



CONFIDENTIAL
DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for ~~Social Services~~ Health

Princ. Minister 2

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON SW1

24 October 1988

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25/10*

Dear Paul

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NHS REVIEW : AUTUMN STATEMENT

During this year's Public Expenditure Survey discussions the Chief Secretary and my Secretary of State considered how to handle publicly any part of the HPSS settlement which was related to possible outcomes of the Review.

They decided that any public announcement of extra funding for Review-related items should be held back until the outcome of the Review is made known. The sums agreed in the Survey are for pilot experiments with internal markets and information technology investment in general practice. They amount to £10/28/28 million over the next 3 years. These sums will be included in the overall settlement figures announced in the Autumn Statement but will not be separately identified (or identifiable).

The sums are not large enough to overshadow the Review's main messages or to divert attention to questions of NHS funding, but will enable Ministers to make it clear at the right time that the necessary resources are available to finance Review outcomes without detriment to patient services.

The Chief Secretary has acknowledged that if there are further resource consequences arising from the Review which have not been provided for in the PES settlement, a claim will have to be made on the Reserve when these are known and can be costed.

I am copying this letter to Private Secretaries of Chancellor, Chief Secretary and Secretaries of State for Northern Ireland, Scotland and Wales.

*Your sincerely
Andy*

ANDY McKEON
Private Secretary