

CEU
K

PRIME MINISTER

P 03475

RESOURCES FOR COMMUNITY CARE

[Minute of 16 June from the Secretary of State for Health]

Mr Clarke's ^{with Mr?} minute is concerned with the transfer of resources from central government (in particular from the Department of Social Security) to local authorities in 1991-92 and subsequent years, to finance their new responsibilities for community care.

2. There seem to be a lot of points in the paper which are more suitable for discussion in the Public Expenditure Survey than for decision at this meeting. You may wish to invite Mr Clarke to pursue the issues further with the Chief Secretary in PES in the normal way. The only immediate issue is what Mr Clarke should say when he makes his statement in July. One approach might be for him to say no more than is in paragraph 2 of his paper: namely, 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.

MAIN ISSUES

3. It is common ground between Departments that a transfer of resources will be necessary. But Mr Clarke wants to give public assurances in July about the way it will be handled and about extra resources during the transition to the new system. These issues have not been discussed in the Cabinet Office group: the understanding was that the detailed arrangements could be settled in next year's Public Expenditure Survey.

4. The main proposals in Mr Clarke's minute are:

- i. that the July statement should make clear how the resource transfer will be handled (paragraph 4). It is



clear that some general statement about resources will be needed in the statement but it is not clear why it needs to go as far as Mr Clarke suggests, for instance including illustrative figures. You might ask Mr Clarke to seek to agree a form of words with Mr Major and Mr Moore on the lines of the second paragraph of his paper, saying the minimum necessary at this stage.

ii. that extra resources should be made available in 1991-92 and subsequent years to ease the transition to the new system (paragraphs 5 and 6). The proposal is that additional money would be needed for the development of home care services and for administrative costs in advance of savings on residential care. Here again it is not clear why a decision on this issue is needed for the July statement. Mr Major will certainly resist any general and unquantified assurance that extra money will be made available. You may wish to ask Mr Clarke to bring forward detailed proposals in PES.

iii. that extra resources should be provided in 1990-91 to help local authorities prepare for the new system (paragraph 8). The Chief Secretary is likely to dispute the case for additional spending next year. In any case it is unclear how resources could be targeted on community care since any new specific grant would require legislation which could not now be enacted before 1 April 1990. But here again this need not be resolved in your Group. You might simply ask Mr Clarke to put detailed proposals to colleagues as soon as possible in the context of PES.

A handwritten signature in blue ink, appearing to be 'RTJ' with a flourish.

R T J WILSON

19 June 1989