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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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*From the Secretary of State for Social Services*

CONFIDENTIAL

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26 May 1988

Dear Paul,

REVIEW OF RAWP

Thank you for your letter of 23 May, conveying the Prime Minister's initial response to my Secretary of State's proposals for publishing the Report on the Review of the RAWP formula.

The Secretary of State has considered very carefully the possibility of publishing the report without a firm Government response to its recommendations. He is concerned, however, that this approach could prove more, rather than less, controversial than acceptance of the report's recommendations at the outset. The content of the Report is, of necessity, already known to NHS members of the Review Steering Group and of the Technical Group and to at least some Regional Chairmen. In addition there has already been one well informed press leak and considerable Parliamentary interest with the Social Services Committee wishing to question the Minister for Health about progress on the RAWP Review at their 8 June oral hearing. This has led to preparations for intensive lobbying which will only be encouraged if the Government does not appear to take a position on the recommendations on publication of the Report. Publication cannot itself be long delayed given that it is widely known to be with the Department.

There is moreover bound to be some concern in those parts of country which are adversely affected by the Review, whatever approach is taken. But an early statement of the Government's response would at least make it possible to allay fears, through assurance that Ministers would take care to phase the changes carefully. In the absence of such an assurance, attention would focus on the effects of full implication of the Review



recommendations and opposition from the losing areas would be all the stronger. (The Review "gainers" conversely, might develop unrealistically high expectations of immediate large increases in funding.) Vigorous lobbying from the "losers" could be expected, extending beyond the pace of implementation to arguments about the substance of the Review recommendations themselves. This would no doubt continue until the Government's response to the report was made clear.

Nor, under this scenario, would such lobbying be confined to the Review "losers". Those parts of the country which stand to benefit from the recommendations would doubtless seek to protect their own interests by pressing for early implementation. Strong pressure could be expected from South East Thames, for example, where the vociferous interests would include not only the teaching interests of St Thomas', Guys and Kings, but also Government supporters with South Coast constituencies, who will attach importance to the Review's recognition of the special needs of the very elderly. By contrast, acceptance of the Review's recommendations should secure a welcome from these quarters.

There is a further concern about the sort of public debate that would be generated in the absence of a clear Government response. Experience suggests that the different geographical interests would support or attack individual Review recommendations according to their impact on the area concerned. Ministers would come under pressure to enter into the debate and, to endorse or reject specific items from the total package of recommendations. This could focus far more attention on the details of the recommendations and the terms of the Government's eventual response than would acceptance now of the recommendations as a whole. My Secretary of State is anxious not to direct attention to the technicalities of RAWP in this way, when there are more fundamental issues to be addressed.

The possible links between the RAWP report and the outcome of the NHS Review are pertinent here. If the Government does not indicate its response to the RAWP report at the time of publication, it might be expected to do so in announcing the outcome of the NHS Review and it is now clear that the Review will not remove the need for the RAWP process. It would be

unfortunate, however, if that much wider announcement and its follow-up were to be encumbered by RAWP technicalities - particularly if there had in the interim been the sort of unhelpful public debate I have outlined. My Secretary of State's preference therefore continues to be to get the business of the Government's short term response to the RAWP Review over now, in as low key a way as possible, and in a manner which did not invite extended debate. Any announcement would of course make it clear that this was without prejudice to the outcome of the NHS Review. This would then leave the way clear to present any adjustments for resource allocation emerging from the NHS Review as seemed best at the time.

I hope this is helpful. I am sending a copy of this letter to Jon Shortridge (Welsh Office), David Crawley (Scottish Office), Martin Donnelly (Northern Ireland Office), and Trevor Woolley (Cabinet Office).

Yours sincerely,  
Geoffrey Podger

G J F PODGER  
Private Secretary



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