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PRIME MINISTER

NHS REVIEW

STEERING BRIEF FOR MEETING ON 16 DECEMBER 1988

1. The purpose of this meeting is twofold. The first is to resolve all remaining policy issues. The second is to make a start on the White Paper.

MAIN PAPERS

2. You may wish to take the papers in the following order. There is a separate brief on each.

Folder 1

1. Pay and Conditions of NHS staff (HC64): joint paper by Mr Clarke and Mr Major. This includes an important proposal to remove from self-governing hospitals any obligation to observe centrally determined pay and conditions.

Folder 2

2. Financial Arrangements for Self-governing Hospitals (HC65): a joint paper by Mr Clarke and Mr Major. This makes a lot more progress with the financial arrangements for self-governing hospitals. The only disagreement between Mr Clarke and Mr Major is about whether the total borrowing of hospitals should be subject to an annual limit. This needs to be resolved.

Folder 3

3. Access to Private Capital (HC66): a joint paper by Mr Clarke and Mr Major. This ought not to need too much discussion. The two Ministers are agreed that private finance principles are fully compatible with a wide range of co-operative ventures. Work is continuing on difficult areas.

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FOLDER 4

4. Managing the Family Practitioner Service (HC63): paper by Mr Clarke. Mr Clarke has taken the important step of agreeing in principle that GPs should have indicative drug budgets. Decisions are now needed on this and on several other issues which the group has discussed before: merging FPCs and DHAs, control over GP numbers and incentives for GPs.

FOLDER 5

5. Draft White Paper (HC62): paper by Mr Clarke. The group will wish to give Mr Clarke preliminary comments on the style and content of these key opening chapters.

3. Assuming that the meeting takes decisions on these remaining issues about self-governing hospitals and the family practitioner service, the group will have reached an agreed view on all the main policy features of the White Paper. You may wish to make the point that the important thing now is to move on to producing a first-class White Paper, and to avoid going back and reopening matters which have been settled. There are various secondary points which Mr Clarke was asked to work up in more detail or reconsider, but these can be dealt with in the drafting of the White Paper. We have prepared a list of them and passed it to the Department of Health; and will draw them to your attention in the briefing for next week's meeting, so that you can check that you are content.

as the
Chancellor
said
yesterday
RCCG.

4. You should however be aware that the Treasury are still unhappy about the proposal to allow budgets for large GP practices. This is of course an issue which was settled at the meeting on 17 October when you said in your summing up that:

"the Group were in favour of allowing large GP practices to opt to hold their own budgets, and agreed that these budgets should include the categories of treatment set out in the Secretary of State's paper...The Secretary of State should arrange for his proposal to be revised and developed in the light of the discussion".

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The Treasury's concerns may surface at tomorrow's meeting. If so unless they turn out really to have uncovered fundamental defects, you may wish to make the point that it is getting very late in the exercise to start rethinking major conclusions of the Review, but also make it clear that the Department of Health must put forward proposals which are coherent and well thought through in this chapter of the White Paper, with answers to the Treasury's points.

5. It is also conceivable, although we have not heard that he will, that sometime soon the Chancellor may wish to come back to you on the decisions about tax concessions which were taken in July. The brief on item 5 (above) suggests that at tomorrow's meeting you might simply ask how the tax concessions are to be announced (eg in the White Paper or a separate announcement by the Chancellor?) The method of announcement will have to be settled fairly soon for the drafting.

NEXT MEETING

6. The next meeting is on 22 December. The intention is that it should be devoted to discussing the draft White Paper on the NHS. You will wish to invite Mr Clarke to circulate a complete draft of the whole White Paper in good time before the meeting, revising the early chapters in the light of this meeting's discussion. You may want him to include his thoughts about what the title of the White Paper should be, as well as its cover and illustrations.

R.T.J.

R T J WILSON
Cabinet Office
15 December 1988

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I sense that both the Chancellor and Mr. Clarke want to wriggle out of this. R.T.J.



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DECLARATION

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