

Reference E 0759

MR WILSON

Community Care White Paper

I have looked at the draft circulated by Mr Clarke on 20 October. There are a few points requiring some thought.

2. First is the treatment of people already in the system when the new arrangements are introduced in 1991. In earlier discussions the Prime Minister was strongly of the view that they should receive complete protection. That was the line agreed by E(A) and reflected in the statement to Parliament in July. As you know from my minute of 6 October, DSS were earlier proposing to make a major departure from this line. They wanted to withdraw after 1993 the right to claim under the old system of those who were in residential care in 1991 but not then receiving income support. That proposal is put forward in paragraph 9.5 of the draft White Paper. DSS have however now given it up and they have confirmed that 9.5 should be deleted. It is replaced by the policy expressed at the end of paragraph 9.3 that the preservation arrangements will be kept under review but will continue for a minimum of five years from 1991. This is probably acceptable. (The Annex to Mr Clarke's letter is wrong in saying that the preserved rights will be limited to 1996 for those supporting themselves in 1991).

3. DOH are however proposing to keep a smaller departure from complete preservation of existing rights. This is (as explained in paragraph 9.4) that residents of "small homes", which contain



fewer than four people, would not be able to claim Income Support after 1991 if they were not receiving it then. This may be justifiable. DSS say that no more than 1,000 or 2,000 people would be involved and that, since small homes are not registered they are not obliged to keep adequate records, so that claims from this group of people would be difficult to verify. They also point out that such an exclusion would be consistent with the July statement, which promised preservation of rights only for those in registered homes. But I think Mr Gray might still ask DOH for an explanation of their proposal. It does run counter to the broad policy of preservation earlier decided and it seems unreasonable to expect it to be agreed without explanation and against a tight printing deadline. The confusion in the text, and the inconsistency between the text and the Annex, are other reasons for writing.

4. There is another important point affecting preserved rights. There is a risk that those with such rights would be worse off than those under the new system because some local authorities will give more help with residential home costs than the DSS will through preserved Income Support. Clearly, any major difference of this sort would make the protection given by the preservation arrangements seem less effective. Mr Newton therefore earlier suggested that local authorities should have power to top up preserved Income Support. He rejected action through the benefit system because it could not be sufficiently fine-tuned. Mr Clarke's Annex however, rejects the proposal for local authority topping up, although on the assumption that "hard cases" could be dealt with by DSS. Since Mr Newton has already said that they could not be dealt with in that way, it is not clear what this means. Again, it would seem reasonable for Mr Gray to ask for a fuller explanation.

5. I have one point on another part of the text. Paragraph 8.22, on the funding of the new system, says that the Government "will transfer to local authorities the resources which the Government

would have otherwise provided to finance care through social security payments to people in residential and nursing homes". As put, this seems a dangerous hostage to fortune. These payments have risen very fast over the last few years and without the change in the system would have continued to escalate. The Government will not want to be committed to match this escalation with increases in grant to local authorities. But presumably 8.22 is not meant to refer to the indefinite future but only to the changeover. If so, the point could be easily met by inserting the words "during the changeover to the new system" at the beginning of the sentence.

6. I attach a draft letter accordingly.

GA

G W MONGER

Economic Secretariat
October 24, 1989

Attachment: draft letter

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Draft letter for Mr Gray to send to the
Principal Private Secretary, Department of Health.

Community Care White Paper

Your Secretary of State circulated a draft of the White Paper on 20 October.

In earlier discussions, the Prime Minister was concerned that there should be the fullest possible preservation of the rights of those already in the system when the change takes place in 1991. I think she would therefore welcome a fuller explanation of two proposals which would affect those people. The first is that residents of small homes on 31 March 1991 who were not at that date claiming Income Support would not subsequently be able to claim it. (Incidentally, as regards preservation generally, I assume the position is as set out in paragraphs 9.3 and 9.4 of the text rather than in the last section in the Annex to your Secretary of State's letter). The second proposal affecting those with preserved rights is that local authorities should not be able to "top up" their Income Support. The Annex says that this proposal is made on the assumption that "hard cases" could be dealt with through the DSS system. It would be helpful to have a brief statement of the problem and how it might be dealt with by DSS.

On another point, the last sentence of paragraph 8.22 of the draft White Paper could be interpreted as an open-ended commitment to provide local authorities with extra resources escalating at the same rate as Income Support would have escalated. It might be better to make the sentence less open-ended by inserting the words "during the changeover to the new system" at the beginning of the sentence.

I am sending copies of this letter to the Private Secretaries of the recipients of your Secretary of State's letter.

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