

NHS MANAGEMENT BOARD
Department of Health
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone: 01-210 5160
From the Chief Executive
D.K.Nichol, C.B.E

EL(89)MB/58
14 March 1989

Dear RGM

SELF-GOVERNING HOSPITALS: IDENTIFICATION OF POTENTIAL CANDIDATES

Purpose

1. The White Paper "Working for Patients" and NHS Review Working Paper No 1 outline the Government's plans for self-governing NHS hospitals which will be run by NHS Hospital Trusts. I am now writing to ask you to take action as set out in this letter to start identifying potentially suitable candidates for self-governing status.

Background

2. It is the Government's intention, subject to the passage of the necessary legislation through Parliament, that the first self-governing hospitals should be established in April 1991. The legislation and the plans for implementation are currently being developed in consultation with RGMs.

3. The procedure for achieving self-governing status will be as simple and as flexible as possible. Hospitals or other NHS units will have to meet only a few essential criteria, set out in section 5 of Working Paper No 1:

- management must be able to demonstrate the skills and capacity to run the hospital, including strong and effective leadership, sufficient financial and personnel management expertise and adequate information systems;

- senior professional staff, especially consultants, must be involved in the management of the hospital;

- the Secretary of State will need to be assured that the proposal is consistent with maximising choice for patients and GPs; that the self-governing hospital would be financially viable and that self-governing status is not simply being sought as an alternative to an unpalatable but necessary closure.

Any successful proposal will also need to demonstrate that it carries the substantial commitment of those likely to be involved in the new management of the self-governing hospital. The decision on whether to grant self-governing status will rest with the Secretary of State.

4. There will be no rigid definition of what a 'hospital' should be for the purpose of self-government. All NHS hospitals, and possibly community units, which meet the conditions above will be potentially eligible.

5. Regional Health Authorities will be expected to take an active part in identifying potentially suitable candidates and in guiding and supporting hospitals which can be

expected to meet the criteria and are interested in self-government.

6. It will be open to a variety of interests - including the health authority, the hospital management team, a group of staff or people from the local community who are active in the hospital's support - either to initiate a proposal for a self-governing hospital or to respond to any initiative taken by the Secretary of State. At a later stage sponsors of a proposal will be expected to work up plans to put the necessary skills and systems in place for self-government.

Action now required

7. The Secretary of State will not be able to establish any NHS Hospital Trusts to run self-governing hospitals until the necessary legislation is in place. But preparations should be set in hand, on a contingent basis, under existing legislative powers, so that the Secretary of State can take final decisions on applications as soon as possible after the legislation receives Royal Assent.

8. RHAs are therefore asked to invite interested parties in their Region to provide an outline expression of interest on their proposal. In doing so, they will not be committed to proceeding with an application, or to do so to a given timetable. Expressions of interest may be amended, or withdrawn at any time.

9. RHAs are also asked to encourage potentially suitable candidates for early selection for self-governing status to prepare expressions of interest and to support them in preparing for self-governing status.

10. In order that expressions of interest are in a common form and to help concentrate attention on the key issues, the following information should be given:

- the definition of the proposed self-governing unit. This should name the hospital or hospitals or other NHS unit under consideration, together with any associated facilities which might form part of the proposal, including community facilities.

- how the proposal will meet the criteria listed in paragraph 3 above. It is recognised that only a general indication may be possible at this stage. But some assessment should be given about the degree of commitment to the idea among staff in the proposed unit, and how this has been demonstrated.

- a brief statement on how the self-governing hospital might develop over time - eg would it continue to provide the present range of services; would it seek to develop certain services, perhaps at the expense of others.

11. RHAs should add their comments on all expressions of interest before sending them on to the Department.

12. On receipt of an expression of interest, the Secretary of State will want to satisfy himself that there is a good prospect of being able to approve the creation of an NHS Hospital Trust at some stage. Once the Secretary of State has been so assured, the sponsors will be asked to prepare a prospectus document, including a detailed business plan. When these documents have been worked

up, RHAs will give proposals local publicity and will seek the views of those with an interest, as indicated in paragraph 5.3 of NHS Review Working Paper No 1. Further guidance about consultation procedures will be issued in due course. Following consultation RHAs will forward the proposal, together with local comments and the RHA's own assessment of the proposal, to the Secretary of State for him to take the final decision on the establishment of an NHS Hospital Trust.

Immediate Action by RHAs

13. The Department is giving publicity to this letter. RHAs are asked:

- a. to publicise the contents of the letter within the Region and invite interested parties to prepare an expression of interest in the format required in paragraph 10 above;
- b. to ask for completed expressions of interest as soon as possible, and no later than 8 May 1989; and
- c. to consider the expressions of interest and to send them, together with any comments the RHA may have on the proposal, to:

Mr Michael Kerin
Department of Health
Richmond House
79 Whitehall
London
SW1A 2NS

Returns should be made as soon as possible and by 31 May at the latest.

14. If interested parties contact the Department direct, the Department will refer them to the RHA.

Further Information

15. Further information on the establishment and operation of NHS Hospital Trusts will be provided as appropriate during the preparation period. For example, by the end of May we hope to provide you with information on:

- the contents of the business plan which will accompany the application for self-governing status;
- personnel issues; and
- a discussion paper on the range of freedoms and responsibilities which will apply to self-governing hospitals.

Enquiries

16. Any enquiries about this letter should be addressed to Michael Kerin on 01-210 5632 or Ms Andrea Leonard on 01-210 5659.

17. I am sending a copy of this letter to all DGMs and would ask them to circulate it to their UGMs. I should be grateful if General Managers would make a copy of this letter available to their Chairmen as soon as possible.

D K NICHOL

This letter will be cancelled and deleted from the communications index on 31 March 1990.

Action Required: