



Police  .....

Other Bodies/Individuals  Janet Purcell, Executive and Support Manager

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

**Leader Decision Making Session - 5 October 2010.**

**Consultation on Changes to the Allocation Formulae for  
Social Care Grants**

**Report of the Strategic Director, Resources**

**Recommendation**

That the Leader approves the response to the Consultation on Changes to the Allocation Formulae for three Social Care Grants attached at Appendix A, as the formal response of Warwickshire County Council.

**1. Introduction**

- 1.1 On 27 July 2010 the Department of Health released a consultation on changes to the distribution mechanism for three Social Care grants;
- Learning Disability Commissioning Transfer Grant
  - Preserved Rights Grant
  - AIDS support grant
- 1.2 The consultation and its outcomes will only be relevant if the three funding streams remain as specific grants, controlled by the Department of Health. The Comprehensive Spending Review (CSR), to be announced in October 2010, may conclude that some or all of the grants are instead absorbed into and distributed with the Formula Grant.
- 1.3 Our proposed response to the consultation is attached as Appendix 1. This report provides a brief background to each grant and the options for their future allocation. The report seeks Leader approval to submit our response before the consultation closure date of 6 October 2010.

**2. Learning Disability Commissioning Transfer Grant**

- 2.1 In August 2008, the Department of Health confirmed that the responsibility for commissioning and funding social care for adults with learning disabilities would be transferred from Primary Care Trusts to Local Authorities. The transfer of funding for the remainder of the CSR 2007 period was to be negotiated locally between the Local Authority and the PCT. In Warwickshire, the grant transferred from the PCT for 2010/11 was £13.838 million. The

consultation asks for confirmation of this figure. Due to the complexities of the transfer, local provision was made to review the figure once the transfer had taken place. In liaison with the PCT, we are currently reviewing the figure and, if necessary, will include a revised figure as part of this consultation response.

2.2 From 2011/12 onwards, funding will be transferred centrally from the NHS budget and issued to local authorities, either by being subsumed into Formula Grant or by one of the two methods proposed in the consultation.

2.3 The consultation proposes that the grant should be distributed either by reference to the locally negotiated amounts, or according to the “Younger Adults Adult Social Care Relative Needs Formula (RNF)”, as used in calculation of the current Formula Grant. Based on the total value of transfers reported under CSR 2007, the Department of Health provides the following indicative allocations for Warwickshire;

- Locally negotiated amount - £13.838 million.
- Younger Adults RNF - £10.953 million

These allocations may change if the total amount available for the grant is amended as a result of the spending review.

2.4 Our response to the consultation favours the use of locally negotiated amounts because they more accurately reflect the transfer of cost to the local authority.

### **3. Preserved Rights Grant**

3.1 Prior to 1993, people entering residential care had been able to claim income support to meet the costs of their accommodation and care. From 1993 onwards, the cost had to be met by the local authority. The Preserved Rights Grant, introduced in 2002, assists local authorities in meeting the cost of this care.

3.2 The Preserved Rights Grant is currently allocated to local authorities as part of Area Based Grant (ABG) and is based on the number of preserved rights residents in each local authority in September 2002. Warwickshire’s allocation for 2010/11 was £2.347 million. In 2009, the Department of Health surveyed all local authorities to ascertain the number of clients remaining.

3.3 The consultation proposes that the grant should be allocated either by reference to the 2009 caseload data, or through the Adult Social Care Relative Needs Formulae (RNF). Based on the current funding available for Preserved Rights, the Department of Health provides the following indicative allocations for Warwickshire;

- 2009 Case Load Data - £2.377 million
- Adult Social Care RNF - £2.050 million

3.4 Our response to the consultation favours the use of the 2009 caseload data because it more accurately reflects the cost of Preserved Rights clients to the local authority.

#### 4. AIDS Support Grant

4.1 The AIDS Support Grant supports social care for people living with HIV/AIDS. The grant allocations are currently updated annually based on the most recent data from the Health Protection Agency. 70% of the grant is allocated in proportion to the number of people in each local authority area who have HIV. The remainder is allocated in proportion to the number of women and children in each local authority area who have HIV. For the CSR 2007 period, Warwickshire received the following grant allocations;

- 2008/09 - £0.047 million
- 2009/10 - £0.080 million
- 2010/11 - £0.101 million
- **CSR 2007 Total £0.228 million**

4.2 The consultation proposes that the grant should be fixed for the CSR 2010 period, rather than varying annually in accordance with the most recent data. Our response supports this proposal as it will afford us greater certainty in planning the services funded by this grant.

4.3 The consultation also proposes two alternatives by which the grant should be distributed to local authorities; either by the current method, with reference to the most recent data, or through the “Younger Adults Adult Social Care Relative Needs Formula (RNF)”. Based on the current funding available for the AIDS support Grant, the Department of Health provides the following indicative allocations for Warwickshire for each year of the spending review period;

- Fixed allocation using most recent data - £0.063 million
- Younger Adults RNF - £0.217 million

4.3 Our response to the consultation favours the use of the most recent Health Protection Agency Data because, as with the other grants in this consultation, the formula proposed does not offer an adequate measure of the distribution of need.

DAVID CLARKE  
Strategic Director, Resources

Shire Hall  
Warwick

14 September 2010

## **Consultation Responses**

### **Introduction**

We would like to thank the Department of Health for this opportunity to respond to the Government's consultation. We believe that all three grants should be distributed outside the Formula Grant System. The Four Block Model, as it currently stands, is not fit for purpose. Elements based on judgement effectively wipe out the distribution of funding indicated by evidence-based formulae.

### **Learning Disability Commissioning Transfer Grant**

**Do you have any comments about the options? For example, about your reasons for choosing a particular option, issues you would like to draw to our attention or an alternative suggestion for allocating the grant.**

Ideally, we would prefer to see the Learning Disability Commissioning Transfer Grant distributed by means of a formula based on data collected independently of local authorities.

However, given the number and size of the variations when compared to the locally reported figures, it is evident that the Younger Adults Adult Social Care Relative Needs Formula does not provide an adequate basis for the distribution of the grant. Distributing the grant by means of this formula would arbitrarily advantage or disadvantage most authorities, leading to significant changes from the current funding. The variances range from a reduction of 80% to an increase of 971%. We therefore support option LDT1 which distributes the grant according to the value of the current arrangements.

It is unlikely that a client group transferring from the PCT to a local authority would share the same characteristics as any of the local authority's existing client groups. Therefore, it is equally unlikely that any of the current formulae will serve as a fair mechanism by which to distribute this grant.

It is our view that, in such a situation as this, the funding should be distributed via a non-ringfenced specific grant until such time as a distribution model can be developed to direct funding in a satisfactory manner.

In the longer term we would urge that the Government continues to maintain funding for individuals with learning disabilities. Findings from the Centre for Disability Research suggested sustained and accelerating growth in the numbers of adults with profound multiple learning disabilities between 2009 and 2026. Continued specific funding will ensure there are sufficient resources for new clients who would previously have been supported by the NHS in long stay institutions.

## **Preserved Rights Grant**

**Do you have any comments about the options? For example, about your reasons for choosing a particular option, issues you would like to draw to our attention or an alternative suggestion for allocating the grant.**

As with the Learning Disability Commissioning Transfer Grant, we would prefer to see the Preserved Rights Grant distributed by means of a formula based on data collected independently of local authorities.

However, given the number and size of the variations when compared to the 2009 caseload figures, it is evident that the Adult Social Care Relative Needs Formulae do not provide an adequate basis for the distribution of the grant. Distributing the grant by means of these formulae would arbitrarily advantage or disadvantage most authorities and lead to significant variances from the 2009 caseload distribution. The variances range from a reduction of 74% to an increase of 1,402%.

It is our view that, in such a situation as this, the funding should continue to be distributed via a non-ringfenced specific grant until such time as a distribution model can be developed to direct funding in a satisfactory manner. In the meantime, using 2009 caseload figures is preferable because the caseload figures maintain a much stronger link between the grant and the expenditure which it is intended to fund. We therefore support option PR1.

It is also worth noting that the CLG Consultation on the future of the Formula Grant includes the Older People's element of the Adult Social Care RNF as an element which is subject to change. Changes to the formula may impact on the indicative figures provided in this consultation and lead to a distribution even further removed from the current spending need. This adds further weight to the arguments supporting separate funding in the short / medium term.

## **AIDS Support Grant**

**Do you have any comments on our proposal to allocate the AIDS Grant as part of a multi year settlement?**

Allocating the AIDS Support Grant as part of a multi year settlement is preferable as it will provide a consistent level of funding throughout the spending review period and facilitate better service planning. Furthermore, the relatively small size of the grant argues against the need to review the distribution on an annual basis.

**Do you have any other comments regarding the options? For example, about your reasons for choosing a particular option, issues you would like to draw to our attention or an alternative suggestion for allocating the grant.**

As with the previous two grants, we would prefer to see the AIDS Support Grant distributed by means of a formula based on data collected independently of local authorities.

Both options included in the consultation meet this criteria. However, it is clear that the Younger Adults Relative Needs Formula does not provide an adequate basis for the distribution of the grant. Allocations made according to this formula would arbitrarily advantage or disadvantage most authorities and lead to significant variances from the distribution of need. When compared to allocations based on the most recent data from the Health Protection Agency, the variances range from a reduction of 80% to an increase of 1,283%.

It is our view that the most recent data from the Health Protection Agency provides a more accurate and appropriate basis for the distribution of the grant. We therefore support option ASG1.