

spoke to H.O.
DHSS
Cab.

1,

PRIME MINISTER

Home Secretary will minute PM
after the discussion
MR 22/1.

H Committee will tomorrow consider compensation and protection terms for staff affected by the National Health Service reorganisation.

The attached paper from Mr Jenkin and Mr Edwards seems somewhat inadequate. There is no real attempt to quantify the cost of the proposed measures. You may not think expenditure decisions should be on the basis that "the main effect of the package will be on the timing of the planned savings in management costs and the speed at which those savings can be diverted to patient care".

Mr Jenkin is proposing a repeat of the powers available to his predecessor in 1974. He wants to amend the Health Service Bill for this purpose.

I understand that the CSD will be strongly resisting blanket use of these powers. It obviously makes sense to use the Health Service Bill as a vehicle to confer the necessary powers on the Secretaries of State, but a much clearer picture of costs should perhaps be required before Messrs Jenkin and Edwards are allowed to apply those terms.

Would you like Mr Whitelaw to report the outcome of this discussion to you before further action is taken?

MR

Yes please
MR

21 January 1980