



One Minute

Ref. A088/1769

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Agree to proceed as FERB suggests in

MR WICKS

The recent comments and was horrified - they could only have come from the inside. no

paragraph 6 of your his note

N.C.W

Review of the National Health Service: Press Articles 10.6

There have been four press articles on the Government's Review of the National Health Service in the past three days:

- by George Jones, in the Daily Telegraph, on 7 June;
- by Charles Price, in the Evening Standard, on 7 June;
- by Nicholas Wood, in The Times, on 8 June; and
- by Nicholas Timmins, in The Independent, today.

The first and third of these articles (copies attached) give cause for concern as they contain new information which could only have been obtained, directly or indirectly, from sources with access to the review which Ministers have been carrying out, and perhaps to the meetings of Ministers themselves. There is no evidence of papers having been passed to journalists, and I do not see any purpose in initiating a formal leak inquiry, but I have discussed the articles with senior officials from the Departments concerned in an attempt to discover how they may have come to be written, and what precautions we can take against further articles of this kind.

2. Both of the articles which worry us contain much material that could have been obtained from published sources, and some information that is inaccurate and to some extent incoherent. This points to the conclusion that they are not based on deliberate or inspired leaks. But elements in each do appear to have come from sources with inside knowledge. George Jones'

article includes the sentence "'Some measure of tax break for private health insurance is very much on the cards'", said one official closely involved in the review". Mr Jones is not the sort of journalist to invent direct quotations, and the substance of it is accurate. He also says 'One option under active consideration is the relief targeted at elderly people', information which is both true and up-to-date.

3. Mr Wood's reference to restricting tax relief on private insurance to people prepared to cover themselves for elective surgery such as hip replacements is also close to one aspect of Ministers' discussions.

4. Another important feature of these articles is their timing: both appeared within 24 hours or so of the meeting of Ministers on Tuesday, and it would be surprising if the coincidence were accidental. They also address the subjects discussed at the meeting.

5. The mixture of inaccurate and authoritative information in these articles, and the absence of any obvious motive in the disclosures leads me and my colleagues to conclude that the authors assembled these pieces from a variety of sources. We know, for example, that on Monday Mr Jones telephoned a Special Adviser at the DHSS (who immediately referred him to the Press Office). There were no doubt other telephone calls. One of these may well have led him to more information than he should have had.

6. Although it is unrealistic to expect to locate the source of the inside information which appears in these articles, we must do what we can to avoid a repetition - not least as the review moves into an even more sensitive phase in which Ministers will be invited to take specific decisions on the future of the Health Service. First, I think that we need to ask Departments to keep confidential the timing of future meetings of Ministers,



as it seems that the knowledge of imminence of such meetings stimulates this sort of 'fishing expedition' by journalists. Secondly, I suggest that all officials and Special Advisers engaged in the review need to be warned of the dangers of any sustained conversations with journalists on matters relating to the review. Any discussion, however guarded, beyond a clear refusal to discuss the subject, is liable, inadvertently, to lead the journalist to try out, and perhaps confirm, conjectures.

7. If the Prime Minister agrees, I shall ask Departments to make arrangements to implement these two recommendations.

8. I am copying this minute to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Social Services.

R.B.

ROBIN BUTLER

19 June 1988

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Split over tax incentives to boost private health cover

By Nicholas Wood, Political Correspondent

The Government's review of health policy developed yesterday into a struggle between the Treasury and the Department of Health and Social Security.

Mr Nigel Lawson, the Chancellor of the Exchequer, has declared his opposition to proposals from Mr John Moore, the Secretary of State for Social Services, to give everyone a cash incentive to take out private health insurance.

Mr Lawson's rejection of a health tax break is set out in a

The Government is setting up a committee to review ethical guidelines on the medical use of foetuses.

It follows recent cases when foetal brain tissue was transplanted into patients with Parkinson's disease. Professor Edward Hitchcock, of the Midland Centre of Neurosurgery and Neurology, Birmingham, has carried out three operations using foetal tissue.

The committee, chaired by the Rev Dr John Polkinghorne, Dean of Trinity Hall, Cambridge, will include Sir Raymond Hoffenberg, president of the Royal College of Physicians, Professor Ian Kennedy, Professor of Medical Law and Ethics, King's College London, and Dr Sally McIntyre, Director MRC Sociology Unit, Glasgow University.

Treasury memorandum submitted to the group of ministers chaired by Mrs Margaret Thatcher, which is conducting the review.

Nevertheless, Mr Lawson has left the door open to some limited form of sweetener to those considering switching to the private sector.

And Mr Moore is seeking to capitalize on this by advocating a less ambitious shake-up of the existing system.

He is understood to be arguing for a limited scheme under which tax relief, for instance, would be restricted to elderly people insuring themselves privately or people

prepared to cover themselves for such surgery as hip replacements.

As *The Times* reported last month, Mr Moore originally recommended that people should be able to opt out of the NHS and pay a lower health stamp or tax if they took out private health insurance.

Mr Lawson's initial reaction left health ministers believing that they had overcome the traditional Treasury opposition to such special arrangements, but it has since become clear that the Chancellor is sceptical of this approach.

In his memorandum, submitted within the past fortnight, he cautions against such a change on three grounds:

- The cost to the Exchequer of extending tax relief on private health insurance to the 5½ million people covered by such schemes - likely to run into hundreds of millions of pounds without relieving pressure on the national health service.

- The danger that once the principle of tax breaks for health insurance was established, pressure would grow for similar concessions for other forms of expenditure such as education.

- The fact that such a change would conflict with the Government's underlying principle of neutrality in taxation.

Mrs Thatcher, while attracted to the radical nature of Mr Moore's proposals, remains unconvinced about their political wisdom.

She and senior ministers are aware that to boost the private sector will leave them open to the charge of introducing a two-tier service.

The new ideas seem certain also to include managerial changes to cut red tape and strengthen the consumer voice in the NHS by giving greater powers to health authority managers and introducing an internal market to reduce waiting lists.

Ministers hope that they will complete the review in time for the Conservative Party conference in October.

Sympathy for l



The Queen Mother at Enniskillen yesterday with Mrs Joan Wilks

By Paul Vallely

Outwardly there was little to distinguish the bomb victims from the rest of the crowd who gathered yesterday to watch the Queen Mother fly into Enniskillen to open a newly restored National Trust mansion only a mile away from the spot where last November a bomb ripped through a Remembrance Day crowd.

They stood among a crowd of guests at Castle Coole which the National Trust boasts is perhaps the finest neo-classical house in the country. But they offered none

of the nervous smiles or neat curtseys which distinguished the local dignitaries and the craftsmen who have worked on the restoration.

For the survivors of the IRA bomb and the bereaved, the ceremony was a painful reminder of the day last November when 11 people died and more than 16 were injured by the blast.

The Queen Mother said: "On this visit to Co Fermanagh my thoughts must inevitably turn to the events at Enniskillen on Remembrance Day last year only a mile or so from here."

Satellite television

'Low cost' deal announced

By Richard Evans, Media Editor

Satellite television channels controlled by Maxwell Communications, W H Smith and British Telecom are to be marketed jointly to individual homes in a "single low cost package", it was disclosed last night.

The companies control or are significant shareholders in the Premiere film channel, the Home Video Channel, Screen Sport, Lifestyle, MTV and the Children's Channel. The trio, which will jointly fund a new company to market their product to British viewers buying satellite dishes, plan to place their channels on the

same medium-powered satellite and are inviting bids from SES, the Luxembourg-based financial consortium, which is launching the Astra satellite this November, and Eutelsat, whose satellite launch is planned for 1989.

The announcement came on the eve of today's press conference being given by Mr Rupert Murdoch where he will unveil News International's satellite television plans. Mr Murdoch is expected to disclose he will be leasing up to four channels on Astra and use PAL, the transmission signal currently used

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Ch, East London, refused to
continue to pay for their bed
and breakfast hotels.

The families, including 46 chil-
dren, will live in the church hall
off Bethnal Green Road until
other accommodation is found.

The council found that the fam-
ilies were intentionally homeless

because they had left accommo-
dation in Bangladesh.

Yesterday the Bishop of Step-
ney, the Rt Rev James Thompson,
appealed to the council to recon-
sider its decision.

"This is of great concern to us
as Christians. We hope that other
authorities will take note of the

very painful effect on innocent
people," he said.

The council was ordered by the
Court of Appeal in April to
examine afresh the cases of 12
Bengali families.

Tower Hamlets said yesterday
that it had done so and decided

families Campaign claimed that
another 30 families would be
similarly treated later this
month.

It said that the heads of the
families had lived and worked in
Britain for many years and had
exercised their rights to bring
their families to join them.

noble lords had...
trinaire arguements, Lord Bruce-
Gardyne came back *con feroce* to
hammer the point home.

It would be helpful, he said, "if
Her Majesty's Government
bears in mind that we were told
persistently in the case of
Concorde that it was always bet-
ter to put in further money rather
than to lose our investment. That
wasn't true."

"I hope my noble friend is
aware that we are under new
management," the Secretary of
State said, succeeding in silenc-
ing Lord Bruce-Gardyne.

The main business was the
committee stage of the Local
Government Finance Bill.

Having failed to link the com-
munity charge to ability to pay,
the Lords have decided not to
give up on the fine print, but to
torture Lord Caithness, the Min-
ister, on every clause.

Certain wraith-like figures of
internal opposition, such as Lord
Pym, sat minatorily behind Lord
Caithness, radiating gloom.

Lord McIntosh of Haringey, as
befits a man who has chosen a
dog-track as his territorial desig-
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Tax concessions plan for private health

Continued from P1

and their pay is being more
closely related to performance.

● Peter Pallot, Health Services
Staff, writes: Doctors last night
pointed out that giving tax relief
on private insurance could be dif-
ficult for the very old and very
young.

"They still need to be treated,
as well as people who develop
serious long-term diseases like
cancer which have to be declared at
annual renewal time," said a
spokeswoman for the British
Medical Association.

But she added that family doc-
tors would welcome the chance

to do more minor surgery on
their own premises.

"The general practitioner
committee of the BMA have
been pushing for this for five
years because GPs can see that
this is a sensible extension of
what they can do to relieve the
pressure on hospitals."

Private medicine is expanding
rapidly, with the proportion of
those covered by insurance top-
ping 10 per cent for the first time
last year.

Last month BUPA unveiled
plans to attract two million more
into independent medicine on
top of the 5½ million already pri-
vately insured.

Mr Roy Clarke, a senior execu-
tive, said "Budget BUPA" was
the first "package deal" between
private and public sectors, with a
third of health authorities agree-
ing to fixed-price deals to mop-
up spare pay-bed capacity at
weekends.

A spokeswoman for BUPA
said: "We are not asking for tax
relief on private medical insur-
ance for all our members, but we
would welcome it for those who
are pensioners."

She said the private insurance
industry was worried about the
effect withdrawal of tax conces-
sions would have if there was a
change of government.

For a man aged 40 to 45 to
insure himself and his family
costs about £400 a year.

Assuming that current sub-
scribers are in the higher tax
bracket, they could expect relief
of £160.

But one of the Government's
problems in granting relief is the
high cost of giving relief to exist-
ing subscribers before the bene-
fits of pulling in more patients
could be counted.

The private sector has 203
acute hospitals—compared with
2,400 in the NHS—and is calcu-
lated to be supplying services
worth about £1 billion a year.

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CHOOSING A SCHOOL?
consult



PASSPORT CONTROL

Today's prize: A peaceful and relaxing holiday on the island of Menorca staying in a serviced apartment near the bustling village of San Jaime, with the free use of a hire car

VillaSeekers

plus £1,000 holiday spending money or
£1,800 in Thomas Cook Travel Bonds (designated prize value)
How to enter: Tel. 01-541 4040 for your Passport and competition guide.

	YESTERDAY'S TEMPS			TODAY'S TEMPS			TODAY'S CHANGE		
	TEMP	TEMP	CHANGE	TEMP	TEMP	CHANGE	TEMP	TEMP	CHANGE
1 COPENHAGEN	61			22 RIYADH	109				
2 HELSINKI	73			23 ALGIERS	73				
3 MILAN	55			24 MOSCOW	86				
4 FARO	70			25 VIENNA	61				
5 ALICANTE	72			26 OPORTO	66				
6 BIRMINGHAM	55			27 COLOGNE	57				
7 LARNACA	77			28 GUERNSEY	57				
8 L PALMAS	72			29 BRISTOL	57				
9 TELAVIV	77			30 IoM	55				
10 INNSBRUCK	48			31 INVERNESS	55				
11 WARSAW	75			32 SALZBURG	52				
12 AKROTIRI	75			33 CORFU	72				
13 OSLO	61			34 DUBLIN	57				
14 AMSTERDAM	57			35 CARDIFF	59				
15 ISTANBUL	77			36 TENERIFE	68				
16 BELFAST	55			37 FUNCHAL	68				
17 TANGIER	70			38 BLACKPOOL	55				
18 ALEXANDRIA	77			39 MANCHESTER	57				

WEATHER

GENERAL SITUATION: Weak high-pres-
sure ridge over central areas.

LONDON, SE & E ENGLAND, E ANGLIA:
Some sun; rain in places before evening.
Winds N light to moderate. Max 63F (17C).

CEN S, NW & CEN N ENGLAND, E & W
MIDLANDS: Mostly dry with spells of sun-
shine. Winds N to NE light. Max 66F (19C).

SW ENGLAND, WALES, LAKE DIST, IoM:
Rather cloudy start with some rain; brighter
and drier later. Winds E light. Max 64F
(18C).

NE ENGLAND, BORDERS: Dry with some
sunshine. Winds E light. Max 63F (17C) but
cooler on exposed coasts.

S NORTH SEA: Winds N force 4 or 5. Sea
moderate.

DOVER STRAITS: Winds N 4. Sea slight.

ENG CHAN (E): Winds variable 1 to 3. Sea
slight.

St GEORGE'S CHAN, IRISH SEA: Winds SE
1 to 3, later NE 4. Sea slight.

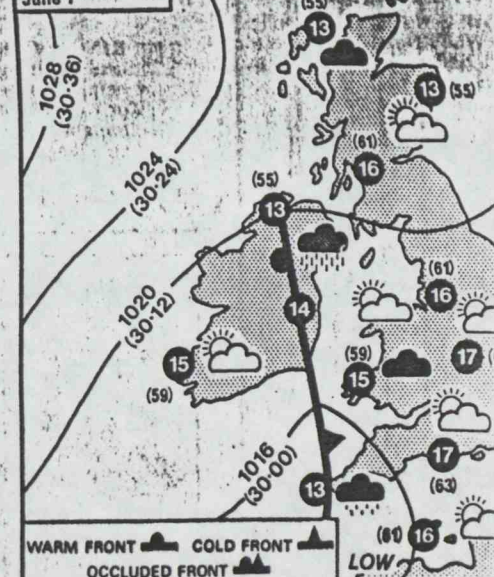
OUTLOOK: Rather unsettled; becoming
warmer over England and Wales.



Lighting up 9.44 p.m. to 4.15
a.m. (Manchester 10.03 p.m. to
4.12 a.m.). Sun rises 4.45 a.m.
sets 9.14 p.m. Moon rises
1.34 a.m. sets 12.58 p.m. High
water at London Bridge 7.55 a.m. (6.6m).

FORECAST FOR NOON TODAY

June 7



Black circles show temperatures expected in Cent
brackets). Arrows indicate wind direction and speed

Tax concessions plan to boost private health

By George Jones, Political Correspondent

TAX CONCESSIONS to encourage more private health insurance and new incentives for general practitioners to carry out minor operations in their surgeries are emerging as leading options in the Government's review of the Health Service.

Both the Prime Minister and Mr Lawson, Chancellor of the Exchequer, are ready to drop their long-standing opposition to "tax breaks" on private health insurance premiums in an effort to boost the relatively low level of private contributions to health.

At the same time, ministers are looking at ways of expanding the role of the country's 25,000 GPs to see if they can ease the pressure on overburdened hospitals.

The idea is that family doctors should offer a wider range of services, including carrying out minor surgery requiring a local anaesthetic in their surgeries rather than automatically referring patients to a hospital waiting list for treatment.

The review of the Health Service was initiated by the Prime Minister earlier this year at the height of the political controversy over cash shortages and delayed operations.

Firm conclusions are not expected until after the summer, but it is clear that the review is coming down against the more radical options for re-structuring the Health Service — such as the right to "opt out", promoted by Right-wing advisers in the Downing Street policy unit.

Instead, the review is drawing up "evolutionary changes" building on the basic principles and strengths of the NHS.

The softening of Treasury resistance to tax relief on private medical insurance is a significant victory for Mr Moore, Social Services Secretary, who is fighting back after the mauling he received in the furore over the NHS.

In an interview with The Daily Telegraph in January, Mr Moore identified the extension of private health insurance as one of the main ways of increasing funding for the Health Service, adding:

"I see a need to encourage a much greater private sector contribution."

Initially there was a hostile response to the suggestion from both Downing Street and the Treasury, which were concerned about the £150-£200 million cost of allowing tax relief on private health insurance contributions.

Government sources confirmed last night that both Mr Lawson and the Prime Minister were now ready to consider incentives for encouraging private medical care.

"Some measure of tax break for private health insurance is very much on the cards," said one official closely involved in the review.

The Chancellor signalled his conversion in a speech to doctors on Friday in which he said the 5½ million people with private medical insurance were relieving the burden of demand on the NHS.

He described the growth of about three per cent a year in the number of employer-paid health insurance schemes as a "welcome development", adding:

"But I believe that even more could be achieved by the devel-

opment of more imaginative health insurance products."

One option under active consideration is tax relief targeted at elderly people.

As Mr Lawson pointed out, increasing numbers of people have private health insurance in schemes paid for by their employers—but this often stops on retirement, at a time when they are likely to begin making demands on the Health Service.

Mr Lawson has also emerged as an influential opponent of more radical proposals for an "internal market" within the NHS—giving health authorities and patients the right to seek the quickest and most effective treatment from NHS or private hospitals anywhere in the country.

The Treasury is worried that such a reform could lead to a big escalation in costs and is fighting a rearguard action to maintain tight controls over NHS funding.

But it is ready to give hospitals more scope to contract out some clinical services to private hospitals where it can be shown this gives better value for money.

The review, chaired by the Prime Minister, has identified doctors as the key to improved efficiency in the Health Service.

An experimental resource management initiative in five hospitals, which involves doctors directly in the comparing the costs and effectiveness of treatments, is to be extended right across the NHS.

Family doctors are regarded as particularly crucial because they deal initially with the vast majority of medical problems and regulate the flow of patients to hospitals.

In off-the-cuff remarks last Friday, Mrs Edwina Currie, the junior Health Minister, said GPs should spend more time treating patients and less time licking stamps.

She said it took nine years to train family doctors, and she chided them for referring patients to hospital without considering whether they could do the work themselves.

Ministers are looking at ways of encouraging GPs to carry out in their surgeries more minor treatments often referred to hospitals.

The Government is already taking powers in the Health and Medicines Bill before Parliament to enable family doctors to take on more staff and to improve their practice premises,

Continued on Back Page



INSIDE TODAY



Happy triplets — but multiple births can also mean multiple problems

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A campaign is growing to stop South Korea's slaughter of dogs for food

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George Walden MP believes it is time to abolish mortgage relief

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WEATHER

Mainly dry; some sun.
Details Back Page

As the... toured the... dens at Pal... ham, Surre... one of her... before the... due in Aug... waited pati... The brown... called Be... already co... looks like... Buckingham... was a "W... rier"; but... said it had... breed. The... like, stu...

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By Mich... THE GOVE... put forward... three-subje... five-subjec... Mr Baker... retary, will... tion to the... mittee rep... officially... afternoon... He is un... unhappy at... replace A-le... less acad... with less lea... more "skills... Mr Baker... report five... believes any... now would... the upheava... summer's GG... When Mr... inquiry last... he was commi... levels as an "