RA

Mr Sorry. I think Mr Monger has picked out the good points: what does this mean for public expenditure? and which are the "losing regions"?

RT 13/5.

CONFIDENTIAL

Reference No E 0558

MR WILSON

Review of RAWP formula

We were asked if we had any comments on the minute of 10 May to the Prime Minister from the Social Services Secretaray.

2. In my view the minute does nothing like enough to explain to the Prime Minister what changes are proposed by the report, what their practical effects might be, and how they relate to current controversies. In saying this, I am thinking not so much of the NHS review as of the arguments over the current level of financing for the NHS.

3. There are two points in particular on which the Prime Minister might ask for more information.

4. First, the report apparently puts forward a new measurement of the need for health care - or so I deduce from the beginning of the middle paragraph on page 2. What is this new measurement? Has it any implications for the current level of NHS expenditure? Could critics use the new measurement to argue that the NHS needs more money?

5. Secondly, the paper also (I deduce from the top of page 2) has some implications for the balance between regions. There is a reference in the middle paragraph on that page to 'losing regions'. Which are the losing regions? The reference to the Thames Regions being 'closer to target than before' suggests that they are still comparatively over-funded and the statement that 'some continuing process of redistribution will be necessary' seems consistent with this. But then the note goes on to say that the new formula will 'enable us to improve the resource position of the Thames Regions'. All this needs to be explained much more clearly.

G W MONGER

Economic Secretariat

13 May 1988

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