

CC/BA



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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- 1. Mr. Adkins
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CONFIDENTIAL

From the Minister for Health

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The Rt Hon John Major MP
 Chief Secretary to the Treasury
 H M Treasury
 Parliament Street
 London SW1P 3AG

04 MAY 1988

John Major

PRIVATE FINANCE FOR NHS CAPITAL PROJECTS

WILL REQUEST IF REQUIRED

Thank you for your letter of 8 April setting out Treasury's position on the use of private capital by the NHS.

You will not be surprised to learn that I was disappointed by your reply. I remain of the view that we should start from a predisposition to allow greater freedom for the NHS to use private sector or unconventional finance where value for money could be demonstrated in local terms and authorities could find the ongoing costs from within their (unadjusted) cash limits.

Rather than rehearse the points set out in my letter of 16 March I think that the best way forward is to take up your offer of considering specific proposals. I suspect that some schemes which might have had considerable benefits (and could demonstrate good value for money locally) will have been dropped without coming to you because of the apparent stiffness of the approval criteria. We will consider bringing some forward.

In addition my officials are in touch with yours to clarify the position on the details of control total adjustments.

I am copying this letter to the Prime Minister.

John Major

TONY NEWTON