



National Health Service in Scotland
Management Executive

St. Andrew's House
Edinburgh EH1 3DG

Dear Colleague

**COMMUNITY CARE: TRANSFER OF RESOURCES
FROM THE DEPARTMENT OF SOCIAL SECURITY TO
LOCAL AUTHORITIES**

Summary

1. I enclose copies of 2 documents. Annex A is a copy of a letter, issued to local authorities on 2 October, which details the resources to be transferred to them from the Department of Social Security from 1 April 1993. Annex B is a statement made by Lord Fraser to the Convention of Scottish Local Authorities.

Action

2. Annex A should be used as background by Boards to inform their discussions with local authorities about the implementation of the Government's community care policy.

3. Attention is drawn to the last paragraph on the first page of Annex B. This announces the Secretary of State's decision to make a direction which will have the effect of requiring local authorities to give individuals a choice within reasonable cost and practical limitations of the residential or nursing home which they wish to enter. Consultation will be initiated shortly on the terms of the direction and Boards may now wish to begin considering their responses.

Yours sincerely

I. G. Rae

p.p. WILLIAM MOYES
Directorate of Strategic Management

5 October 1992

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Chief Executives of Regional and Islands Councils

2 October 1992

Dear Sir

COMMUNITY CARE: RESOURCES FOR 1993-94

This letter advises local authorities of the Secretary of State's plans for financing the provision of community care by local authorities in 1993-94 and, in particular, announces the distribution of the resources to be transferred from the Department of Social Security. It also tells authorities of his proposals to secure choice for individuals who are assessed as requiring a place in residential care or nursing homes after April 1993. This letter amplifies the statement made by Lord Fraser today.

Background

Under the funding proposals set out in the White Paper "Caring for People" existing residents receiving public support as at 31 March 1992 will continue to receive payments from the Department of Social Security (DSS) for as long as they remain permanently resident in such homes. New residents seeking such support will receive from DSS ordinary Income Support and a Residential Allowance (in place of Housing Benefit referred to in the White Paper) and will look to local authorities to meet the residual costs, (the "care costs"). The local authority will recover from the resident a charge according to his or her means, taking into account the payments from DSS.

The number of existing residents supported by DSS will decline gradually over the years. As this occurs, the resources released, will be transferred to local authorities.

DSS Transfer

The total transfer for Great Britain (GB) makes assumptions about a number of factors including the rate of decline of existing cases, the growth in clients as a result of demographic change and the changing patterns of service delivery. Scotland's share of the GB transfer has been set at 8.6% of the total, rather more than our current share (7.6%) of DSS' expenditure. Under Public Expenditure Survey conventions, the transfer will continue for 3 years by which time around half of the total will have been transferred. Thereafter, the continuing transfer of responsibility will be reflected in the annual determination of local Government expenditure. A fuller explanation of the transfer is to be found at Annex A.

Additional Resources for Community Care

In the calculation of GAE for both 1991-92 and 1992-93 the Secretary of State allowed for the additional costs to local authorities of implementing the Government's community care reforms. £10m was allowed in 1991-92 for the introduction of arm's length inspection units, complaints procedures and the Mental Illness Specific Grant. In 1992-93, a further £11m was allowed for the extension of the Mental Illness Specific Grant and for the advance costs in that year of full implementation from April 1993. The cumulative addition for implementation is £21m. This does not, of course, reflect the total cost of community care: the resources available for social work services generally are already largely devoted to such services and they, too, have benefited from additions in recent annual settlements.

In 1993-94, the Secretary of State has decided to make available to authorities further resources on top of the DSS transfer in recognition of the cost to them of full implementation of the reforms from 1 April 1993. A sum of £20 million will be provided for this purpose. This is additional Government support which will be fully reflected in the resources made available to authorities through GAE. It is planned to distribute the sum through the recently agreed assessment for 'needs for community care'.

This addition recognises that local authorities will under the new arrangements incur additional costs for assessment and care management, information technology and publicising the arrangements; that there are pressures on authorities, eg on matters such as "topping up", as a consequence of the transfer; and that it is important to develop domiciliary and respite services. The Secretary of State wishes to encourage particularly the development of respite care and other practical support for carers. He is also planning to increase again the resources devoted to the Mental Illness Specific Grant to continue the development of new services created over the last 2 years for this important group of people.

Timetable

The distribution described in this letter, updated as necessary in the light of the latest figures for needs will be included in the distribution of GAE for 1993-94 which is planned for announcement in November. More generally, the transfer and the additional resources for community care will be announced as part of the Secretary of State's statement of the resources available for local government generally in 1993-94 to be made in the next few weeks.

Securing Individual Choice

Under the current arrangements an individual may choose the residential or nursing home which they consider best suits them, subject to financial considerations. The Government considers that this choice should be retained as far as possible under the new system. Departmental guidance has emphasised that users of services should be fully involved in assessments and their views taken fully into account when deciding on the care to be provided. The Government considers that the most satisfactory way of securing an individual's right to choose where they should live is to place a legal obligation on authorities to offer to place a person in a home of that individual's choice, subject to certain reasonable

The sums to be transferred to Scotland as above are, as follows:

	£m
1993-94	40.6
1994-95	106.2
1995-96	158.3

Distribution of the Transfer

Agreement has been reached within the Distribution Committee on the basis for distribution within Scotland of the transfer. The primary approach is needs-based but this is adjusted to allow transitional protection over a period of 3 years for those authorities with relatively high levels of DSS claimants at present. The distribution on this basis for the years 1993-94 to 1995-96 is set out in Annex B, together with the detailed calculations used by the Distribution Committee. Table 1 shows the figures for each authority on the basis of 'needs' and on the present pattern of DSS expenditure in Scotland. Table 2 shows the levels of direct transitional protection and Table 3 brings together the 'needs' and transitionally protected distribution. Authorities should note that in Table 1 the "needs" distribution has been calculated from the data used in the distribution of Grant Aided Expenditure (GAE) for 1992-93. The current pattern of DSS expenditure is calculated from a survey by DSS of claimants in July 1992. These figures will be issued in their final form when 1993-94 GAE data are available but will not change significantly.

The transfer covers expenditure by DSS in support of not only elderly, mentally ill, mentally handicapped and physically disabled people but also drug and alcohol abusers, homeless persons (including the young homeless in specialised accommodation such as registered hostels), mothers and babies in registered specialised accommodation, terminally ill people in nursing homes, people on probation and ex-offenders in registered accommodation. The transfer calculations recognise that the lengths of stay for these smaller client groups are usually rather short: authorities can expect therefore in their first year of the transfer to receive a significant number of approaches for support from persons within such client groups. This has been taken into account in arriving at the transferred sum.

The transfer covers respite care for all adult client groups. The transfer also recognises that DSS will pay the Residential Allowance for respite admissions to residential care or nursing homes in the independent sector, on the same basis as for long-stay admissions to such homes.

The transfer from DSS is a substantial part of the funding of community care and, particularly, the support of persons in homes in the independent sector. Now that the transferred sums are known in virtually their final form the Secretary of State expects authorities to press ahead with making firm arrangements with services providers, particularly residential care and nursing homes in the private and voluntary sectors, for the provision of both long term and respite care when authorities assume this responsibility.

The Secretary of State also wishes to use this letter to reinforce his view that local authorities should work closely with health boards to agree policies and arrangements for the admission of persons to such homes and for the discharge of persons from long-stay hospitals.

conditions including limitations on cost. Such an obligation would include offering to place a person in more expensive accommodation than the local authority would normally consider appropriate, provided a third party (eg a relative) agreed to pay the difference. Accordingly, the Government proposes to issue a statutory direction to authorities to this effect under the powers available to it under section 5(1A) of the Social Work (Scotland) Act 1968.

The Secretary of State will be consulting local authorities, Health Boards and other interests soon on the terms of the direction.

Alignment of Charges

The arrangements for the alignment of DSS' and local authorities' assessments of ability to pay are proceeding. New regulations will be made soon and will come into effect on 12 April 1993. The main community care changes will come into effect on 1 April 1993.

The revised arrangements will continue the discretion given to authorities to disregard the value of a person's home where it is also the home of a carer and will be financially beneficial to existing residents with savings of between £1,200 and £8,000. Existing residents with savings of more than £8,000 will pay more but the effect will be phased and they will suffer no increase in the first year.

Conclusion

The aim of this letter is to identify clearly the amounts to be made available to authorities for the implementation of community care, the sums involved for each authority and the client groups concerned.

The announcements in this letter are the last of the major building blocks for full implementation of the Government's community care policy from 1 April 1993. The Secretary of State now looks to local authorities, working with health boards, the voluntary and private sectors to carry forward the policy and to achieve its objectives.

The resources available to local authorities for community care both at present and as now allocated for in 1993-94 are significant. Authorities require to ensure that not only the resources directed to the relevant services but in doing so they secure value for money. The market for some services, particularly residential and nursing home care, is competitive and authorities will be expected to use their role as purchasers to obtain competitively priced services of good quality.

Copies of this letter are being sent to Directors of Finance and Directors of Social Work.

Yours faithfully

N. G. Campbell

N G CAMPBELL

SOCIAL SECURITY TRANSFER

1. The amount of the transfer for the three years 1993-94 to 1995-96 has been set as follows:

	DSS Transfer		
	93/94	94/95	95/96
England	403.6	1055.9	1574.1
Scotland	40.6	106.2	158.3
Wales	27.8	72.9	108.6
	<hr/>	<hr/>	<hr/>
GB Total	472.0	1235.0	1841.0

2. The formula for calculating the transfer (T) is $T = (X-C)(N-P)$, as explained in the following Table:

The cost of higher rate income support (IS) and attendance allowance to which people would have been entitled under the old system. (X)	minus	The cost of normal rates of IS and residential allowance to which people will be entitled under the new system (C)
multiplied by		
The number of people who would have been expected to claim higher levels of IS for residential care and nursing homes under the old system (N)	minus	Those with preserved rights (P)

Because the Department of Social Security is responsible for social security throughout Great Britain, the transfer formula was applied to Great Britain as a whole and the resulting transfer apportioned between countries (see paragraph 4 below). In this Annex only, data relates to Great Britain as a whole except where otherwise stated. The administration of the transfer in Scotland and Wales is, however, a matter for their respective Territorial Departments.

3. In calculating the amounts, assumptions had to be made on a number of factors, namely:-

- i. the rate of growth in the number of people who would have been expected to claim higher levels of IS had the present system continued;
- ii. the amounts by which social security benefits will have been uprated;
- iii. the rate of decline of the number of clients with preserved rights to the higher rate of IS;
- iv. social security payments for new clients;
- v. the territorial distribution.

4. Scotland's share of DSS' present expenditure is 7.6% of the GB total. The Government has decided that the GB transfer should be divided between the three countries in the following proportions:

England 85.5%	Scotland 8.6%	Wales 5.9%
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For Scotland, this means additions over the transfer period of £5m, £12m and £18m as compared with a transfer based on the present pattern of DSS expenditure.

In determining these proportions, information was considered relating to the distribution of IS expenditure on residents of independent homes and the distribution of severely disabled people between the three countries, using the data from the OPCS Surveys of Disability.

5. Details of the assumptions underpinning the transfer and the detailed calculations of the transfer will be made available once the main public expenditure announcements for 1993-94 have been made.

Distribution of DSS Community Care Transfer
(including transitional arrangements)

	1993-94 £000's	1994-95 £000's	1995-96 £000's
BORDERS	1420	3238	4118
CENTRAL	2047	5355	7983
DUMFRIES	1177	3080	4609
FIFE	2374	6492	9868
GRAMPIAN	4022	10522	15683
HIGHLAND	2374	5303	6548
LOTHIAN	5777	15795	24010
STRATHCLYDE	17011	45195	68701
TAYSIDE	3687	9279	13831
ORKNEY	159	434	660
SHETLAND	174	477	725
W ISLES	376	1029	1565
TOTAL	40600	106200	158300

These figures are based on 1992-93 statistics. They will be updated in final form for issue with the Grant Aided Expenditure Assessments for 1993-94. However, the changes in the final figures will be small and the figures above should provide a good basis for local authority planning purposes.

TABLE 1: Shares on "Needs" and Present Pattern of DSS Expenditure

	Needs (1)	DSS Spend (2)	Difference (Needs-DSS)
	%	%	%
BORDERS	2.44	4.46	-2.02
CENTRAL	5.04	5.19	-0.15
DUMFRIES	2.94	2.89	0.05
FIFE	6.29	4.51	1.78
GRAMPIAN	9.91	10.14	-0.23
HIGHLAND	3.71	7.58	-3.87
LOTHIAN	15.30	12.31	2.99
S'CLYDE	43.76	41.83	1.93
TAYSIDE	8.74	10.78	-2.04
ORKNEY	0.42	0.06	0.36
SHETLAND	0.46	0.03	0.43
W ISLES	1.00	0.22	0.78
TOTAL	100	100	8.31 -8.31

Notes

1. Combination of 1992-93 GAE distributions for Services for the Elderly and Services for the Handicapped, weighted 75/25.

2. Per revised DSS figures at July 1992.

TABLE 2: Calculation of Transitional Protection

	1993-94 (£35.9m) (1)		1994-95 (£93.9m) (1)		1995-96 (£139.9m) (1)	
	Distribution on Needs	Transition Protection (75%) (2)	Distribution on Needs	Transition Protection (50%) (2)	Distribution on Needs	Transition Protection (25%) (2)
	£000	£000	£000	£000	£000	£000
BORDERS	875	544	4188	949	6240	707
CENTRAL	1810	40	4873	69	7261	51
GRAMPIAN	3557	63	9521	109	14186	81
HIGHLAND	1333	1041	7118	1815	10604	1352
TAYSIDE	3137	550	10122	959	15081	714
TOTAL		2238	-7804	3902	-11627	2907
		12950		31921		44652

Notes:

- (1) Transfer to Scotland, if based on existing DSS spend.
- (2) 1993-94 = 75% of difference; 1994-95 = 50%; 1995-96 = 25 %
- (3) Sum of 'Needs' and 'Transitional Protection' (Columns 1 + 4)

TABLE 3: Final Distribution

	1993-94		1994-95		1995-96	
	Protected Distribution (1)	Needs Based (2)	Protected Distribution (1)	Needs Based (2)	Protected Distribution (1)	Needs Based (2)
	£000's	£000's	£000's	£000's	£000's	£000's
BORDERS	1420	1420	3238	3238	4118	4118
CENTRAL	1850	2047	4804	5355	7106	7983
DUMFRIES		197		551		876
FIFE		20		-28		-147
GRAMPIAN	3619	2374	9412	6492	13942	9868
HIGHLAND	2374	403	5303	1109	6548	1742
LOTHIAN		2374		5303		15683
SCYLOE		5777		16193		24776
TAYSIDE	3687	17011	9163	46333	12938	70891
ORNEY		3687		116		893
SHETLAND		159		445		681
WISLES		174		489		748
		376		1055		1614
TOTAL	12950	40600	31921	106200	44652	158300

Notes

- (1) From Table 2, columns 5, 10 and 15
- (2) Per Table 1, column 1 for relevant authorities
- (3) Adjustment to ensure that Central, Grampian (and Tayside in 1995-96) do not fall below their needs-based distribution

STATEMENT MADE BY LORD FRASER TO COSLA SOCIAL WORK
COMMITTEE ON 2 OCTOBER

Community Care

The main topic of our meeting today is community care and I would like to open by telling you the level of finance which the Government will make available to Scottish local authorities in 1993-94 for community care. I want to say something about the important issues of choice and value for money, and also about our proposals for the Social Work Services Inspectorate and the inspection of services generally.

Choice

As you know, the final stage of implementation of community care takes place in April 1993 with the transfer to local authorities from the Department of Social Security (DSS) of responsibility for the financial support of those entering residential and nursing home care. At present, people can choose to enter a home and then apply to DSS for support to meet the fees. After April 1993, any person seeking public support for residential care or nursing home will first be assessed by the local authority. However, the Government are determined that people entering residential care with public support should continue to have a choice of home within reasonable cost and practical limitations. We believe that individuals should be able to choose to stay in a particular home, for instance to be near friends or relatives, or because the home is run by their church or some other organisation with which they have connections. This choice would not be confined to homes within the authority's area. We believe that the maintenance of choice of this kind will make an important contribution to the happiness and well-being of people entering residential care or nursing home care. It will also promote diversity of provision and the mixed economy of care.

The Secretary of State has therefore decided to make a direction under the powers taken in the National Health Service and Community Care Act 1990 to require local authorities to give individuals this choice within the limitations I have mentioned. We shall be consulting the Convention, Health Boards and other interests on the terms of this direction.

Under these arrangements the local authority would have to pay no more than it would normally pay for that type of care and accommodation. If the home costs more and a third party such as the son or daughter was prepared to meet the difference, then that person's wishes to enter that home should be respected.

Finance

Those people who are currently resident in residential care and nursing homes and supported by DSS will have preserved rights. The local authorities will have the responsibility of meeting the costs of all new residents after 1 April 1993. To meet the costs of this we will be transferring to the local authorities resources over the next three years corresponding to the amounts of support DSS would otherwise have had to pay.

Had the transfer been determined on the basis of DSS' existing pattern of expenditure Scotland would have received £36 million in 1993-94. The sum to be transferred to local authorities in that year will in fact be £40.6 million. This recognises that the present pattern of DSS expenditure does not reflect the needs of Scotland. The transfer in 1994-95 will be £106 million and in 1995-96 £158 million both containing corresponding increases over the DSS pattern. The transfer will be distributed among authorities on the basis of a formula which has been agreed in the Distribution Committee between The Scottish Office and the Convention. The formula is based on needs measured by the numbers of elderly and disabled people living within the authority's area. There is also a transitional protection arrangement built into the formula to take account of the fact that some authorities have numbers of residential places out of proportion to their populations. This method of distribution will be subject to review with COSLA after the first year. As a result of these arrangements, all authorities will receive either more or much the same as DSS would otherwise have spent. The details of the sums and their method of calculation will be set out in separate letters sent to local authorities today.

These letters will make clear that these sums are intended to support expenditure by authorities on residential care and nursing homes and the provision of community care services generally. The sums will be clearly

and separately identified within Grant Aided Expenditure so that there is no doubt about their purpose.

In addition, the Government recognise that local authorities will incur extra costs for assessment, care management and administration and for other aspects of the development of community care, such as information technology, from next April. We also wish to increase the Mental Illness Specific Grant so that more projects for this important group can be undertaken. We want to see the development of the home help service, respite care and other forms of practical support for carers, such as attendant schemes. We have therefore decided to make available a further £20 million within Aggregate Exchequer Finance in respect of community care. Taking account of the DSS transfer and the additions made in 1991-92 and 1992-93, this will amount to a total of £81 million in 1993-94 of new resources for local authorities to use on community care in Scotland, compared with 1990-91.

Value for Money

In using these resources I expect authorities to take a close interest in value for money. The market for residential care services, in particular, is a competitive one and I expect local authorities to make the best use of their role as purchasers to obtain services at keen prices and thus obtain good value for all those dependent on community care services.

The announcement of the resources to be made available is the last part of the major building blocks for full implementation of our community care policy. We now look to local authorities to carry forward that policy and to achieve our shared objectives. Co-operation between all agencies is essential and we expect to see, in particular, agreement between health boards and local authorities on their responsibilities particularly areas like hospital discharge, and how they will work together to ensure the success of the policy.

Inspectorate

In April this year we established a Social Work Services Inspectorate in

The Scottish Office. In April last year, as part of our community care reforms, we asked local authorities to set up local inspection units at arm's length from the management of their social work departments. These units were to inspect not only independent homes but also those run by the local authority itself. Inspection has a key part to play in maintaining quality. In our 1992 Manifesto we undertook to publish later this year new proposals for the inspection of social work in Scotland and for the setting up of arrangements for systematic independent inspection of all care services in every local authority social work department. A document containing these proposals will be published for consultation within the next few weeks. The key areas which it will discuss are the important role of lay people within inspection, the need to make the inspection process more open and to separate clearly the tasks of inspection from management. The consultation document will set out more fully our proposals in this area and will be the subject of wide consultation. It will also take account of the comments made by the Convention on our first consultation document.