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PRIME MINISTER

16 June 1989

COMMUNITY CARE
Cabinet Office Paper

Detailed observations on the Cabinet Office paper - which highlight the main decisions to be taken - are as follows:

TRANSITIONAL ARRANGEMENTS (Paragraphs 2-9)

Para 3-4

I believe DSS's proposal that 'residents not on income support at April 1991 would be required to look to the new system for assistance' is indefensible.

There is a danger that long-stay residents could be excluded at a later date simply because their own financial resources have not run out by April 1991.

All residents should be treated equally at the cut-off date, notwithstanding the administrative burden. Otherwise, a new income support applicant (pre April 1991) with little practical need could be treated more favourably than a needy long-stay patient.

Recommendation

All residents should be 'grandfathered' under the existing income support rules if they live in a private residential home at the cut-off date.

Accept paragraph 3(i), not 3(ii)

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Paras 5-6

New income support claims will be substantial during the transitional period for four main reasons:

- (i) Even if policy remains unchanged, DSS already estimates that another 100,000 people will apply for income support before April 1991. The annual cost is likely to increase from today's £1bn to £1.5bn in 1991.
- (ii) In addition, it is highly likely that many more elderly people will move into some form of residential accommodation prematurely, if automatic entitlement is downgraded to discretionary support from local authorities. I have no doubt that many people will make an early move. Officials disagree on two counts:

- officials argue that companies will refrain from opening new homes. This is questionable. Since the numbers of elderly, aged 75 and over, will double over the next 15 years, there is little risk of over-capacity. And new residential homes can be opened quickly by refurbishing old properties.

- officials also argue that the elderly would far prefer to remain in their own home if good domiciliary services are available. But how long will it take to redirect substantial resources into much improved home-based services?

- (iii) Many local authorities - particularly Conservative controlled councils - will sell their homes. This process should be encouraged, provided savings are spent on domiciliary services.

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- (iv) Hospitals will attempt to close down as many long-stay wards as possible during the window of opportunity.

Recommendation

In paragraph 5, DSS's preferred Option (i) is far better than option (ii). The second option would alarm genuine claimants.

But we should be fully aware that the transitional period could be very expensive.

Paras 7-9

Privatisation of local authority homes should be encouraged. The quality of local authority homes is often patchy and needs improvement. Also, privatisation would eliminate the conflict between buying and provision.

Recommendation

Accept DSS's recommendation not to introduce any special measures to prevent privatisation.

CONTROL OF HOUSING BENEFIT EXPENDITURE (Para 10)

On the surface, notional 'average rents met through housing benefit in each local authority area' is an attractive proposal for determining the accommodation element of residential accommodation. Otherwise, a local authority will have a natural incentive to maximise the housing benefit if there is a more subjective evaluation.

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But on this basis, housing benefit could be set as low as £20 a week. If so, residential accommodation could be an unrealistic option for many.

Recommendation

- Officials should be asked to work through detailed examples to compare existing income support entitlement for an individual with the new aggregate allocations of income support, housing benefit and care cost.
- If the equation fails, housing benefit may have to be based on average market rents.

TARGETED SPECIFIC GRANTS (Paragraphs 11-12)

John Major will present some very convincing arguments against the introduction of targeted specific grants. Yet I believe such grants will be essential if we hope to achieve real success at the local level, especially in the free spending metropolitan areas.

Recommendation

Accept the principle of targeted specific grants, provided well defined objectives are set and monitored.

REGISTRATION AND INSPECTION OF RESIDENTIAL CARE AND NURSING HOMES (Paragraphs 15-16)

I can understand DSS's reluctance to propose a new national inspectorate of residential homes. Another agency would need to be created. And there is a danger that public expenditure could increase markedly. But it is essential we avoid any cosy arrangement between Social Services departments and the inspection units.

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Recommendations

- A local authority's inspection unit should not be located within the Social Services department. A Chinese wall is essential. As suggested, independent outsiders could be involved in the arrangements.
- All homes should be inspected regularly.
- Minimum standards should be clearly defined.
- All reports should be made available to the public.
- The arrangements for nursing homes should stay as they are. Another battle with the nursing profession is unwise at this time.

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