



Treasury Chambers, Parliament Street, SW1P 3AG

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A Turnbull Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

10 January 1984

*Dear Andrew*

PUBLIC EXPENDITURE WHITE PAPER - PART 1

I attach two copies of a near-final draft of Part 1 of the 1984 Public Expenditure White Paper. Publication is planned for Thursday 16 February, roughly one month before the Budget. To meet this, final copy has to be with the printer by early next week.

2. The figures and text are close to finality, but further minor changes, particularly to correct the figures, will continue to be incorporated until copy is sent to the printer.

3. The Chief Secretary, who has approved the draft, has asked me to draw attention to four points in particular:-

- 1) The reserve for 1984-85 has been reduced from £3 billion to £2.75 billion since the Autumn Statement within an unchanged planning total. This results from a number of changes, including an increase in the estimated take-up of some social security benefits (£357 million) - on which the Prime Minister has seen earlier correspondence - partially offset by some reduced requirements eg for the Youth Training Scheme (£170 million). This latter figure has still to be finally agreed with the Secretary of State for Employment.
- 2) The reserves for 1985-86 and 1986-87 are £3.75 billion and £4.75 billion, an increase in each case of £1 billion on the preceding year. The figure for 1985-86 is thus £¼ billion higher and that for 1986-87 £¼ billion lower than the illustrative figures which Cabinet had before it in November. The Chancellor and the Chief Secretary consider that these reserves represent an adequate provision for contingencies as redefined in paragraph 2.32 of the Autumn Statement (see also paragraph 25 of the attached draft)
- 3) Target receipts from the special sale of assets in 1984-85 are unchanged at £1.9 billion. In each of the two later years the targets are £2 billion.
- 4) The planned provision for programmes, reserves and receipts from the sale of assets leads to a planning total of £126.4 billion in 1984-85. This is the same as the total for that year published in the last White Paper (Cmnd 8789). The provisional total for 1985-86 (£132.1 billion) is slightly less than the figure in



Cmnd 8789 (£132.3 billion). The provisional total for 1986-87 is £136.7 billion, £0.6 billion below the baseline adopted for the 1983 Survey. These more favourable figures for the later years result from the improved prospect for receipts from the sale of assets, partially offset by the adjustments to the reserve and increases in expenditure on some demand-led programmes referred to above.

4. You may wish to draw the Prime Minister's attention particularly to paragraphs 28-30 and Table 1.13, which are a new and improved presentation of capital expenditure by the public sector. The table shows more clearly the public sector's expenditure on capital goods and the value of work given to the construction industry in each year to 1984-85. It can be demonstrated from this table that in real terms the level of this expenditure has been broadly the same since 1978-79.

5. Copies of this letter, with copies of the draft, go to the Private Secretaries to all Cabinet Ministers. A further copy is enclosed with each letter for the Department's PFO. Any comments should be received in the Treasury not later than lunchtime on Tuesday 17 January.

*Yours sincerely*

*J. Gieve*

JOHN GIEVE  
(Private Secretary)

Econ. Pub. Exp. 1526



## GP's could save £60m by stricter prescribing

By Nicholas Timmins  
Social Services Correspondent

The National Health Service drug bill could be cut by more than £60m a year if family doctors had detailed information about their own prescribing habits and were encouraged to discuss them, according to a study carried out by the Royal College of General Practitioners.

With the computerization of the Prescription Pricing Authority, such an approach could easily be adopted, the study argues, with savings rising by about another £17m once the costs of dispensing drugs by pharmacists is added.

The study, of more than 40 GPs, assistants, and trainees in inner London, involved providing the doctors with detailed information about what drugs they prescribed, their costs, and how their prescribing habits compared with other doctors in the study, and with national prescribing habits.

At the end of the two-year study, the doctors were prescribing 5.7 per cent fewer prescriptions for each 1,000 patients than doctors in a control group.

The results of the study come as the Government has ruled out Greenfield committee proposals to allow pharmacists to substitute unbranded generic drugs for brand name products when dispensing prescriptions. But Mr Kenneth Clarke, Minister for Health, has announced that there will be a new campaign to encourage more generic prescriptions.

Big savings could come from generic prescribing of just six drugs, which the report describes as "the big six". If a family doctor with an average sized list of patients prescribed unbranded versions of Mogadon, Valium, Indocid, Aldomet, Lasix and Inderal more than £1,000 a year could be saved, the report says.

## Doctors gain ground over deputies rule

Proposed restrictions on the use of deputizing services by family doctors to cover night and weekend calls will be reconsidered if GPs can produce effective arguments against them, Mr Kenneth Clarke, said yesterday.

But he made clear that he will not allow them to use the services every night and weekend as some now do, and that he considers his own proposals flexible, despite doctors' condemnation of them as unacceptable and impracticable.

*Prescribing A Suitable Case For Treatment* (Occasional Paper 24) Royal College of General Practitioners, 1 Queen Anne's Gate, London SW1A 2AH. Price £1.50

The Times

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