

CONFIDENTIAL

PRIME MINISTER

COMMUNITY CARE

1. E(LG)(90)3 assumes that our community care proposals set out in "Caring for People" will not be implemented as previously planned in April 1991. C. [unclear]
[unclear] B. [unclear]

Pressing on with Community Care

2. I appreciate colleagues' concern about the community charge. But I believe it will hinder not help us if we cancel our community care proposals. The policy is widely popular and those involved in implementing it are enthusiastic and keen to go ahead. If we do not, it will be evident to everyone we are holding back not because of doubts about the policy but because of concerns about the community charge even though the impact of community care on the overall level of the charge is likely to be pretty small. This aspect of our community charge package would be heavily criticised by our own supporters just as much as by our opponents.

3. Colleagues will recall that we agreed to the proposals in "Caring for People" because:

First, we were convinced that the new arrangements would provide a much better community care service, and would make much better use of the resources going into it.

Second, it would demonstrate very clearly our commitment to improved services for the vulnerable groups needing such care just as much as our commitment to better management of the NHS, particularly the acute sector, set out in "Working for Patients".

Third, it offered the only effective means available to us of controlling social security spending on residential and nursing homes.

4. As I say, the basis of our policy in "Caring for People" has been widely welcomed and the bodies concerned with implementing it have been generally very supportive. If we abandon it, it will be very damaging to Government credibility; it will be a major blow to chances of improved care services which are badly needed and widely expected; and it will leave the Government without an effective policy in an area of growing importance which touches many families in many different ways.

5. Against this background, my clear preference is to go ahead as planned. So is Tony Newton's. As I see it, the small additional pressure on the community charge would be much less damaging to us than going back on our community care proposals. Details are set out in the annex. We estimate the extra community charge to be £5.70 a year if there is no central funding at all (other than the transfer of £300 million from the social security programme) and £1.70 a year if there is 70% funding. On LA estimates, the figures would be £14 a year and £4.20 a year. And the LA estimates assume an overall increase of 38% in spending on personal social services. Past experience has shown such LA estimates to be too high. Moreover, there are in any event, practical limits eg, availability of trained staff on how much they actually can spend.

Phased Implementation

6. If, however, colleagues conclude that community charge considerations are paramount, I believe it will be essential not to appear to be abandoning our community care proposals altogether. Instead, I would suggest implementing the proposals in 3 stages, rather than all at once in April 1991. This will give us a fighting chance of keeping a credible position on community care and of maintaining some enthusiasm and momentum amongst supporters of the policy in the field.

7. On this basis, one possibility would be:

Stage 1: April 1991

Full implementation of changes not linked to benefit reforms (ie, the new specific grant for mental illness; new arms length inspection units within local authorities; and new complaints procedures); working to develop and implement the "purchaser/provider" split, so that LAs provide fewer direct services and proposals on local authority and health authority plans; and continue with development projects generally.

Stage 2: April 1992

Implement proposals on LA and health authority plans and for the purchaser/provider split; test out proposals on assessment/case management in preparation for transfer of social security; and refine details of social security transfer.

Stage 3: April 1993

Complete implementation with transfer of social security for new cases after April 1993; and introduce the new specific grant for drugs/alcohol.

8. As set out in the annex, the phased implementation would have some resource consequences for LAs but they would be spread over 3 years. Assuming no funding at all, I estimate the effect in 1991 as equivalent to 60p a year on the community charge in England, in 1992 as equivalent of £1.20 a year and in 1993 as equivalent to £6.10 a year.

9. Our public stance would reflect the reality of the position. Events over the last few months have demonstrated that local authorities still have a demanding programme ahead of them in completing their assimilation of the new community charge arrangements. They have also to carry through the education reforms; and to implement the Children Act 1989 in the autumn of 1991. Against this background, it would be much wiser to implement the community care proposals in stages. I would make an announcement along these lines to the House, immediately after the announcement on community charge. I would be careful in the announcement not to claim that local authorities do not want to or are quite unable to implement the community care proposals fully in 1991. Such a claim could not be substantiated.

10. I am copying this to those attending E(LG) and to Sir Robin Butler.



3 July 1990
Secretary of State for Health

KC

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ANNEX

All figures exclude the mental illness specific grant, as this would be included in all options.

1. Implementation as planned in April 1991 would, on DH estimates, cost £204 million above the transfer (including the specific grant for drug and alcohol misusers). This would add £5.70 to the community charge if no addition were made to AEF, £1.70 if funded at 70%. (The local authority associations' estimate of £500 million would add £14 to the community charge if no addition were made to AEF, £10.10 if £204 million were funded at 70%).
2. Stage 1 would cost about £20 million in 1991/92, adding 60p to the community charge if not funded, 20p if funded at 70%.
3. Stage 2 would cost about £40 million in 1992/93, adding £1.20 to the community charge if not funded, 35p if funded at 70% (i.e. an additional 60p/15p over 1991/92).
4. Stage 3 (full implementation) would cost about £220 million in 1993/94, adding £6.10 to the community charge if not funded, £1.80 if funded at 70% (i.e. an additional £4.90/£1.45 over 1992/93).