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PRIME MINISTER

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COMMUNITY CARE

1. You may wish to handle this meeting by going through the issues for decision set out in the Cabinet Office paper. These are as follows:

i. role of local authorities (para 1). There is no indication that Mr Clarke or Mr Major will want to reopen the decision, taken at the last meeting, to give local authorities responsibility both for deciding what care claimants should receive and for administering budgets for that care. You may wish to begin the discussion by confirming that decision as the basis for future work.

ii. social security benefits for people entering private residential care under the new regime (paras 3 to 7). The main issue for decision is the basis on which accommodation costs should be met: see options in para 5. The simplest approach, which we understand is favoured by Mr Moore, appears to be to pay normal housing benefit. You will wish to decide which approach to adopt.

iii. treatment of people in local authority homes (paras 8 to 10). The issue here is whether under the new regime people in local authority homes should be treated on the same basis as people in private residential care. Logic suggests that they should. On the other hand requiring local authorities to bear all the accommodation costs of people in their own homes would give them a powerful incentive to pull out of the provision of homes themselves. You will wish to decide whether to apply the same regime to the public and private sectors.

iv. treatment of existing claimants (paras 11 and 12). This is perhaps the most sensitive area. You need to decide

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whether existing claimants should continue to be supported through income support, or be required to transfer into the new system (possibly after a delay of 2-5 years). In addition it is clearly important not to precipitate a rush of people into private residential care during any transitional period. You will wish to consider whether to settle the issue now or commission more work.

v. financing local authorities' new responsibilities (paras 13 and 14). There are three options. Mr Clarke may want a specific grant. Mr Major and Mr Ridley will want support to be channelled through the Revenue Support Grant. We have included a possible third option based on Revenue Support Grant but with targeted specific grants to allow Government to influence particular aspects of community care. You will wish to decide which option to adopt.

vi. promoting diversity of provision (paras 15 and 16). Mr Ridley has made a number of proposals designed to encourage local authorities to contract out. You may wish to endorse Mr Ridley's proposals.

2. In conclusion you may wish to endorse the timetable leading up to an announcement before the Summer Recess, legislation next Session, and implementation by 1 April 1991 (para 17); and the proposals for further work including two more Ministerial meetings in June (para 19).

R T J WILSON
Cabinet Office
12 May 1989