



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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

CONFIDENTIAL

The Rt Hon John Major MP
 Chief Secretary to the Treasury
 HM Treasury
 LONDON
 SW1P 3AG

23 January 1989

Dear John,

NHS REVIEW: DRAFT WHITE PAPER

Thank you for your letter of 19 January.

Taking your suggested amendments in turn:

- paragraph 2.23: accepted;
- paragraph 2.28: accepted;
- paragraph 3.14: I am unhappy with this suggestion, which raises a wholly new proposition going beyond the terms of HC65. I am of course prepared to discuss the basis on which self-governing hospitals should manage their finances, although I do not believe they should be placed under constraints, or set targets, which do not apply to NHS hospitals generally. On the understanding that this is the underlying intention, I have amended the preceding indent to clarify this point. The words you suggest would also tend to signal that self-governing hospitals might not, after all, remain within the NHS;
- paragraph 3.15: accepted (although I have turned the wording round to make it sound more positive);
- paragraph 6.9: I accept that this proposal has not previously been discussed, and I have deleted it. But I have also removed the implication that the prescribing costs element of a practice budget would necessarily be the same as an indicative budget under the general drug budget scheme. I should like to give further thought to this. We may need to discuss further as the detail is developed;

E 3.

- paragraph 7.21: I have dealt with this in my minute of 19 January to the Prime Minister.

I am copying this letter to the recipients of yours.

A handwritten signature in dark ink, appearing to be 'K. Clarke', written in a cursive style.

KENNETH CLARKE