

CONFIDENTIAL

PRIME MINISTER

RESOURCES FOR COMMUNITY CARE

1. We have now made considerable progress in sorting out the broad shape of new community care arrangements to be made from April 1991. The funding of those arrangements is a major outstanding issue on which I shall be pressed when the announcement is made. I shall need an agreed line to take both about the arrangements at the point of transfer and, in more general terms, in later years. It will not be sufficient, in my view, to say only that resource issues will fall to be settled in next year's PES.

2. We all acknowledge that in ending a major and popular entitlement to Social Security support for residential care, we need to carry public confidence that something better will be put in its place. For that purpose it will be essential to say that local authorities will be provided with an appropriate share of the resources that central Government would otherwise have needed, in order to carry out effectively the transferred responsibilities. The increases to reflect the new responsibilities would of course need to be clearly visible to local authorities and within them to Personal Social Services.

3. Although I accept that the detailed figures will need to be sorted out in the annual PES process I do not think we can make a major shift of responsibility of this sort without reaching general agreement on the principles which should determine the level of resources likely to be needed at least in the first few years after the transfer.

4. First, a substantial transfer of resources will be needed from DSS provision to local authorities comprising the care element of income support. This cannot all go across at once as DSS will continue to provide total support for existing claimants in private nursing and residential care. But, the sum will steadily build up



as existing claimants die and are replaced by new ones who have been assessed by local authorities. There must also be provision to take account of projected trends. I think it would be helpful in the statement to give some illustrative figures of what would have been the position if the transfer of responsibilities had been made at 1 April 1989. This will make it clear to all parties the principles on which the transfer will be based, although the actual figures will depend on realistic estimates in future PES rounds.

5. Second, a key consequence of our proposals is that there should be greater emphasis on keeping people in their own homes rather than admitting them to residential care. Over time, this should yield savings when measured against what would have been the case had existing arrangements continued. To realise these I believe we will need initially at least to stimulate local authority developments in community care through some targetted specific grants which are discussed in the paper by my officials. While responsibilities are being transferred from DSS to local authorities some extra resources will be needed to expand community care provision in order to provide real and valuable alternatives to residential care at lower costs.

6. Thirdly, there will be some extra administrative costs involved in local authorities taking up new tasks eg on assessments. We will expect to recoup these in savings on what would otherwise have had to be spent but initially at least we will need to make additional funds available.

7. I would be grateful for colleagues' agreement that these issues need to be addressed along the lines I have indicated. Subsequent detailed discussions with Treasury, DSS and DOE colleagues can then take place in the context of a general framework which we have agreed and which can then be refined in the relevant PES negotiations subsequently.



8. Now that our proposals are clearer I shall be writing to the Chief Secretary with my proposals for community care bids for the 1990-91 Survey. These will be geared to ensuring that local authorities are ready to discharge their new responsibilities effectively by 1 April 1991 and that my Department is similarly equipped.

9. I am copying this minute to Nicholas Ridley, John Moore, Peter Walker, Tom King, Malcolm Rifkind, John Major, David Mellor, Sir Roy Griffiths, Sir Robin Butler and Ian Whitehead. I expect that similar points to those I have made arise for Scotland, Wales and Northern Ireland.

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16 June 1989



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Prime Minister

COMMUNITY CARE: SERVICES FOR THE MENTALLY ILL IN ENGLAND

I was invited to circulate further paper on services for the mentally ill in the light of our discussions so far.

Main aims

2. In preparing my proposals I have had two main aims:-

First, to respond effectively to public concerns that whatever the correctness in principle of our present policies of locally based hospital and community services, their implementation has not been working as well as was expected.

Second, to implement the proposals in the Griffiths report in a way that clearly recognises the responsibilities of the NHS in ensuring that severely mentally ill patients are properly cared for when they leave hospital.