke won a scholarship to Nottingham High
School, where his passions were trainspotting and football. He went up to
Gonville and Caius College, Cambridge and became President of the Union.
He was recruited by Norman Fowler to the Cambridge Union Conservative
Association, where he mixed with John Gummer, Norman Lamont, Leon
Brittan and Michael Howard, all of whom were to become leading members
of the Tory Party.

He was called to the Bar in 1963 and worked as a barrister before
becoming MP for Rushcliffe in Nottingham in 1970. In Parliament he
worked with Norman Fowler in the Department of Industry and Transport.
From 1982 to 1985 Clarke was Minister of Health. In 1985 he entered the
Cabinet as Paymaster General and Minister for Employment. From 1988 to
1990 he was Secretary of State for Health. He launched the internal market
in the NHS in the wake of the Thatcher Review, and played a major role in
determining the detail of that reform. He moved on before it became
operational to become Secretary of State for Education and Science
(1990–1992), Home Secretary (1992–1993) and Chancellor of the Ex-

Complaints about the bureaucratic nature of the 1974 reforms had made it
necessary to set up a Royal Commission in 1975, some 18 months after the
reforms had been introduced. This reported in 1979 that the NHS ‘was not
suffering from a mortal disease susceptible only to heroic surgery.’16 What was
needed, the Royal Commission argued, was to keep on with the long slog of
improving performance.

The Government did not agree, and in 1982 the area tier was removed by the
then Secretary of State, Norman Fowler. District health authorities took over the
planning and management of the hospital and community health services in their
locality. The family health services (the independent contractors in primary care,
such as GPs) were now to be managed separately by new bodies called family
health services authorities (FHSAs). These would report directly to the Department of Health.

Integrated service management, which was the policy driver of the 1974 reforms, no longer seemed important, perhaps because the family health services had determinedly retained their separateness from the hospital world inside the supposedly integrated 1974 structures. It was an example of how inadequate structural solutions are for complex service delivery problems.

Norman Fowler, Secretary of State, 1981–87

Norman Fowler was born in 1938 in Chelmsford, where he went to grammar school. After national service with the Essex Regiment, he went to Cambridge University in 1958 to read law. By 1960 he was Chairman of the Cambridge University Conservative Association. Also at Cambridge at the same time were John Gummer (President of the Union), Leon Brittan, Kenneth Clarke, Michael Howard, John Nott and Norman Lamont.

Fowler began work as a reporter for The Times newspaper in 1961, and later became the first Home Office Correspondent for The Times.

In June 1970 he stood for Parliament and was elected as MP for South Nottingham and later Sutton Coldfield. A series of opposition front-bench appointments followed. He became Minister of Transport in 1979 and chose Ken Clarke as his deputy in 1980. Around this time he made the remark ‘Civil servants tell you the case which will be made out against your policies and they give you their views, but in the end it is the Minister who decides’.

In September 1981 Margaret Thatcher appointed Fowler as Secretary of State for Health and Social Services and said at the party conference ‘The Health Service is safe with us’. Fowler commissioned the Griffiths Management Enquiry. After the 1987 General Election, he moved to the Department of Employment and John Moore took over at the DHSS.

In 1990, at the age of 51 years, Fowler resigned so that he would be able to spend more time with his family, although he returned to active politics in 1992 as Chairman of the Conservative Party.

Despite these changes, Fowler was still not convinced that the organisation was right, particularly at the DHSS. He observed a clear distinction between the various parts of his huge empire. ‘As far as Health was concerned we didn’t have management skills within the Department. The civil servants were advisers to me. By contrast, Social Security was directly managed; they managed the Benefit Shops and the rest, and were responsible for it.’

In 1982, the health trade unions asked for a uniform flat-rate settlement of 12% for all NHS employees. The Government decided to resist the claim and if necessary face up to industrial action. A figure of 12% was simply too inflationary. According to Sir Kenneth Stowe, the Permanent Secretary, it was also ‘essential for good management that the concept of a uniform flat-rate increase for all, irrespective of demand, skill, performance and ability to pay, be overthrown.’
The dispute began in March 1982 with a selective series of one-day stoppages. For many this was like going back to the bad old days of the winter of discontent in 1978–79, which had badly bruised both the DHSS and the Trades Union Congress (TUC). By the summer of 1982, services were seriously disrupted and in some places emergency services were jeopardised. On 22 September thousands of people marched through London in what *The Times* called ‘the biggest revolt of the decade’. Troops were put on one-hour standby to cover any gaps in the ambulance service in the capital.

**Kenneth Stowe, Permanent Secretary, 1981–87**

Kenneth Stowe was educated at the County High School, Dagenham, and at Oxford University, where he gained a degree in modern history. He worked in the National Assistance Board, the UN Secretariat in New York and the Cabinet Office, and later went to 10 Downing Street as Principal Private Secretary where, between 1975 and 1979, he served Harold Wilson, Jim Callaghan and Margaret Thatcher.

He moved to the Northern Ireland office as Permanent Secretary in 1979. In 1981 he became Permanent Secretary at the DHSS. He retired a few weeks before Norman Fowler left the Department, but he maintained an active involvement in international and health affairs as, among other things, a non-executive director of the Royal Marsden Hospital. He was knighted in 1986.
Throughout the dispute the DHSS and the TUC kept their lines wide open. The leaders of the TUC were very lukewarm about the industrial action and wanted a clean settlement. Peter Jacques, who chaired the TUC Health Committee, and Albert Spanswick, the General Secretary of the Confederation of Health Service Employees, met Norman Fowler and Kenneth Stowe, the Permanent Secretary, at Fowler’s house in Fulham on a regular basis. Often these meetings, which were ‘off the record’, lasted little more than an hour while, over a glass of whisky, they compared notes and explored their respective positions and room for manoeuvre.\textsuperscript{29}

It was at one of these meetings, according to Ken Stowe, that the need for stronger and more professional management, especially management of personnel, in the NHS emerged. As winter approached the dispute began to run out of steam. By mid-November only 12\% of health districts in England and Wales were experiencing significant action. The rest were back to normal working. Despite this, the conflict dragged on until December when, after a gruelling weekend in the DHSS headquarters at the Elephant and Castle in London, a final settlement was reached. It was far short of the claim, and what is more it was applied differentially. Nurses, midwives and health visitors got a pay review body, like the doctors and dentists.

The final settlement included an agreement to appoint an inquiry into the management of the NHS workforce.

Although both the DHSS and the trade unions may have seen such an inquiry as a genuine attempt to learn from the dispute and to make things better for the future, there was also a strong undercurrent of dissatisfaction inside the DHSS, among both ministers and officials, with the performance of some health authorities and their managers. In Birmingham, for example, some of the health authorities had struck a series of deals with local union leaders that protected emergency and urgent work. In return for this, the health authorities agreed not to admit non-urgent cases, to block private practice, not to open closed wards and not to use contractors to undertake duties normally undertaken by NHS staff. The DHSS view was that:

These health authorities seem to be acquiescing in the breach of contract by their staff. Their surrender to the trade unions prevents them from employing other management responses such as calling in volunteers and contractors. If they make a move they become initiators of action and the unions the respondents – so they have lost important strategic, tactical and PR advantages.\textsuperscript{30}

This was in Norman Fowler’s own constituency territory, and as a result central intervention was problematic. There was a worry that ‘any intervention from above could lead to strong and possibly damaging union reprisals. . . . Cannot hope to stiffen management’s backbone in North Birmingham without implicating the Secretary of State to some degree or other.’\textsuperscript{30}

In the summer of 1982, the MP Ralph Howell had also been asking the Prime Minister, Margaret Thatcher, for an inquiry into the NHS which had in his view ‘no chairman or titular head and no one person in overall control of any Health Authority or Hospital’. Mrs Thatcher told Fowler at a meeting in October 1982 that she had great sympathy with his views and thought an inquiry might be a good idea.\textsuperscript{31} She, like Howell, had been influenced by a series of articles in The
Daily Telegraph by Graham Turner in the autumn of 1982 which, Mrs Thatcher told Fowler, had revealed ‘a total absence of effective management systems in the NHS.’

Turner had argued that the most pressing need ‘is to appoint a man of first-class ability to manage the NHS.’

At this stage the NHS was still operating consensus-based management teams, with very variable success. From 1982 these teams were subject to close monitoring by the DHSS by means of a new and powerful performance-monitoring system, called the accountability process, which was initiated as a response to a critical report by the Public Accounts Committee in 1981. Once a year the chairman of each regional health authority was summoned to London with his team of officers to be grilled by the Secretary of State about their performance and future plans. ‘What have you done with all the money invested in your region?’ was a new and very challenging question, and it drew both ministers and officials very close to the heart of the management of the NHS. Each side prepared in great detail, and the conclusions of the meeting were published in an exchange of letters that were made public and included performance targets for the following year. Eventually this process was cascaded down the system, with regions holding DHAs to account in the same manner, and they in turn did the same with their operational units.

This system worked well in many parts of the NHS, but eventually ministers got bored with the process. The Secretary of State passed the task to his junior ministers, and the Permanent Secretary attended less and less frequently. The briefing papers continued to grow, and the final exchange of letters began to be drafted in advance and was sometimes negotiated in some detail weeks before the event. The process eventually developed into a complex performance management function in its own right with its myriad targets. The reality of accountability necessarily involved grappling with a lot of detail.

Finding Griffiths

The decision to launch a management inquiry was announced at the Conservative Party Conference in September 1982 and attracted little attention at the time. At this stage it was clear, at least to Fowler, that the focus of the inquiry would be on the non-medical staffing of the NHS and its management, although there was some disagreement about the purpose of the review even at this stage. Stowe remembers that ‘Ken Clarke was wanting to have a manpower inquiry, whilst Roy, Norman and I were quite clear it was to be a management inquiry.’ What Fowler and Stowe wanted to secure was more efficient management of NHS manpower.

Fowler might have been tempted to have an ever more wide-ranging review, to include the wider policy territory of the whole basis of funding for the NHS. However, he judged that ‘the pitch had been queered in 1973’ when the Centre for Policy Studies (a Tory think tank) produced a report on this subject in what Fowler regarded as ‘a classically bad way.’ The study had been undertaken without the knowledge of most ministers and then leaked to The Economist. It concluded that there was a case for the privatisation of the NHS. However, in Fowler’s view ‘no one was quite sure what that meant, including the authors.’
The report caused a political storm and was quickly buried. Fowler did not want Griffiths straying into this dangerous territory, and therefore funding the NHS was not to be part of his brief. He was asked to work ‘on the supposition and premise that the NHS remained a publicly financed service and financed in the same way’.29

Fowler’s clear brief when he came into office was ‘to make the NHS more efficient,’29 and this included a move on competitive tendering for some ancillary services. Norman Fowler’s view acceded closely with that of Margaret Thatcher, who could see that all was not well with the NHS but who was not yet ready for major reform or fundamental change.

Thatcher’s view was as follows:

The NHS was a huge organisation which inspired at least as much affection as exasperation, whose emergency services reassured even those who hoped they would not have to use them, and whose basic structure was felt by most people to be sound. Any reforms must not undermine public confidence.32

Inside the Department, officials were exploring options for the future, including some that would create distance between itself and the NHS. What blocked them at every stage was the issue of the accountability of the Secretary of State to Parliament. The phrase ‘every time a maid kicks over a bucket of slops in a ward an agonised wail will go through Whitehall’33 was by now a powerful principle that governed policies relating to the management of public services at a national level.

One of these exploratory papers prepared in September 1983 concluded that there was no satisfactory alternative to maintaining the position in which the Secretary of State was head and leader of the NHS. Attached to it is a handwritten note by Stowe, in an exchange with G G Hulme, the Principal Finance Officer for the Department, which states that ‘there is one [i.e. an alternative] but it is too costly and requires legislation.’32

As usual, it was Kenneth Stowe who started to put the wheels in motion concerning the management inquiry. By December the Prime Minister was pressing for progress and hoped that ‘somebody could be found who would not be too closely associated with the medical establishment.’32 In fact, the front runner at this stage, Basil E C Collins, the Group Chief Executive of Cadbury Schweppes, was also the Chairman of the Finance and General Purposes Committee of the Royal College of Nursing, so he knew quite a lot about the NHS. However, after some thought he declined the offer on the grounds that the timing was wrong. An election was coming, the most recent NHS reorganisation was not completed, industrial relations had not settled down and the nursing profession in particular was focusing on the pay review body to the exclusion of everything else. He reported ‘some cynicism about the purpose of an inquiry and expressed doubts about whether the Government meant business or not.’32

Stowe moved to the second choice. The name of Roy Griffiths had been put forward by Jonathan Charkham, an old contact in the City who at that time was the Director of PRO-NED, an organisation that promoted and supported non-executive directors.2 He had been the Director of Public Appointments in the Civil Service Department until 1982. Roy Griffiths was the Deputy Chairman and Managing Director of Sainsbury’s, the supermarket chain, and was rated by
Charkham as the best personnel management man in the country. John Sainsbury confirmed this opinion when approached by Stowe. Having cleared an approach with Norman Fowler, Stowe rang Griffiths and arranged a meeting at Sainsbury’s headquarters in Stamford Street, London. To begin with Griffiths was cool, aloof and hostile. He gave Stowe a hard time but eventually agreed to chair a review. Stowe reported back to Fowler that Griffiths’ ‘main concern was that it should not be seen as a cost-cutting exercise, nor should it be assumed that greater efficiency would alone solve the service’s problems. He would wish to be concerned with resources, placing primary emphasis on manpower.’

It may well have been influenced to chair the review by his family connections with the world of medicine.

**Sir Ernest Roy Griffiths**

Roy Griffiths was born on 8 July 1926 and was educated at Wolstanton Grammar School, Staffordshire, and Keble College, Oxford. He became Deputy Chairman of J Sainsbury Ltd in 1975 and Managing Director in 1979. Margaret Thatcher brought him in as part-time adviser to the NHS. He chaired the team that produced the *NHS Management Inquiry Report* (known as the Griffiths Report), which was published in 1983, and contained the memorable phrase: ‘If Florence Nightingale was carrying her lamp through the corridors of the NHS today she would almost certainly be searching for the people in charge’. His report on community care was published in 1986. Griffiths became a member of the NHS Supervisory and Policy Boards, the Prime Minister’s special adviser on healthcare management and vice-chairman of the NHS Management Board during the time when it was chaired by Tony Newton as Minister of Health. For a number of years Griffiths maintained an office and separate staff in Richmond House, the headquarters of the DHSS.

In response to personal enquiries by Stowe, Len Murray of the TUC suggested Michael Bett of British Telecom as a member, and Hector Laing, the Chairman of United Biscuits, suggested Jim Blyth, his Finance Director. Sir Brian Bailey, Chairman of both Television South West and the Health Education Council, completed the team. The team was supported by an atypical civil servant called Cliff Graham who got on famously with Griffiths and had a good rapport with managers in the NHS.

*The Sun* newspaper announced the appointment to the NHS as ‘Supermarket boss to head team of whizz-kids who will check out the NHS.’

**Terms of reference**

Before they had even begun their inquiry, the early lack of consensus about the purpose of the inquiry caused difficulties when it came to agreeing the terms of reference. According to Kenneth Clarke, who was still the Minister for Health under Fowler, the inquiry was about manpower and how to manage and reduce it. At the end of January he told Fowler ‘I do feel we have got into a most
unfortunate difficulty with Mr Griffiths. We are almost at cross-purposes with him. 32

Clarke was also ‘a bit annoyed at first; my nose had been put slightly out of joint. I wasn’t being allowed to form my own policy; some businessman was going to be forming it for me.’38

Griffiths continued to argue that the inquiry must be about management, and won the day. He had the support of Mrs Thatcher, who intervened in February 1983 with a note to Fowler:

The Prime Minister believes that over-manning is only the symptom of bad management. Mr Fowler should make it clear to the inquiry that the central task is to take a searching look at those general management issues underlying our concerns. The chain of command within hospitals is the most important of these questions.32

Fowler was of the same mind:

We were conscious that management was not the health service’s strong suit at that stage, and we were also conscious of the fact that we didn’t have management skills actually inside the Department of Health itself. If you compared Health with Social Security, which I was in a very good position to do, Social Security had experience of direct management, they did manage the whole outfit, they managed the Benefit Shops and the rest and they were responsible for it. That was not the case on the health side; they didn’t really manage anything, they were advisers to me and to the Health Service.29

A review that had started out with the intention of concentrating on workforce and personnel issues had, according to Graham Hart, later to become Permanent Secretary, been ‘transmuted into something which was rather different, which was how to manage the NHS in a much broader sense.’39

The Griffiths Report

During the course of the inquiry, Griffiths and his team received advice from many quarters, with the majority inside the NHS arguing for something close to the status quo. A few, including Ralph Howells MP, urged Griffiths to consider recommending an independent corporation. Of particular interest is a background paper prepared by N J B Evans on behalf of the leading civil servants inside the DHSS, which reached the following conclusion:

In summary, although the Department exercises many of the functions of a head office of the NHS, it does not act as a manager of the NHS in the full sense of the word. Ministers control financial resources for the NHS and appointments to regional health authorities and the chairmen of DHAs. They have statutory powers of direction, albeit rarely used. DHSS officers, acting on behalf of ministers, can exercise significant influence over the management of NHS affairs. They have no line relationship with NHS officers, nor do most of them possess any detailed expertise in the running of health services. The Department has seen it as its job to provide a broad steer on policies and priorities to
the NHS and the resources to follow it, to ensure the regions keep within these resources and do not stray far off course in policy terms. It has not seen its job, nor is it equipped to intervene in the detailed operations of the NHS, or to manage the one million staff employed.\textsuperscript{40}

When it was published in October 1983, the Griffiths Report was much praised for its simplicity, conciseness (25 pages) and directness.\textsuperscript{24} It was also launched with a memorable phrase, attributed to Cliff Graham, which caught the headlines: ‘In short, if Florence Nightingale were carrying her lamp through the corridors of the NHS today she would almost certainly be searching for the people in charge.’ The report recommended the introduction of general management into the NHS. On Stowe’s advice, recommendations that might require primary legislation were avoided so that they could proceed quickly within the existing statutory framework.

The inquiry’s terms of reference had not included a review of the organisation of the Department of Health, but the report nevertheless proposed major change at the headquarters.

As secretary to the inquiry, Cliff Graham had a substantial influence over the shape of the Griffiths Report. As one of his colleagues put it, ‘there was a strong coincidence between what I knew to be Cliff’s views and what appears in the Griffiths Report.’\textsuperscript{39}

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A new style of management: the Griffiths Report 1983\textsuperscript{24}  \\
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\item The creation of a Health Service Supervisory Board (HSSB) within the Department of Health and Social Security and the existing statutory framework, which would be chaired by the Secretary of State. The Board’s role would be to determine the purpose, objectives and direction of the health service, to approve the overall budget and resource allocations, to take strategic decisions and to receive reports on performance and other evaluations within the health service.
\item The setting up of a small, multi-professional NHS Management Board (NHSMB), accountable to the Supervisory Board, to plan the implementation of policies, give leadership to the management of the NHS, control performance and achieve consistency and drive over the long term. The Board would have members drawn from business, the NHS and the Civil Service. Its chairman would perform the general management role at a national level and also act as accounting officer for health service expenditure.
\item General managers to be appointed at all levels of the NHS with the freedom to organise their management structures in the way best suited to local requirements.
\item The appointment of a Director of Personnel at Management Board level, drawn from outside the NHS to lead the development of personnel relations.
\item A powerful push for devolution and a greater involvement by clinicians, who would manage their own budgets.
\end{itemize}
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Implementing the Griffiths Report

Fowler considered the Griffiths Report to be excellent, and accepted its main thrust and recommendations and sent it out for consultation. The Prime Minister and the Cabinet also liked the conclusions of the report. It had a mixed reception within the NHS, as Griffiths himself reflected nearly ten years later:

The nurses saw it as a challenge to a carefully established professional career structure. The medical profession saw the report correctly as questioning whether their clinical autonomy extended to immunity from being questioned as to how resources were being used. All the professions saw the report as introducing economics into the care of patients, believing this was inimical to good care.

At the time, even within the DHSS, there were those with doubts and with concerns that the emphasis on management would weaken the policy-making role. Graham Hart, who was later to become Permanent Secretary, was at this stage leading the team considering how to reorganise the DHSS in the light of the Griffiths Report. He reported to Stowe that ‘the word management can lead to some confusion when one is considering the Department’s activities in respect of the NHS. Some say that the Department does not in any real sense manage the NHS and could not do so without reform of the statutory framework.’

Others inside the Department saw the new Board as little more than a focus for discussion of issues relating to NHS management. Members of the Board would remain accountable for their departments, and professional members would continue to look to their head of profession. One way of achieving this was to ensure that the chairman and each member of the team had a portfolio of their own for which they were personally responsible. This would avoid the possibility of the chairman acting like a Prime Minister served by his own immediate staff. Others distinguished the chairman from his board by assuming that ‘it was the job of the Chairman of the Management Board to translate into management action the decisions reached in the HSSB.’

The trade unions were most unhappy at what they perceived as their lack of involvement in the Griffiths Inquiry, which is somewhat ironic given its roots. They doubted the need to look outside the NHS or the Civil Service for any of the key appointments. The Royal College of Nursing was scathing in its criticism, and its representative body deeply deplored the implications for healthcare and the nursing profession. The doctors were predictably negative, with the medical Royal Colleges saying that the general reaction was one of fear, in particular that the establishment of a general manager would restrict change and damage the progress made over recent years in the status and responsibility of the professions’ senior managers. The Faculty of Community Medicine reflected a common concern about yet another reorganisation occurring so soon after the last one.

The Chief Medical Officer (CMO), Donald Acheson, was in private at least more constructive, and advised Stowe that even if it did assume ‘that hospitals were the only thing that mattered’, the report, if implemented, could ‘transform the NHS for the better’. His was the only significant voice to wonder about the respective roles of the Supervisory and Management Boards. His instincts told him that ‘one would matter and the other would not.’ Acheson, like Stowe, was
always conscious of the Department’s wider contribution to government policy formulation. ‘The structure of these Boards should also take into account the need for better liaison with Social Security and the Department of the Environment in respect of housing.’ He argued that ‘This was particularly relevant to the care of the elderly, which will be one of the greatest problems to be faced by health services in the next 20 years, and in which the nature of the accommodation provided is the key to both care and cost.’ He also pressed for doctors to be made eligible to be appointed to the new general manager posts.

Regional chairmen welcomed the report and were confident that their role would not be diminished. The CMO provided confirmation of this in a note to Stowe following a discussion with the regional chairmen in October 1983. This meeting convinced him that the new Chairman and his Management Board could not have a powerful new management function. The Director General (as the job was called at this stage in the discussions) would not have a line-management relationship with regional health authorities or their officers. ‘What is left,’ the CMO pondered, ‘except for an advisory role?’ ‘This is not,’ he pointed out, ‘how others, including the Prime Minister, see the role’.

The Opposition, led by Michael Meacher, was very sceptical. Meacher wrote to Norman Fowler on 9 January 1984: ‘Given six weeks, including Christmas and New Year, this is not an exercise in consultation, it is a cynical piece of manipulation. You are just trying to make NHS management the scapegoats for the NHS failing.’ Gwyneth Dunwoody was just as critical: ‘General managers who will override the clinical judgements of the medical establishment and tell nurses that their background reviews on the staffing of hospital wards and theatres do not matter.’

Despite the reservations of many, including the Health Select Committee of the House of Commons, the Government proceeded with implementation.

A new Supervisory Board was established in October 1983.

### Membership of the Health Service Supervisory Board

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tr>
<td>Chairman: Secretary of State</td>
<td>Norman Fowler</td>
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<tr>
<td>Minister of State</td>
<td>Tony Newton and</td>
</tr>
<tr>
<td></td>
<td>later Kenneth Clarke</td>
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<tr>
<td>Parliamentary Secretary (Health)</td>
<td>John Patton</td>
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<tr>
<td>Parliamentary Secretary (Lords)</td>
<td>Lord Glenarthur</td>
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<tr>
<td>Permanent Secretary</td>
<td>Kenneth Stowe</td>
</tr>
<tr>
<td>Chief Medical Officer</td>
<td>Henry Yellowlees</td>
</tr>
<tr>
<td>Chief Nursing Officer</td>
<td>Anne Poole</td>
</tr>
<tr>
<td>Independent member</td>
<td>Roy Griffiths</td>
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The HSSB met for the first time on 22 December 1983, almost a year before Paige was appointed, and met pretty much on a monthly basis until March 1987. Kenneth Stowe organised the early meetings and personally briefed Norman Fowler, the Secretary of State, prior to each meeting.

The role of the Board was clearly delineated in the minutes of the first meeting as being ‘To support ministers in considering major strategy issues. The establishment of the Board did not alter the statutory responsibilities of ministers or their
formal relationships with health authorities. The Board itself had no corporate status: the decisions were all for the Secretary of State. This was a somewhat paler version of the model recommended by Griffiths, who had seen its role as the determination of strategy, the allocation of resources and the evaluation of NHS performance.

It was in reality to be a high-level sounding board that provided a focus for policy making by ministers. It was not supposed to play any part in the day-to-day management of the NHS. With the Secretary of State in the chair it no doubt had a substantial influence on the affairs of the NHS as well as the wider Department of Health.

Stowe’s guidelines for the management of the Supervisory Board

- The papers to be confidential and numbered.
- Issued only to members, and no photocopies to be made.
- Minutes to be terse and impersonal (Cabinet Office style).
- Each item to conclude with Secretary of State’s decision.
- Minutes would not record that Board ‘took note’ or ‘agreed’.
- Dates of meetings not to be publicised.

Meetings were normally held at the headquarters of the DHSS at the Elephant and Castle, and usually started in the late afternoon. On a few occasions the Board met at the House of Commons.

Victor Paige joined the Supervisory Board in January 1985 as Chairman of the NHS Management Board. The Board met regularly during the first two years of its existence. The business of the first year was inevitably dominated by the implementation of the Griffiths Report, but as that year progressed and into the next, other issues gained a slot on the agenda. The Supervisory Board ended in June 1988 and met only six times in the last two years of its life.

The table opposite shows a summary of business conducted by the Supervisory Board in the 17 meetings from December 1983 to December 1985.

Preparing for change at the centre

While the search for the first chairman of the NHS Management Board continued in earnest, an Interim Management Board pushed on with the detailed preparations. Stowe, however, warned his colleagues ‘not to rush to make changes to Departmental structures in case the new Chief Executive does not like it, and the NHS may be very suspicious of changes at this stage.’

Patrick Benner, deputy secretary and another member of Stowe’s senior team, put the issue squarely to his colleagues in November, saying:

The reality is that, at the top level, decisions will be taken by the Secretary of State with the advice of the HSSB; and that at a lower level, decisions will be made by the Chairman of the Management Board, perhaps after discussion with all members of the Board or perhaps after talking to only one or two. My point is whether we are
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Stowe took soundings within Whitehall about the definition of the Chairman’s role, all of which seemed to confirm the sanctity of the Secretary of State’s position. The consensus among senior civil servants across Whitehall was that the Secretary of State cannot delegate his responsibility to Parliament to anyone.⁴⁰

The Treasury was also heavily involved and was looking for ‘the new functions, roles and accountabilities of individuals to be defined as closely as possible’. The Treasury sought ‘maximum clarity.’⁴⁰

Fowler and Clarke also found themselves having to get to grips with the detail of this new animal that they were creating. The question was raised as to whether it was intended to create a Board which appeared as near as possible to a separate corporation within the existing statutory framework. ‘No,’ Fowler replied, ‘any
attempt to present the Board as a corporation in embryo would be a fiction and quickly identified as such."\textsuperscript{43}

In October 1983 Stowe told his colleagues that the ‘Secretary of State had agreed that regional chairmen will remain directly accountable to him and not to any Chief Executive or Director General.’\textsuperscript{40} On 29 November 1983 the detail was finally settled, and Fowler told Stowe to get ahead quickly ‘on the clear understanding that there is no question of creating an independent body with corporate status, and that appointees would work on behalf of and under the authority of the Secretary of State as other civil servants do.’\textsuperscript{43}

Even before Paige was appointed, difficulties were emerging with the Treasury about the pay and grading of the new management team, which had to sit within existing Civil Service pay structures. A leading Regional Administrator, Michael Fairey, was drafted in to help with a study of the traffic flows between the Department of Health and the NHS. Griffiths was strongly in favour of bringing NHS managers into the DHSS, as was David Owen, a former Minister of Health, who urged Fowler to ‘bridge the gap between the civil service in the Elephant and Castle, and the health administrators in the regions and districts who understood the management of the NHS and should bring them on to the Management Board and into the DHSS.’\textsuperscript{45} Stowe was more cautious, and had a worried staff to placate. He expressed to his colleagues ‘a concern that the NHS has not got to get the impression that there are a lot of well-paid jobs at the centre earmarked for them.’\textsuperscript{49}

One exchange with Don Wilson, the Chairman of the Mersey RHA, captured the mood when he was asked to agree to the secondment of his Treasurer to the DHSS. He responded as follows:

> You will be aware of the prominence of both Everton and Liverpool in the Milk Cup [football]. We have not talked about transfer fees or loan recognition. I am sure that in view of the high figures for people of high professional ability in this area, you will be mindful of this in your discussions. I know he can score goals.\textsuperscript{50}

The reply was as follows:

> My association these days is with Ipswich Town, who got into some difficulty in this matter, but your point is well made and we have it very much in mind.\textsuperscript{50}

When the official circular about the implementation of the Griffiths Inquiry in the NHS was issued, it turned out to be very much more prescriptive than had been expected. Stowe had worried about this himself as he worked on it. Finding the right balance between laissez-faire and over-prescription ‘had been difficult,’ he told Fowler. He was particularly worried about ‘another premature retirement fiasco’\textsuperscript{2} which had attracted so much adverse criticism on the last occasion when the NHS had been reorganised.

The first step in the reorganisation plan was to sort out the regional health authorities and reconstitute their boards so that they could proceed to appoint their own general managers. Up and down the country the most senior managers in the NHS began to apply for general manager posts (not at this stage labelled chief executive). The first stage of competition was limited to members of the
existing regional teams, and only if a satisfactory candidate could not be found was the search extended. By the late summer of 1984 most regional appointments had been made. For the most part they went to the incumbent administrator, but two went to medicine and one to nursing. They were all on short-term contracts (usually three years) and performance-related pay. In each case the regional chairman had to clear his proposed appointment with the Secretary of State before it could be confirmed.

At a district level the same process cascaded down. In the DHSS there was real concern that the administrators would pick up all the jobs and nothing would really change. Ministers and the Supervisory Board kept an anxious count as the results rolled in. In the event, about 60% of the jobs went to administrators and the balance was split among doctors, nurses, business and men and women of the armed forces.

All of this was well in hand before Paige, who was to be the first NHS Chief Executive, was appointed. He had little opportunity to influence the selection of the first wave of general managers in the NHS.

Dialogue with the deaf

In the search for clarity about the NHS at this point in its history, it is important to remember the financial restraints under which it was forced to operate. Public expenditure had been squeezed hard, real growth rates were very low and pay restraint was the dominant feature of relationships with the trade unions. As Fowler explains, ‘public spending was under severe restraint and you had to fight for every bit of extra resource you got, and you had to prove that any you did secure was used effectively’. At this stage, he explains, ‘we were responsible for 40% of all public expenditure, and if a Chancellor wished to reduce public spending, guess where he came to.’

Fowler claims that the professions never understood this:

They were opposed to virtually every change. It was not a matter of ‘making it more efficient, Secretary of State’, just a question of ‘more resources, more resources’. All they wanted was a higher level of investment. It was a dialogue with the deaf.