

B/F with
Dr Fowler's minute

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PRIME MINISTER

5 December 1986

REVIEW OF COMMUNITY CARE

The Audit Commission will publish a report before Christmas attacking the way in which the community care policy is being implemented. This has concentrated Norman Fowler's mind: he wants to defuse the growing criticism by announcing that Roy Griffiths is reviewing the whole subject.

press conference
held Tuesday

The financial arrangements are certainly a shambles with an enormous budget divided up roughly as follows:

NHS	Community Health Services	£0.8 b
NHS	Day Patient Care	£0.1 b
LAs	Residential Homes	£0.6 b
LAs	Domiciliary Services	£1.3 b
Social Security	Disability Benefits	£1.5 b
Social Security	Nursing Homes	<u>£0.2 b</u>

Total (but list is not comprehensive)

£4.6 b

It is a good idea to review the whole subject. I recommend that you warmly welcome Norman Fowler's proposals but you may want to add the following points.

First, Norman Fowler nowhere sets out a timetable. I understand that he is thinking in terms of a report by the Autumn of next year but doesn't wish to announce anything to tie him down if election fever mounts. But Autumn is surely the latest possible ^{date} ~~date~~ for a useful, sharp report. You may therefore want to suggest you will chair a meeting in the Spring to get a progress report. That should keep the work on track.

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Secondly, the terms of reference are drafted as if community care is obviously the right policy and the only question is how best to implement and finance it. Community care is best for some people. But, as you were pointing out the other day, a well run, modern long stay institution in the countryside may be a better way of treating some groups (eg severely mentally handicapped) than sticking them in a hostel in a city centre. So the review should also investigate the scope of community care.

Thirdly, the Review will prepare the ground for capping the uncontrolled growth of Supplementary Benefit expenditure on nursing homes, which has zoomed up from £20m in 1979/80 to £240m in 1984/85 and is still growing. But at least this spending is a sort of voucher with which people are buying private care of their own choice. It would be a pity if sensible cash controls also led to a return to public sector provision. The private sector can contribute in other ways apart from nursing homes. For example, rigid job demarcation in the public sector can lead to over-elaborate provision of care by lots of different groups. It might be much more efficient to buy a package of care from one private sector organisation which provided a combined home help/meals on wheels/basic nursing service. The voluntary sector can also provide a lot.

Finally, you may be worried whether Roy Griffiths will be able to take on this extra task. His work as Deputy Chairman of the Management Board is already taking a lot of time as Norman Fowler and Tony Newton are preoccupied with Aids. And of course he still has his work at Sainsburys. But Sir Roy is confident he can take this on. It is very encouraging that, after being suspicious at first, Norman Fowler is now keen to use his abilities as much as possible.

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Conclusion

I recommend that David Norgrove write to Norman Fowler's office welcoming the review but noting that:

- you will want to hold a meeting to check progress in the Spring;
- it should also investigate whether community care is always the best and most cost-effective option;
- it should investigate innovative ways of using the private and voluntary sectors.

David Willetts

DAVID WILLETTS



cc: BGF

BGF Wednesday

PRIME MINISTER

REVIEW OF COMMUNITY CARE

I am concerned that our community care policy should be as effectively delivered and effectively managed as possible. It is a key element in our strategy for the health service, for the personal social services and for social security. And we devote substantial public funds to it. So we need to be sure that we are doing all we can to get it right.

I therefore propose to ask Sir Roy Griffiths, the Government's adviser on the health service, to undertake an overview of community care policy. The review will be in the nature of Sir Roy's very successful review of management in the health service - in other words it will not be a long Royal Commission type investigation but an inquiry leading to action. Sir Roy will be able to take on points raised by other departments.

The terms of reference of his remit would be:

"To review the way in which public funds are used to support community care policy and to advise me on the options for action that would improve the use of these funds as a contribution to more effective community care".

We have in hand detailed studies of certain aspects of community care, particularly residential care. But we need to complement these studies by the overview I am proposing for three main reasons.

First, the present structure of social security benefits may encourage people to go into residential or nursing care, when they

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might actually be better off in their own home and prefer to remain there. It is important that the social security system is sensitive to individual requirements. But it is equally important that the system should operate neutrally and not distort individual choice. Given the sharp rise in expenditure on residential and nursing care in recent years, we need to see whether the system is operating sensibly and fairly. One of the main focusses of Sir Roy's work will therefore be to examine the financing of nursing homes, residential care homes and other group accommodation in which social care facilities are provided on a communal basis and compare it to the financing of domiciliary care.

Second, substantial public funds go, quite rightly, into supporting our community care policies. They are provided through social security, through the personal social services run by local authorities and through the health service. Given the scale of funds involved, we need to look at whether they are being used to give best value for money, whether they are properly targeted and whether people who have help are given the help most appropriate to their needs.

Third, there is considerable variation in the way that community care funds are managed in different parts of the country. And indeed it is sensible that the arrangements should be capable of adaption to suit local circumstances. But this does not mean that there is no scope for better budgetary and other financial management arrangements, which would help to improve the use of resources. This, too, is an area which would benefit from an expert outside scrutiny.

I expect the Audit Commission to publish a report on community care shortly before the Recess, which will be critical of the implementation of community care policy. I propose to announce Sir Roy's inquiry before then.

I am copying this minute to the Scottish, Welsh, Northern Ireland and Environment Secretaries, to the Chief Secretary and to Sir Robert Armstrong.

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