How the mighty came to fall

Last week, the NHS's chief executive, Sir Nigel Crisp, resigned. **Nicholas Timmins** explains why he had to go

Next month is the 60th anniversary of the second reading of the bill that led to the foundation of the NHS in 1948. But the NHS is in no state to celebrate the occasion, with a record overspend in a period of record growth and, for the first time, a chief executive lost to force majeure.

The overspend and the decision of Sir Nigel Crisp to "retire" aged 54, after more than five years at the helm, are, of course, intimately connected. And it is difficult not to feel sorry for the outgoing chief executive. Sir Nigel is a man of considerable intellect and undoubted integrity. In the words of one senior Whitehall official, he had changed in less than a year from "the blue eyed boy of Whitehall to a member of the fingertips club," meaning that he was holding on to his job by his fingertips.

A year ago he succumbed to considerable pressure from the Whitehall machine to apply for the cabinet secretary's post to prevent the obvious (and successful) candidate, Gus O'Donnell, from having an easy win. At the time, NHS waiting times were falling, and service improvements were visible. Sir Nigel's pitch was that as an experienced manager he could organise Whitehall to deliver across the government's broader agenda of public service reform.

Since then, most of what could go wrong has gone wrong. On 28 July 2005, Sir Nigel issued his famous letter, right at the start of the holiday season, telling primary care trusts that they must divest themselves of direct provision of services and that they and the strategic health authorities were to be forced into mergers, despite the natural evolution of primary care trust reconfiguration that was already taking place.

The letter had the effect of informing more than 100 000 staff that, although the NHS could not tell them who their employer would be, the one thing staff could be sure of was that their employer would not be their current one. It could be the private sector; some new

NHS body; a local authority; or themselves, if they cared to become "social entrepreneurs."

The policy belonged to ministers and advisers. But the communication was Sir Nigel's. The resulting furore poisoned the Labour Party conference. Once MPs returned to work and parliament met again, the health secretary Patricia Hewitt was left issuing repeated apologies, to backbenchers, the opposition, and NHS conferences.

In September, it became clear that the service had over-

interview with the *Times* (8 March, p 2), the system had encouraged the service to appear formally to balance the books rather than to tackle underlying structural problems in the way that services are provided. Tackling these problems would have involved controversial redesignation of which hospital does what, some complete closures, and the loss of emergency departments in a number of places. The NHS now has to face these decisions.

It became equally clear that despite seven years of record growth in NHS spending, no one at the top of the department had used the unprecedented guarantee of five years of financial munificence to consider these admittedly difficult issues. The service has been considerably redesigned, of course, in some

solicited complaints. And there was some ministerial amazement that Sir Nigel chose to go to a meeting in Davos immediately beforehand.

The body language at the top had been telling for some time. Witnesses in Whitehall saw Patricia Hewitt and Sir Nigel walking several metres apart to the regular meetings about NHS performance with the prime minister. And the signs of estrangement from above – ministers saying loudly but in private that they were losing confidence – were compounded by loss of authority below.

In 2002, Sir Nigel hand-picked the 28 chief executives of the then new (now only three year old) strategic health authorities – his key "field management." Most of them, however, will lose their jobs in the current reconfiguration, with talk of bringing in private sector replacements. Even the likely survivors were asking themselves what that said about Sir Nigel's previous judgment.

In February, it emerged that overspending, far from coming down, as Sir Nigel had repeatedly demanded and predicted, was heading in the opposite direction. In January alone, a forecast of £790m was up £71m. The writing was on the wall. As the health department's accounting officer, Sir Nigel honourably, if sadly, after having been betrayed on many sides, accepted his accountability.

This piece of history, however, carries a fearsome legacy. Just how will the service get into financial balance and achieve the maximum 18 weeks for treatment that is the government's target for late 2008?

Big reconfigurations will be needed. But they need investment. The deficit will swallow a lot of the growth money, and the big money ends soon.

At the same time, a host of thorny questions that should have been answered many months ago remain. If a new supplier market is coming, how should it be regulated? Should the government slow down the pace of payment by results? But if implementation is slowed, can the service hit the targets?

Clear answers on a postcard to any of these questions may well be appreciated by Patricia Hewitt.

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Sir Nigel Crisp was still the "the blue eyed boy of Whitehall" when he appeared on the same platform as Tony Blair in 2002

spent last year by £250m (£364m; \$434m), not the £140m that the health department had been confidently predicting. But that was nothing. Come December it emerged that the six month forecast for this year was for a £620m deficit. This made a mockery of Sir Nigel's earlier statements that the NHS should be starting not just to balance its books but also to build a surplus, partly for investment and partly as a buffer against the day in 2008 when the nine year period of growth will end. Extremely generous pay settlements – all of which were over budget yet approved by ministers – have fuelled the overspending.

But it became clear that the problem lay deeper: in the NHS accounting system. As Sir Nigel acknowledged in an outgoing

places. But instead of allowing the government's waiting time targets to be met naturally, as the byproduct of improved delivery, the past five years' approach has essentially cranked the handle faster – while introducing a small dose of competition.

Meanwhile, NHS managers, let alone doctors, were struggling to understand policy – precisely how practice based commissioning fits with patient choice and with primary care trust commissioning. Simultaneously, the current health ministers realised that they were not the first to feel that policy was something that was done to Sir Nigel's departmental board by special advisers and ministers, rather than generated by it. The board's input to the recent white paper on care outside hospital