

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

Andy McKeon Esq  
 Private Secretary to the  
 Secretary of State for Health  
 Department of Health  
 Richmond House  
 79 Whitehall  
 London  
 SW1A 2NS

*Price Markle*  
*Agree with X?*

*REC 6*  
*28/10*

28 October 1988

Dear Andy

*Yes not*  
*with PS?*

**NHS REVIEW: AUTUMN STATEMENT**

The Chief Secretary has seen a copy of your letter of 24 October to Paul Gray.

He agrees in general that this reflects the understanding he reached with your Secretary of State on the handling of the Review-related items in the HPSS settlement. In the Autumn Statement figures sums of £10/28/28 million have been included for internal market experiments and information technology for GPs but these will not be separately identified until the announcement of the outcome of the Review. On the question of additional funding, it was agreed that, if a fresh and unexpected measure involving expenditure in 1989-90 is endorsed by the Review Group, it would be legitimate for your Secretary of State to make a bid on the Reserve. The question of any additional provision for later years would, of course, be a matter for discussion in a future Survey.

X ( He also understands that, as consultations with hospital doctors' representatives on the Resource Management Initiative have yet to be completed, your Secretary of State does not now intend to announce the extension of the Initiative when the Autumn Statement is made. In view of this the Chief Secretary's preference would be to defer the announcement until the conclusions of the Review are published.

I am copying this letter to Paul Gray (No.10), David Crawley (Scottish Office), Martin Donnelly (Northern Ireland Office), and Stephen Williams (Welsh Office).

Yours ever

Carys

MISS C EVANS