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My ref:

Your ref:

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

*NBPM at this stage.*

*BRCG*
*14/10*

*14* October 1988

*Dear Chief Secretary*

HEALTH AND MEDICINES BILL: A COMMERCIAL APPROACH TO NHS PROPERTY

*file with PG.*

I cannot say that I welcome Kenneth Clarke's proposal, set out in
his letter to you of 10 October, to enable health authorities to
engage in joint property development ventures as an enhanced
incentive to the disposal of surplus NHS land. I have been trying
to get the public sector - including local authorities - out of
property development, at which it is not very good. But if
nonetheless colleagues want to go ahead I think that the power
must be circumscribed in at least two ways.

First, the power to acquire further land to facilitate such
development must be limited if health authorities are not to
start accumulating land unnecessarily - they still have some
4,000 acres of unused and underused land on my land registers.

Secondly, to be consistent with my proposals for controlling
local authority companies, it will be essential that the
activities of NHS joint ventures are brought within an
appropriate capital control system.

These proposals - particularly for leasehold disposals - also
need to be considered alongside the recommendations of an
inter-departmental working group on surplus land disposals, whose
report will be coming to Ministers shortly. A more pro-active
approach to the management of disposals carries the risk of
increased conflict with government planning policies for
sensitive areas. The working group will be proposing guidance,
which should enable cases of potential conflict to be identified
and brought to Ministers' attention before any action is taken
that might lead to public controversy.

I am sending a copy of this letter to the Prime Minister, Kenneth
Clarke, other members of H Committee, and Sir Robin Butler.

*Yours sincerely*

*p.p.* NICHOLAS RIDLEY

(Approved by the Secretary of State
and signed in his Absence)