

COVERING CONFIDENTIAL



seen by BHP

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1990 PUBLIC EXPENDITURE SURVEY: ADDITIONAL BIDS

The Survey baselines for the Department of Health on pages 39 and 40 of the summary of bids attached to the Chief Secretary's minute to the Prime Minister dated 11 July have been amended. I am sorry for any inconvenience this has caused.

I am copying this letter to the Private Secretaries of other Cabinet members to PS/Richard Luce and PS/Sir Robin Butler.

T Payne
T PAYNE

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DEPARTMENT OF HEALTH

	£ million		
	1991-92	1992-93	1993-94
Survey baseline	23429	24603	25221
PROPOSED ADDITIONS			
(Hospital and community health services)			
(i) Review Body pay awards Consequential of funding for 1990 awards.	329	340	351
(ii) Whitley Pay To provide 3% over inflation generally, and extra selective increases.	132	132	132
(iii) Main services' provision To restore growth in activity to previous levels, eg 2% per annum for acute in-patients; includes costs of changes in staff structure.	503	742	1374
(iv) Creditor levels To enable all health authorities to reduce average times for paying creditors to eight weeks maximum.	80	0	0
(v) NHS Trusts' debt interest To enable purchasers to meet Trusts' charges for interest on initial debt (PSDR neutral).	100*	200*	300*
(vi) Management skills, medical education and audit To strengthen professional skills of NHS staff and improve quality of services to patients.	63	68	76
(vii) Junior doctors' hours, training, electric wheelchairs, IT etc Training for nurses, clinical staff and ambulancemen. Extra fully qualified doctors to reduce junior doctors' hours, provision of electric wheelchairs, Family Health Service Authority administration.	72	106	140
(viii) Caring for People HCHS costs of implementing Caring for People White Paper: professional input for needs assessment, additional community health services, assessment training.	49	48	57
(ix) Building programme Compensation for higher construction prices and shortfall in land sales, and to avoid deferral of planned projects.	165	170	210
(x) VAT on construction Consequences for HCHS of paying VAT on construction (PSDR and GGE neutral)	n.k	n.k	n.k
(xi) Trusts' EFLs Provision for new NHS Trusts' borrowing requirements	n.k	n.k	n.k

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(xi) Other HCHS capital 51 45 35
 HCHS IT, Family Health Service Authorities' accommodation and computers,
 minor capital.

(Family Practitioner Services)

(xiii) FPS demand 5 106 559
 Forecast costs and volume, including 1990 Review Body pay
 consequentials, 1.9% annual growth in doctor numbers, 1.6% dentists,
 3.5% prescriptions.

(xiv) Dental charges 32 34 36
 To maintain proportionate charge at 75%, subject to £200 maximum.

(xv) FPS - other 101* 130* 153*
 Practice premises improvements, more professional practice staff; local
 projects; extend pharmacists' training and services.

(Centrally financed services and Departmental administration)

(xvi) Centrally financed services 85 99 130
 Mainly for demand led services, health information, special hospitals,
 grants to voluntary sector and social services training.

(xvii) Departmental administration 44 67 52
 Mainly increased pay and staff numbers, and relocation costs for NHS
 Management Executive.

(Personal social services)

(xviii) LA specific grants 49 63 84
 Mainly increase in services for mentally ill, increased training for
 social services staff caring for elderly, children.

(xix) LA capital grants and credit approvals 48 45 42
 Mainly increased costs, IT for community care, increased services for
 mentally ill, maintenance of care homes.

TOTAL 1908* 2395* 3731*

PROPOSED REDUCTIONS

(i) Hospital and community health services - - - 500

Current cost improvement programmes, and extra capital receipts.

(ii) Other services - 19 - 31 - 66

Earlier introduction of new dental fee scale, dentists' early
 retirement, increased maximum dental charge and prescription charges.

PROPOSED NET CHANGE IN PROVISION 1889* 2364* 3165*
 (of which running costs) [33] [51] [45]

MANPOWER

Proposed 4975 4992 4992
 Change from present plan 125 214 214

* Provisional