



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Peter Walker MBE MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
London
SW1A 2ER

NRPA

Dear Peter,

17 December 1987

NHS: SUPPLEMENTARY ALLOCATION IN 1987-88

We discussed yesterday Tony Newton's announcement of an additional £65 million fund for Health Authorities in England and your minute of 15 December pointing to similar difficulties facing Health Authorities in Wales. As you know, formula increases do not normally apply to in-year claims on the Reserve. But in the light of the points in your minute, and given the very exceptional circumstances of Tony's announcement I agreed to an enhancement of your block by £3.8 million. As I told you this is in no way intended to set a precedent for the treatment of other in-year bids, which will, as always, be treated on their merits.

The additional funds in England were provided on the specific understanding to which the Prime Minister attached particular importance, that:

- (a) steps would be taken to improve monitoring of health authorities' services and spending;
- (b) there would be formal and regular monitoring of health authorities' income and expenditure accounts;
- (c) monitoring would cover the outputs and not just the inputs of health authorities and the results would be published.

In agreeing to additional funds for Wales, I should like to have your assurance that you will be instituting parallel arrangements in Wales, particularly in view of the difficulties you mention in your letter.

CONFIDENTIAL

I should be grateful if your officials could discuss these proposals with my officials and with the DHSS, quickly, so that we can ensure that consistent arrangements are introduced throughout the UK from next April.

I am writing in similar terms to Malcolm Rifkind and Tom King. I am copying this letter to the Prime Minister.

*Yours truly,
John*

JOHN MAJOR