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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Minister for Health

Jill Rutter
Private Secretary/Chief Secretary
H M Treasury
Parliament Street
London SW1P 3AG

15 December 1987

Dear Jill,

FINANCIAL ALLOCATIONS TO HEALTH AUTHORITIES

I enclose a first draft of the statement which my Minister intends to make tomorrow. This covers both the allocation to English health authorities of the sum already announced for 1988/89, and the additional expenditure which has been agreed since. Our Ministers and those from the territorial Departments are discussing how this latter sum should be distributed.

Copies go also to David Norgrove and the private secretaries to the Secretaries of State for Wales, Northern Ireland and Scotland and the Lord Privy Seal.

*Yours sincerely,
Jenny Harper*

MISS J M HARPER
Private Secretary

Enc.

YdS/D.18

DRAFT

FINANCIAL ALLOCATIONS TO HEALTH AUTHORITIES

With permission Mr Speaker, I should like to make a statement on allocations to health authorities in England.

As my Rt hon Friend announced on ^{3 November}, current spending on the Hospital and Community Health Services in England will increase next year by £707 million to a total of almost £12 billion. Within this total we are continuing to put money into the special funds established last year - £30 million to continue efforts to tackle waiting lists and times (an increase of £5 million) and £15 million to help ease transitional problems in some districts in Regions receiving the lowest growth. The Government is also providing an additional £50 million to help authorities meet the costs of care and treatment for people with AIDS or HIV infection.

I am putting in the Vote Office a table showing the allocation of funds for next year to individual Health Regions. This shows that the Government remains committed to the principle of allocating resources more fairly across the country. The largest increases therefore go to those Regions which are relatively less well-resourced or which are experiencing the highest population growth. West Midlands will receive an additional £ million while Oxford Region will receive a growth rate of [6.8%].

These allocations have been made on the basis of the existing RAWP formula. Our programme of research into the way the formula measures relative need for health services is now nearing completion. But obviously we will want to look at all the suggested changes together, and to consider carefully the timing of the implementation.

Details of funding for supra-regional services are being announced separately. These allocations, totalling over £40 million, include the funding of a fourth heart transplant centre at Wythenshawe Hospital, Manchester. In addition, a new service - craniofacial surgery - will be designated at Birmingham and Oxford, with a third unit at Great Ormond Street Hospital from 1989. The programme also includes the funding of a new centre for liver transplantation in Leeds.

We shall be allocating money from the £30 million Waiting List fund in response to bids from Regions, on a similar basis to this year. We shall expect health authorities to better their achievement of this year in which they will be treating an additional 100,000 waiting list cases with help from the fund.

The £50 million to help authorities with the cost of AIDS treatment is being allocated between Regions taking account of the reported numbers of people they are treating. Over £40 million will go to the three Thames Regions who have around 80% of cases. The remainder of the funds will be allocated to help other health authorities throughout England develop AIDS related, preventive, counselling and diagnostic services.

In 1987-88 an additional £6 million was provided to set up the first 14 breast cancer screening centres. Arrangements are well in hand to have these 14 centres in operation by Spring 1988. We have provided an additional £9 million for the next stage of the three-year programme. We expect by Spring 1989 about a further 40 centres will be established. Plans for the next three years include additions to meet the full continued estimated costs of the remaining centres.

We will increase government funding of capital expenditure by £ million next year, which together with expected income from land sales will provide a capital programme of [over £1 billion]. Within this, funds will be identified to cover planned capital expenditure on the development of breast cancer screening.

These additional funds, together with resources provided by continuing our successful cost improvement programme, and new money from income generation schemes, will enable health authorities to continue developing services next year. But in assessing the needs of health authorities for next year we have been closely monitoring the pressures they face in the current year. We have concluded that it would be right to increase health authorities' cash limits by [£75 million] for 1987/88, including some £10 million in further recognition of the particular pressure which three of the Thames Regions are facing this year from the steadily rising number of AIDS cases.

The amounts allocated are contained in a table which I am placing in the Vote Office. We shall emphasise to Regional Health Authorities that in determining the deployment of this money we expect them to assess carefully the real needs of individual health authorities.

In addition to these changes, we have decided to make a further £13.3 million available to offset the costs of damage caused by the severe weather on 16 October, including £7.9 million to South East Thames Region which was the most seriously affected.

Mr Speaker, it is clear that in addition to this continued increase in the funding of health authorities, there is considerable scope for building further on the progress already made in harnessing other resources, and in improving the way in which all the resources available are used to provide patient care. From 1 ^{January} ~~June~~ 1988 we shall be introducing new arrangements for monitoring health authorities' performance, making use of the improved management information now becoming available. We shall shortly be setting up a special unit to help authorities take full advantage of opportunities to generate income. We shall continue to encourage the development of practical partnerships between the public and private sector where this will clearly benefit the patients of the National Health Service.

YdS/D.AB