



10 DOWNING STREET

From the Principal Private Secretary

14 September 1983

Many thanks for your letter of 13 September enclosing a "Working Agenda" for the Prime Minister's Seminar on Friday. This will be very helpful, and I gather that Alan Bailey is content with it as a basis for the discussion.

In the interests of security, could I ask you to issue it personally to the DHSS participants, and Alan Bailey to the Treasury participants. I will issue it to the Prime Minister, Sir Robert Armstrong and other members of No.10.

I am copying this letter to Alan Bailey.

E. E. R. BUTLER

Sir Kenneth Stowe, K.C.B., C.V.O.

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H M Treasury

Parliament Street London SW1P 3AG

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A M Bailey CB
 Second Permanent Secretary
 Public Services

Robin Butler Esq
 No 10 Downing Street
 London SW1

14 September 1983

Dear Robin,

Ken Stowe's draft agenda for Friday's seminar is useful, and we will follow it in briefing Treasury Ministers. But there is one point I should register on it.

2. The split into "client groups" leaves NHS issues scattered through the agenda, and for that reason we included a final section on NHS financial issues generally. It is not easy to predict how much will be covered under the specific headings (questions B, C, E and K in the agenda), but Treasury Ministers may want to leave the main substantive discussion on NHS strategy to the end (question R).

3. I am sending a copy of this letter to Ken Stowe.

*Yours,
 Alan*

A M BAILEY

2 PPS . 2

The note by Mr. Mowt below should go in to the PM's folder for the seminar.

PEEB

14.9.

Nat Heath 8/83

PHS Seminar

14 SEP 1983

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Department of Health and Human Services

Office of the Assistant Secretary for Health

Washington, D.C. 20201

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Mat. No. 14:
Serial 2183
B/VP

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I attach a copy of the "Working Agenda" produced by the DHSS for the Prime Minister's Seminar this Friday highlighting the questions for Ministers to answer. The Treasury are content with it. In the interests of security Sir Kenneth Stowe and Mr. Bailey are distributing it to DHSS and Treasury participants respectively, and I am distributing it to you and to those involved in No.10.

F. E. R. BUTLER

14 September 1983

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DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522 ext 6981

From the Permanent Secretary

Sir Kenneth Stowe KCB CVO

ms

Robin Butler, Esq.,
No. 10 Downing Street,
London SW1

13 September, 1983

Dear Robin.

I promised to let you have a draft for an agenda to which we might work at the Prime Minister's seminar on Friday. I attach a draft which follows the format of the paper already prepared and set out in the green book. It does not attempt to re-arrange the subjects so as to fit in with the allocation of time before, during and after lunch - depending upon what the Prime Minister wishes, some re-arrangement might be appropriate.

I am copying this letter and enclosure to Alan Bailey.

Yours sincerely,

Ken.

COPY NO 1

COPY NO 2 - Mr Bailey

COPY NO 3 - KRS

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SEMINAR - 16 SEPTEMBER 1983

WORKING AGENDA

Questions to be addressed during the day are indicated by letters in the margin below:

Section I : Introduction

Sets the background to the discussion -

- almost limitless demand
- identifiable increased needs arising from demographic pressures on key health and personal social services groups (very young, very old);
- demographic pressures on social security tending to slow down
- public expenditure programmes continuing to increase, but at a much slower rate than last decade.

A → What general concerns should shape the day's discussion - are the 'themes' in 1.10 correct?

Section II : Working people and their families

Two of the main issues about the NHS arise here:

1. Acute hospital services - to maintain services have to meet mounting costs of treatment 2.4 - 2.7.

Proposed strategy is to meet rising costs by increased efficiency savings and better management. Is this right?

B →

2. Family practitioner services - how are the costs to be controlled? 2.8 - 2.11

There are possibilities of -

- controlling numbers of doctors and dentists
- reducing drug industry profits
- looking for privatisation
- increasing income from charges: in particular, by introducing new charges or reducing exemptions

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This is an area entailing much negotiation with "contractors" - doctors, dentists, pharmacists, opticians: therefore needs a firm public stance. Are the Government prepared to open up all these

C → issues to public discussion?

The issue of social security & incentives first arises here, and the section deals with three benefits whose importance is in part due to their effects on incentives:

D → Child Benefit - 2.13-2.14)
FIS - 2.15) Do any of these need review?
Housing Benefit - 2.16) If so, should this be a
public commitment?

(Incentive issues for the unemployed are picked up in Section V - see question P below)

Section III : The Elderly

Paying for health and social services - 3.5-3.8

The strategy proposed in 3.7 envisages -

- extra resources to meet demographic growth
- otherwise relying on existing strategies to improve community support.

E → With B and C above this sets the main outline of NHS strategy. Is it endorsed?

Paying for pensions - 3.9-3.17

The paper suggests that the mounting costs are in line with the assumptions made when the scheme was introduced (see 3.9) and the switch to prices indexation will reduce them.

Key questions

- F → 1. Is the cost sustainable; and can future strategy be based on price indexation?
- G → 2. Should further contracting out be pursued?
- H → 3. Is the long-term prospect one that calls for re-examination now of the earnings-related second tier?
- J → 4. How should the pension age issue be handled?

Section IV: Other dependent groups

Mental illness and handicap - 4.2-4.4

K → Continuation of existing policy for this "cinderella" area is suggested, with no injection of extra funds. Is this endorsed?

Cash help for disabled - 4.5-4.8

No major change is proposed here, but some exploration of possibilities for more contracting out (which would entail public consultation with employers). Is this agreed?

L →

Section V: The unemployed

* The dual-benefit structure needs review (5.2-5.3) -

unemployment benefit: should it be maintained, or should there be a shift to means-testing?

M →

supplementary benefit: can it be made simpler and cheaper to administer?

N →

Would this be too sensitive an area for a public commitment to review?

O →

Incentives

Two means of reducing the unemployment trap are discussed -

abatement of UB and Supplementary Benefit

"wage-stop" measures to put a ceiling on benefits.

P → Are these to be pursued?

Section VI: General financial issues

In social security (6.1-6.4): is there to be any move to reconsider the contributory basis, or the tax credits approach?

Q →

In health: questions B, C, E and K have established the main outlines. Additional elements in the financial strategy (6.6) are -

- NHS staffing costs: more contracting out of services to be pursued

numbers to be controlled

- NHS pay: constraint to continue

- private sector: to be encouraged.

This postulates continuing tight control of all aspects of NHS development, with some continued financial growth only to meet demographic pressure. Is this the right approach?

R →

Mr Butler

LIST OF GUESTS ATTENDING THE MEETING AND BUFFET LUNCH ON FRIDAY,
16 SEPTEMBER 1983

The Prime Minister

Rt. Hon. Nigel Lawson, MP

Rt. Hon. Norman Fowler, MP

Rt. Hon. Peter Rees, MP

Mr. Kenneth Clarke, MP

Dr. Rhodes Boyson, MP

Sir Robert Armstrong

Sir Kenneth Stowe

Mr. Peter Middleton

Sir Geoffrey Otton

Mr. A.M. Bailey

Mr. Ferdinand Mount

Mr. Robin Butler

Mr. Michael Scholar