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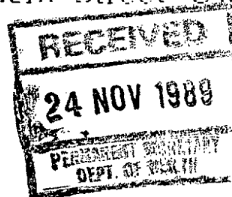
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cc Mr. Dancy
Mr. Baldock
Mr. H. H.
Mr. Cragg
Mr. Hefpelt
Mr. Shuck 1B
Mr. Dobson
Mr. Cameron
Mr. Browder

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Department of Health
Richmond House
79 Whitehall
London
SW1A 2NS



23 November 1989

Dear Secretary of State

HARMOPHILIACS

Thank you for your letter of 22 November. I understand that, following the Prime Minister's meeting with MPs yesterday, you are now proposing that the non-discretionary payment should be £20,000 rather than £10,000, and that a further £12 million should be made available this year.

2. In the circumstances, I am prepared to agree to the higher payments you propose. In the light of your assurance that there will be reductions totalling £7 million in HPSS cash limits for 1990-91 as compared with the provision agreed in the Survey, I am content therefore to approve a discretionary claim on the Reserve of £19 million. This of course implies no commitment on my part to total payments to the Trust of more than the £20 million we have agreed. You will need to reflect this in your announcement in the usual way. I suggest that the third sentence of the fourth paragraph of the draft announcement (your minute yesterday to the Prime Minister) be replaced with the following:

"This sum [£19 million] is being charged to the Reserve this year. Subject to Parliamentary approval of the necessary Supplementary Estimate, the cash limit for Department of Health administration, miscellaneous health services and personal social services, England will be increased accordingly. This will enable the Trust to make payments of £20,000 to each family affected [this year] in recognition of the stresses that all those families have suffered."

3. I note that you are asking territorial colleagues to make a proportionate contribution; the sums finally agreed will need to be reflected in their cash limits also next year.

4. I am copying this letter to the Prime Minister, Peter Brooke, Malcolm Rifkind and Peter Walker.

Yours sincerely

GRO-C

NORMAN LAMONT