

PRIME MINISTER

NHS REFORMS

Following your meeting with Mr. Clarke on Wednesday, he has moved swiftly to discuss the pace of implementation of the NHS reforms with Sir David Wolfson. Ian Whitehead attended the meeting which took place yesterday evening. The attached note sets out the main points.

It is by no means clear that Mr. Clarke is yet persuaded to change his plans for implementing the reforms. One reason for his reluctance to slacken the pace may be that the reform programme is a useful negotiating line for the forthcoming public expenditure survey. Mr. Clarke's likely approach was implicit in your discussions with him this week. He argued that he needs a sufficiently generous settlement for the health programme to avoid any ward closures which might be attributed to problems in introducing the NHS reforms.

More generally I suspect Mr. Clarke might think it would be politically difficult for him if he were to announce both a slowing down of implementation of the Health Service reforms, and postponement of the transfer of community care to local authorities. (In practice both can be defended as giving health and local authorities more time to adjust.)

Mr. Clarke plans two further meetings on the NHS reforms for next week - first with a representative of the Royal Colleges, the second with selected members of the NHS Management Board. It might be helpful, after those meetings, to have his views - hopefully revised - on the pace of the reforms.

Are you content for me to seek a progress report from Mr. Clarke's office next week?

BHP

(B.H. POTTER)

20 April 1990

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