

CONFIDENTIAL

From: R T J Wilson
20 December 1988

P 03314

MR BEARPARK

NHS REVIEW

1. I understand that Mr Clarke and Mr Major are now both of the view that a meeting tomorrow afternoon is not necessary. They have had a lengthy meeting today on outstanding NHS issues and, I gather, will be circulating two notes in the course of tomorrow.

2. The first will set out the substantial agreement which the two Ministers have reached on outstanding issues on the Family Practitioner Service. In particular, they have come to an agreement on indicative drug budgets for GPs which will include a clear policing mechanism to deal with those GPs who overspend their budgets. And they have also devised an approach on controlling GP numbers which puts an increasing emphasis on the capitation element in GP remuneration. The Secretary of State would take reserve powers to control numbers but the aim would be to move to a position where practice allowances were eventually targeted on those areas where they were most needed (eg inner cities) and GPs would otherwise be primarily rewarded through their basic capitation. All this is hearsay but, if it is correct, is a significant advance.

3. The second note will deal with budgets for large GP practices on which there is clearly still disagreement between Mr Clarke and the Treasury. I gather (from the Treasury) that at today's discussion Mr Clarke acknowledged that more work still needed to be done on a number of practical issues which the Treasury raised. One key aspect is propriety and the need to



ensure that GPs are not able to line their own pockets at the expense of patient care. But here again I think it would be sensible to wait and see what the note says.

5. The Prime Minister may wish to begin the meeting on Thursday with, say, twenty minutes or half an hour on these points and we will brief accordingly. But in the meantime you may wish to consider cancelling tomorrow's provisional meeting which Mr Clarke and Mr Major do not think is needed.

R T J WILSON