



Under Review:

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services

My Tony Knight

Mark Addison Esq  
Private Secretary  
10 Downing Street  
London  
SW1

29 April 1988

Dear Mark,

PUBLIC EXPENDITURE PER FAMILY *at flat*

Thank you for your letter of 22 April.

I have to say that we do have reservations about the figures set out in your letter. In our view the basic premise of dividing the UK population by four to give a figure for the average family is highly artificial. The average household - as defined by the General Household survey - did in fact comprise 2.56 people in 1985, although the number had been declining steadily.

Equally the figures used by the Prime Minister on NHS spending per family have twice in recent months gone ahead of events. Somewhat fortuitously the real figures have caught up each time - but not without some potential presentational problems in handling last week's announcement of extra funding for the NHS and only by the use of gross expenditure figures. These can be partially justified, as you say, by reference to the burden of charges falling on families. This does leave the figure open to challenge - as does the inclusion of land sales receipts of some £200 million in the gross expenditure figures.

All that said, I can confirm that we are content to live with your approach, if only as it is clearly not a realistic proposition to seek to depart from it at this juncture.

I am copying this letter to Tom Jeffery (DES) and to Miss Rutter (Chief Secretary's Office).

Yours sincerely,  
Geoffrey Podger

G J F PODGER  
Private Secretary



ECON POL: Publici Expenditur PT39.

