

**SECRET**

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1 May 1990

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From the Secretary of
State for Health

Dear Barry

COMMUNITY CARE

You asked for a table which would compare the total public expenditure consequences of implementing the change from 1 April 1991 and of deferring it for one year in order to clarify the figures given in paragraph 3.3 of the officials paper.

The attached sheet gives two estimates. The first table sets out the expected effect on local authority expenditure only assuming that the middle estimate (Estimate B) is followed.

The second table sets out our estimates of the total public expenditure consequences. The local authority figures in this table include the expected DSS transfer. I should stress that Treasury have not agreed these figures. The estimates for each expenditure head would need to be discussed in the Public Expenditure Survey and the size of the DSS transfer will itself be dependent upon decisions on the proportion of current spending which should be allocated to housing benefit. Nevertheless, the figures give a broad indication of the likely difference in expenditure if the changes are deferred until April 1992.

I am copying this letter to the private secretaries of those Ministers who received a copy of Secretary of State's minute of 30 April.

Yours
And

A J McKEON
Private Secretary

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TABLE 1: LOCAL AUTHORITY EXPENDITURE ONLY

England (1991/92 Prices)	91/92 £m	92/93 £m	93/94 £m	94/95 £m
Implementation April 1991	232	278	279	208
Implementation April 1992	30	242	293	294

TABLE 2: TOTAL PUBLIC EXPENDITURE

England (1991/92 Prices)	91/92 £m	92/93 £m	93/94 £m	94/95 £m
Implementation April 1991				
Local Authorities	535	948	1217	1446
HCHS	53	50	58	64
Social Security	1368	1186	1077	956
TOTAL	<u>1956</u>	<u>2184</u>	<u>2352</u>	<u>2466</u>
Implementation April 1992				
Local Authorities	30	572	1021	1305
HCHS		57	54	61
Social Security	1825	1675	1437	1333
TOTAL	<u>1855</u>	<u>2304</u>	<u>2512</u>	<u>2699</u>

Note: The automatic transfer from DSS to LAS and the HCHS is included in their lines and subtracted from the Social Security costs.

NB: Figures not cleared in detail with DSS.