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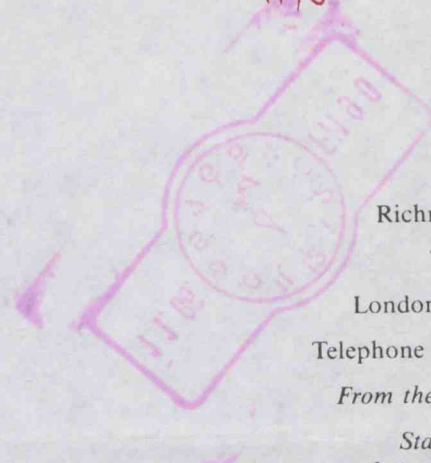
CONFIDENTIAL

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From the Secretary of
State for Health

11 JUN 1990



The Honourable,

PES 1990: ENGLISH LOCAL AUTHORITY BLOCK: CAPITAL RECEIPTS TAKEN INTO ACCOUNT

WILL REQUEST IF REQUIRED

Thank you for the copy of your letter of ~~22~~ May to Chris Patten proposing that the level of receipts taken into account for 1991-92 should be £475 million and suggesting how the level of capital receipts to be taken into account should be distributed between service blocks.

I am content with your proposals for 1991-92 on this, and also agree that officials should consider how to refine the distribution mechanism so that we have some stability in the method of distribution in future years.

Copies of this letter go to Cabinet colleagues and Sir Robin Butler.

KENNETH CLARKE

