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DEPARTMENT OF HEALTH & SOCIAL SECURITY

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From the Secretary of State for Social Services

July 20 1983.

Dear Prime Minister.

I am enclosing for you
a copy of a letter I have
just sent to the Chief Secretary.
I do not intend to raise
these kind of points in tomorrow's
discussion but I thought you
would like to see a copy.

Yours ever

David



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From the Secretary of State for Social Services

The Rt Hon Peter Rees QC MP
 Chief Secretary to the Treasury
 Treasury Chambers
 Parliament Street
 LONDON
 SW1P 3AG

20 July 1983

Dear Peter

Thank you for your letter of July 4 about the Government's attitude to child benefit and expenditure on the National Health Service.

As far as child benefit is concerned you will know that the Prime Minister in her letter of May 20 to Brynmor John said "there are no plans to make any changes to the basis on which the benefit is paid or calculated". I made similar statements to that during the election campaign and the position has been repeated by other Ministers.

What, however, we have not done is to repeat the commitment made by Patrick Jenkin on July 28 1980 when he said "we are committed to the child benefit system and it is our intention, subject to economic and other circumstances, to uprate child benefit each year to maintain its value". Ministers here have been instructed not to repeat that pledge and I am sure you will agree with that.

As far as health service spending is concerned the Government's attitude was again set out during the election campaign. In her speech in Edinburgh on May 31 the Prime Minister said:

"The health service is safe with us. I have no more intention of dismantling the National Health Service than I have of dismantling Britain's defences.

"And if you look at our public expenditure plans for the next three years, there it is in black and white. These are the figures: £700 million more for the NHS this year - another £800 million more for the NHS next year, and another £700 million the year after that.

"Labour knows these facts. They are there in the book. All budgeted for within a sound financial policy. Not a promise but a firm commitment."

E. R.

I have as you mentioned also made the same kind of point. Clearly the words included in the latest Public Expenditure White Paper to the effect that published plans for the health service were subject to review were intended to cover the possibility of upward rather than downward review. All public expenditure programmes are subject to review in the normal way and during discussions with your predecessor I insisted on the additional wording in the White Paper precisely because we needed to signal the possibility of some upward demand in later years. However, clearly I accept that we are not committed to going beyond the provision in the Public Expenditure White Paper - although I will want to say something on the implications of such a policy tomorrow.

NORMAN FOWLER