DEPARTMENT OF HEALTH AND SOCIAL SECURITY Alexander Fleming House, Elephant & Castle, London SE1 6BY Telephone 01-407 5522 From the Minister for Health Nicholas Ridley Secretary of State Department of Environment 2 Marsham Street LONDON 2 1 AUG 19874 SW1P 3EB

RATE REFORM: CROWN PROPERTY

I have seen your note of 30 July to the Prime Minister in which you make a number of proposals for the treatment of Crown property and residents in Crown property under the new system of local government finance.

I am content with these and in particular can see no problems with the payment by NHS authorities direct to the national pool. However there will undoubtedly be quite significant financial implications for NHS Authorities flowing from the new system, in terms of both the level and distribution of payments. My officials will need to look for help from yours in assessing the full effects of these and considering what action we need to take.

I am copying this to the Prime Minister, to members of E(LF) and to Sir Robert Armstrong.

TONY NEWTON

COCACGOT ratespt 8.