

Table 1A

f Million

	1989-90	1990-91	Change Cash	Real Terms Change %
Annex				
Global HCHS Revenue spend	13,644.0	14,810.0	1,166.0	3.4
<u>less</u>				
A Non-Health Authority Budgets	202.2	217.0	14.8	2.3
Global Health Authority spend	13,441.8	14,593.0	1,151.2	3.4
<u>less</u>				
B Central Fund	10.9	12.5	1.6	8.9
C Earmarked Allocations to Health Authorities, excluding NHS Review	388.7	431.0	42.3	5.6
D NHS Review	77.0	185.0	108.0	128.8
General Allocations	12,965.2	13,964.5	999.3	2.6
of which SIFT	318.5	353.2	34.7	5.6
excluding SIFT	12,646.7	13,611.3	964.6	2.5

(Table 2 at the end of this minute summarises the components of these totals).

9. Overall our recommendations would mean that 5.7% of the HCHS revenue budget would not be available for general allocation compared to 5.4% in 1989-90. Almost two thirds of the increase of £165m is accounted for by the NHS Review. Top slicing flowing from PES for P2000, Waiting Lists, Hospices, and Cochlear implants (£41m) accounts for all but £16m of the remainder. However, Ministers will want to satisfy themselves as to the broad acceptability of the overall outcome and that their own policy objectives are properly secured.

10. Assuming Ministers are content, sums available for main allocations would be sufficient to provide on average real terms increase in cash limits of 2.5%. This figure would be 2.6% were it not that the Service Increment for Teaching rises significantly (£318 million to £353 million) as a result in part of the France Committee's recommendation but principally because of higher medical student numbers. Our present inclination, while the 2.5% is the sum on which the allocation decisions will pivot, is to bracket the extra SIFT money since all Regions will benefit and it is after all for services.

11. Specific issues (covered in the Annexes) that Ministers may wish to consider are:

Annex A. There are unresolved problems over the funding of R&D on the use of computers, payments to the Association of Community Health Councils for England and Wales (ACHCEW), the CBLA and PHLSB.

Annex C. Proposals for new top-slicing for hospices and cochlear implants and for an increase in the waiting list fund. We are proposing no cash increase for AIDS treatment and prevention.

Annex D. Ministers will wish to look particularly at NHS Trusts, where estimating is a problem; at the proposal to group together funding for personnel, finance staff and training in a single sum; and whether to create a central reserve.

#### Capital pre-emptions

12. The effect of reserving the sums recommended by Finance Division, compared with 1989-90 would be as follows:

Table 1B	£ Million			
	1989-90	1990-91	Change Cash	Real Terms Change%
Annex				
Global HCHS capital spend	920.0	1,086.0	166.0	12.4
<u>less</u>				
E Non Health Authority	27.0	27.1	0.1	-4.6
Global Health Authority spend	893.0	1,058.9	165.9	12.9
<u>less</u>				
F Central Fund	3.4	8.9	5.5	147.8
G Earmarked allocations to Health Authorities, excluding NHS Review	139.0	174.9	35.9	19.8
D NHS Review	13.0	76.0	63.0	456.8
General Allocations	737.6	799.1	61.5	3.2

These proposals increase the proportion of capital top-sliced from just under 20% to 26%. But if NHS Review funding is set aside the proportion falls to 19%.

13. The only issue to which we would specifically draw Ministers' attention is the proposal to fund the development of digital radiology in Annex F.

Conclusion

14. The Secretary of State is invited to consider and accept Finance Divisions recommendations on:

- i. the amount of revenue to be pre-empted from general allocations (Annexes A to D); and
- ii. the amount of capital to be pre-empted from general allocations (Annexes D to G).

GRO-C

JOHN H JAMES  
FA  
ROOM 544 RH  
EXT GRO-C

Copies: Mr Davey PS/MSH  
Mrs Kirk PS/PSH  
Miss Gwynn PS/PS  
Mrs Westbrook PS/CEO  
Mr Carpenter PS/Sir Roy  
Dr McInnes PS/CMO  
Ms Keswick Spec Adv  
Mr Hart NHSME  
Mr Mayne PEFO  
Mr Heppell PG  
Mr Wormald NHSME  
Mr Fairey NHSME  
Mr Mills NHSME  
Ms Masters NHSME  
Dr Oliver MED  
Dr Abrams MED  
Dr Metters MED  
Mrs Poole CNO  
Mr Hale CMP  
Mr Merifield RL  
Mr Pearce EPMD  
Ms Christopherson ID  
Ms Stuart FB  
Mr Garland FA1  
Mr Harris FA2