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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Moore MP  
 Secretary of State for Social Services  
 Department of Health and Social Security  
 Alexander Fleming House  
 Elephant and Castle  
 London  
 SE1 6BY

*NBM.*

16 July 1987

*Dear John,*

**PUBLIC EXPENDITURE**

Thank you for sending me a copy of your minute of 11 July to the Prime Minister. I have now seen a copy of her reply. *at trap*

The commitment to deliver savings of £87 million/£128 million/£128 million on the Family Practitioner Services programme stands in full. It was not conditional upon colleagues agreeing that you should change exemptions from prescription charges to deliver part of the savings. The commitment is built in to your baseline provision. The first call on the savings you have identified must therefore be your inherited commitments. The second call on any balance must be the PES bids you have submitted. I note that you have bid for sums of £136 million/£184 million/£407 million for the Family Practitioner Services programme. It would be unfair to colleagues if you were to be given discretion to apply any part of the savings you propose to yet further additions to the health programme - additions which you have yet to specify and which would in due course need to be considered, along with other Ministers' priorities, in the Public Expenditure Survey.

On the social security side, you have already outlined your proposals in your letter of 2 July about the Survey. Our officials will need to discuss those proposals, particularly those in connection with the anti-fraud drive. As you say, further measures



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will be needed to meet the balance of the savings commitments from last year's survey. This sum will be greater in view of the Prime Minister's preference for not abolishing the 25p addition for the over 80s. I very much hope that you will be able to bring forward the remaining proposals for this purpose very soon, so that this does not overhang this year's Survey discussions. I need hardly say that I will be looking for substantial savings in both health and social security discussions, especially in view of the very large bids you have made. But I will go into this in more detail after the Public Expenditure Cabinet.

I am sending a copy of this letter to the Prime Minister.

*Yours Faithfully,*  
*John*

JOHN MAJOR

