

B copy
Bkup



DEPARTMENT OF HEALTH

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

*From the Secretary of State
for Health*

Paul Gray Esq
Private Secretary
10 Downing Street
London
SW1

28 April 1989

Dear Paul

COMMUNITY CARE

I enclose a paper for discussion at the Prime Minister's meeting on 4 May from my Secretary of State on which of Sir Roy Griffiths' recommendations should be accepted if local authorities take on the assessment and financial support of people for residential care.

I am copying this letter and enclosure to Roger Bright (Environment), Steve Williams (Welsh Office), David Crawley (Scottish Office), Stuart Lord (Social Security), Carys Evens (Treasury), Alan Davey (Minister for Health), Guy Howland (Sir Roy Griffiths' office), Trevor Woolley and Richard Wilson (Cabinet Office) and Professor Griffiths and Ian Whitehead (No 10).

*Jan
Andy*

A J McKEON
Private Secretary

CONFIDENTIAL

COMMUNITY CARE

Paper from Secretary of State for Health

At our meeting on 19 April I was asked to prepare a paper with proposals on which recommendations of Roy Griffiths' report should be accepted if local authorities take on the assessment and financial support of people for residential care.

2. While there is much in Roy's report that I hope we can accept without difficulty, I see four key areas in which we need to reach decisions:

- the transition from the present income support entitlements to a new system containing a discretionary contribution by local authorities towards care costs;
- the degree of central funding and control over the expanded local authority programme;
- the scope of new local authority responsibilities;
- how to ensure further development of a "mixed economy" of care.

The transition from present entitlements

3. The proposed new arrangements would clearly put an end to current entitlements (subject to means test) to public funding of residential care. I think we should accept Roy Griffiths' views that:

- existing entitlements should be preserved ie, recipients of income support in residential care on implementation day should be guaranteed continuing support as now until they die;

- the new arrangements should comprise entitlement to benefits on the same basis as anyone living in the community could expect to receive plus a discretionary care payment from the local authority.

4. I think it is essential that the new arrangements should put people in residential care on the same footing as people in their own homes, as far as basic support for living and accommodation are concerned. Only then would local authorities have the right financial incentives, as between the funding of residential and home care. We need a new system that will be clearly understood by, and accessible to the public.

5. Officials have done some preliminary work on how existing entitlements might be preserved, and how the new system should operate to secure even-handedness. I suggest that we commission a detailed paper by officials on the options. Within the principles I have described I think we shall need to look for administrative simplicity, from the applicants' as well as central and local government's points of view, and for transitional arrangements that provide maximum confidence that this major change will be managed effectively. This is an area where we shall have to spend some time discussing the details with local authorities.

Central funding and control

6. A key issue is whether a local authority option should include an element of specific grant. As you know, Roy recommended substantial specific grants with the aim of giving central government the ability to influence local authority plans, where necessary, in the direction of the Government's own policy objectives.

7. Under his proposals, specific grant could be payable, for example, on condition that local authorities:

- collaborated effectively with health authorities, voluntary bodies etc;
- maximised home care (including help for relatives and friends) and improved its management;

- stimulated voluntary and private sector developments, including competition with public provision;
- operated even-handedly in regulating the independent sector;
- offered consumer choice;
- demonstrated value for money.

8. He proposes both a general grant (40-50% of the programme), and targetted grants, which could be linked to new, worthwhile developments, including alternatives to hospital care.

9. We need to decide whether to introduce a general specific grant, or a more targetted grant geared to the delivery of specific objectives, or both. I have reservations about Roy's proposals which we shall need to discuss. If we were to pursue them, we should need to ask officials to prepare options.

Scope of local authority responsibilities

10. We should accept Roy's proposal that health authorities should continue to be responsible for medically required community health services, including the necessary inputs to assessing needs and delivering mixed "packages" of care to people at home.

11. As you know, I differ from Roy in that I wish health authorities to accept responsibility for arranging support services for chronically mentally ill patients in the community. I am looking urgently at how best to define the respective responsibilities for this purpose, and the target population.

12. We should have to decide on the position of private nursing homes and their residents. At present they are registered and inspected by health authorities. I am not attracted by the possibility of setting up a separate assessment and funding process through health authorities for would-be residents at public expense. I should prefer to accept Roy's proposal that the local authority led assessment process should include

suitability for, and public funding of nursing home care; although it will be essential to secure the necessary medical and nursing input to the assessments, some of which will be for people in hospital. We can do this without disturbing the present registration and inspection arrangements, on which I make proposals below.

13. I am less attracted by Roy's proposal that health authorities' registration and inspection responsibilities should be transferred to local authorities. I do not see this as an immediate priority, and it would sour the reception of the changes in medical and nursing circles.

The "mixed economy" of care

14. As you know, I do not believe it would be sufficient - as Roy proposes - to leave local authorities, subject to the specific grant and planning controls, to make their own progress away from "providing" and towards "enabling". Nick Ridley suggests some more effective means of creating the necessary assurance that authorities will move rapidly in the direction of widening choice, and stimulating a variety of provision. Real incentives will be needed, and new purchasing skills will have to be developed.

Other issues

15. Roy made some proposals about the future of joint financing which in the long term would transfer that source of funding to local authorities. I am sympathetic to that in principle, but should need to consider further the practical implications. I do not see this as critical in terms of an early announcement: we could say then that the future of this aspect of current funding needed to be considered in relation to the specific projects it supports, and that we should be discussing it with health authorities and local authorities. We do however need to strengthen the arrangements for encouraging collaboration between local and health authorities, and encourage good working relationships, and I have asked my officials for proposals on how to achieve this.

16. Nor do I think we should decide yet on the possibility that the community care grant element of the Social Fund should be transferred to

local authorities. In 1988-89 it was mostly spent on one parent families, so I suggest we wait to see whether it is likely to be more relevant in future in the current context.

17. We should, I think, emphasise the importance of sheltered housing in community care. Roy proposed that the "care" side of sheltered housing (assessment, arrangement of care etc) should lie with social service departments, and the construction and maintenance side with housing departments (in collaboration with social services as well as housing associations and the private sector). I shall wish to take account of Nick Ridley's views on this. Subject to them, I doubt whether we need commit ourselves on the issue in an early announcement.

18. We have rightly set ourselves against the creation of any new "profession" for community care. Our stance should be that there is ample scope for the development of the necessary skills below professional level.

19. I do not at present foresee any difficulty in accepting in principle Roy's proposals that we should:

- issue a statement of Government objectives and priorities;
- require local authorities to produce their own statements of objectives and priorities, in collaboration with health authorities and others, and taking account of their assessment of local needs;
- encourage local authorities to concentrate on arranging care "packages" to support people at home and give more attention to "case management";
- address community care issues in PES;
- require GPs to ensure social service departments are aware of their patients' needs for non-health care;

- enable health and local authorities to act jointly or as agents for each other;
- expect non-health sources to be paid for, where reasonably practicable;
- improve local information systems.

I am more cautious about his proposal that we should set standards: monitoring and where necessary improving standards should form part of our objectives, and we may want to establish some key requirements, but I do not think we should commit ourselves to detailed or comprehensive standard setting.

20. The practical and financial implications of these proposals need further work. Although we have decided against any separate Ministerial responsibility, I should have no objection to designating a Minister with responsibility, under me, for implementing our collectively agreed community care policies, and reporting on progress.

21. My preference for the time being is to leave registration and inspection responsibilities where they are ie with local authorities for residential homes and health authorities for nursing homes. We can expect renewed pressure, from private home owners and others, for an independent inspectorate (Lady Wagner's report recommended a move in that direction), and need not rule this out; but I do not see it as central to the reforms, and have no wish to add to the amount of necessary change or additional costs. For similar reasons, I should not be ready at this stage to extend registration and inspection, as Roy and Lady Wagner recommend, to small homes (less than 4 residents), although I should not wish to rule it out. It is nevertheless of great importance that local and health authorities should discharge these responsibilities even-handedly between the public and private sectors, and should be seen to do so. I shall need to be satisfied that this is so, and am considering how best my department might oversee the arrangements and help to secure the necessary approach.

Financial implications

22. Local authorities would reasonably expect us to allow for the new costs falling to them. We should have to expect continuing increases in spending to cope with the increasing numbers of dependent elderly people, but the new system ought to reduce public expenditure below what it would otherwise have been with the existing arrangements, and should increase value for money by matching provision more closely to need and addressing priorities.

23. Some complex financial transfers between central and local government would need to be worked out. Officials would need to work out proposals.

24. A proportion of the new funding that would otherwise have gone into DSS support for residential care should in my view be targetted on innovative community care developments, including schemes linked to reduced hospital provision - but this falls for discussion in PES.

Implementation issues

25. If we go down this route we shall need to decide urgently what aspects require legislation, and whether the necessary provisions could be included in Bills that have a place in next Session's programme.

26. Local authorities, and departments, would need time to gear up for implementation of the new arrangements. If we were able to legislate on the essentials next Session, we might aim for implementation in 1991.

27. I believe we must announce broad conclusions before the Summer Recess. This option, while relatively simple in concept, raises a number of issues, not all of which are straightforward. A full policy statement would justify a White Paper, and an early announcement could promise one in the autumn.

Conclusion

28. Colleagues are aware of the reservations I have expressed about the ability of local authorities as a whole to discharge these responsibilities effectively. I look forward to discussing Nick Ridley's suggestions for how those concerns might be overcome. If we decide to go down this route I suggest that the next step should be to consider papers by officials on the options for:

- preserving existing entitlements;
- the new income support structure;
- specific grants and related planning and monitoring systems;
- the legislative and financial implications.

In the light of decisions on those we could then consider the broad shape and content of an announcement.

DH

KC

April 1989

MATHEALTH: OPPM #20.

