



HOUSE OF
COMMONS
LIBRARY

Funding for residential services for drug and alcohol misusers

Research Paper 93/21

1 March 1993

C O N T E N T S

	Page
1. Summary	1
2. Background to funding for residential drug and alcohol projects	2
3. The government's decision to ring-fence community care funding for drug and alcohol misuse services from April 1991	3
4. The government's decision not to ring-fence funding for drug and alcohol services from April 1993	6
5. The case for ring-fenced funding and the threat to voluntary organisations	10
6. Judicial review of the government's decision	13

Kim Greener
Education & Social Services Section

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

Funding for residential services for drug and alcohol misusers**SUMMARY**

- During the passage of the National Health Service and Community Care Act 1990 in June 1990, Kenneth Clarke, then Health Secretary, made a commitment to ring-fence funding for drug and alcohol services provided by voluntary organisations under the community care reforms. At that time the government did not intend to ring-fence funding for other community care services, with the exception of services for the mentally ill.
- The intention to ring-fence funding for drug and alcohol services continued into 1992.
- On 2 October 1992 Virginia Bottomley, Health Secretary, announced that funding for community care services would be ring-fenced from April 1993. It soon became clear that there would be no separate ring-fencing for drug and alcohol services, but that these services would be funded out of the general community care grant.
- * In November 1992 Tim Yeo, Junior Health Minister, announced that local authorities would be encouraged to introduce fast-track assessment procedures for drug and alcohol misusers, and that special monitoring arrangements would be introduced for these services three months into the reforms.
- Surveys carried out by service providers showed that three-quarters of voluntary organisations providing services for drug and alcohol misusers feared closure following the revised funding arrangements.
- On 23 December 1992 the Alcohol Recovery Project sought a judicial review of the Secretary of State for Health's decision not to ring-fence funding for drug and alcohol projects.
- On 15 February 1993 a High Court rejected the Alcohol Recovery Projects case. Reasons are to be given at a later date.

Background to funding for residential drug and alcohol projects

Residential projects for drug and alcohol misusers exist almost exclusively in the voluntary sector. Voluntary organisations providing services for these groups are at present funded directly and indirectly by central government departments in a number of ways:

- The **Department Health** has small centrally administered budgets such as the specific grant for alcohol and drug misuse services introduced in April 1991.
- **Health authorities** allocate money locally from money specifically provided for drug misuse services, or from general allocations for drug and alcohol treatment services.
- The **Department of Health** allocated £4 million to Alcohol Concern for three years commencing 1990-91, for disbursement to local voluntary organisations providing alcohol advisory and counselling services. In addition the department makes grants to help meet national headquarters expenses of Alcohol Concern, the Standing Conference on Drug Abuse (SCODA) and Turning Point, all of which support local agencies.
- The **Department of the Environment** provides funds for special needs housing schemes through the Housing Corporation. In the past it has also funded projects to combat drug misuse through the Urban Programme.
- **Local authorities** may fund projects at a local level.
- The **Home Office** contributes to the funding of residential projects that reserve bed spaces for offenders with drug and alcohol problems.
- The **Department of Social Security** funds residents of registered homes who qualify for benefit by means of increased levels of Income Support.

A survey of registered residential projects carried out by Alcohol Concern and the Standing Conference on Drug Abuse (SCODA), published on 18 January 1993, found that 83% projects receive more than 50% of their funding through DSS Income Support payments including 18% which receive 100% funding from this source [Alcohol Concern and SCODA Survey Expected Closures in Alcohol and Drug Residential Services : Preliminary Findings].

At present, residents of drug and alcohol misuse projects who qualify for Income Support may receive benefit for their accommodation and care up to a maximum of £185 per week (£210 in Greater London). From April 1993 new residents of these homes will qualify for Income Support at the same rates as if they lived in their own homes, plus a residential allowance of £45 per week (£50 in Greater London). Increased levels of Income Support to meet the care element of the homes fees will no longer be available; instead public funding may be available from the local authority after an assessment of the client's community care needs.

In recognition of the low priority that drug and alcohol misusers may be given by local authorities in deciding community care priorities, the government agreed during the passage of the National Health Service and Community Care Act 1990, to ring-fence community care funding for these specific groups. `Ring-fenced' funding, also referred to as special, specific or ear-marked grants, is central government funding which local authorities can only spend on purposes specified by the Secretary of State. Subsequently the government decided instead to ring-fence a special grant for the community care reforms generally, and not to identify separately funding for residential projects for drug and alcohol misusers. Projects providing these services argue that this latter decision will result in their closure. Their arguments are presented later in this paper

This paper looks specifically at the issue of ring-fencing for drug and alcohol residential projects, and the consequences of its withdrawal for voluntary organisations providing these services. Information about the community care reforms generally and about their funding is contained in Library Research Note 92/93 `Community Care'.

The government's decision to ring-fence community care funding for drug and alcohol misuse services from April 1991

During the passage of the National Health Service and Community Care Act 1990 the government came under pressure to ring-fence funding for community care services, at that time to be introduced in April 1991. At Committee Stage of the Bill in the Lords the government suffered a significant defeat when the Lords agreed to a New Clause requiring the Secretary of State to make specific grants to local authorities to carry out their community care functions. Lord Allen of Abbeydale, who introduced the New Clause, described its purpose `to ensure that the resources made available for [community care] through the revenue support grant are clearly identified and that the grants are used solely for providing community care services' (HL Deb 8.5.90 c 1239). Lord Henley, Junior Social Security Minister, spoke against the New Clause:

As has been pointed out this afternoon, Sir Roy Griffiths recommended specific ring fenced, earmarked (or whatever one wishes to call them) grants. As the Committee knows, the Government decided after careful consideration of all the arguments - and I accept as did the noble Lord, Lord Kilmarnock, that there must be a balance of arguments - that central support for community care expenditure by local authorities, as with other important local authority functions, is best provided through the revenue support grant. Community care forms such a large proportion of local authority expenditure on personal social services that the provision of a large specific grant would be akin to drawing the service into central administration. That would be wholly inconsistent with the local decision making and accountability that is at the root of our proposals.

[HL Deb 8.5.90 c 1255]

The New Clause was carried on Division by 127 votes to 119.

When the Bill returned to the Commons for consideration of Lords amendments, the government succeeded in having the amendment overturned and in its place inserted an amendment giving the Secretary of State powers to make specific grants to voluntary organisations providing care and services for people dependent on alcohol or drugs, in addition to the powers already in the Bill to make specific grants for mental illness services. Kenneth Clarke, then Health Secretary, said:

Mr. Clarke: I hope that I can meet the right hon. Gentleman's point. Some of the people about whom we are talking are, to use his phrase, politically popular. The elderly are popular as are the disabled who are a powerful lobby, in which the right hon. Gentleman takes an active part. I agree that some local authorities are less inclined to give the correct priority to mentally ill people. I also believe that local authorities are inclined to cut grants to voluntary bodies when they are under budgetary pressures. Drug and alcohol abuse are not always popular recipients of social services money

The case is made for specific grants in education, social services and elsewhere on a smaller scale than the amendment contemplates. I am in favour of small specific grants where we give a block of money to local government to induce it to provide a service which, if it were left to itself, it would be inclined not to provide. From the word go, we have always had a proposal for specific grant for community care services and for mentally ill people.

Some local authorities have a bad record of community care provision for mentally ill people. Some hardly bother with it at all. For that reason, we are introducing a new and particular form of specific grant. The money will be handled on our behalf by the district health authorities which will disburse the money to local authorities as they produce plans which fit in with the health authorities' plans for the discharge of patients from hospitals or the care of patients in the community.

In response to the Lords amendment and to the pressure from all sides on ring fencing, with which I have dealt, we have looked again at the position of people who are dependent on drugs and alcohol and at the work of the voluntary bodies that deal with drug and alcohol abuse. Among others, my hon. Friend the Member for Ealing, Acton (Sir G. Young) referred in Committee to the fear felt by the voluntary organisations about the arrangements that we were proposing for the financing of care in the community. That concern was also raised in another place. Voluntary organisations have expanded their work in recent years, largely on the basis of the current availability of income support at the registered home rates. That is one of the things that we are doing away with. Under the new policy, there will be no access to such income support.

We have all encountered people who work with those with drug and alcohol abuse problems who say that they fear the loss of income support money because they are dependent on the local authorities which might not give them the necessary grants. That is why our amendment proposes that the Secretary of State should be able to

make specific grants to local authorities for use in helping voluntary organisations with the services that they provide for people who are dependent on drugs or alcohol. Our amendment refers to

"persons who are, have been, or are likely to become dependent upon alcohol or drugs".

The provisions would enable local authorities to assist with the preventive work that is undertaken by the voluntary organisations, as well as to assist them with the services that they provide for those who are dependent on drugs or alcohol or who are recovering from such dependency.

I hope that, having heard me answer the general case, the House will accept that we have responded to an important point that has been worried away at ever since the Bill was introduced. People have named the voluntary bodies which could envisage the loss of their income support funding and which were dubious about whether their local social services department would want to continue giving them a grant for their work with, for example, drug abusers. Indeed, as the right hon. Member for Stoke-on-Trent South said, some local authorities might be tempted to give a pretty low priority to the work of outside agencies for unattractive groups, such as drug abusers.

Therefore, I say to the House - if I was in another place, I should say it to their Lordships - that I hope that those who have worried at that issue will accept that they have won a significant point. Alongside the commitment that we have already given to make specific grants for the services for mentally ill people, we are not putting on the face of the Bill, in primary legislation, a specific provision for grants to voluntary organisations, which the Government will fund. The Government will be accountable for the sum of money that is allocated for that purpose. To use the jargon, that money will be ring fenced and local authorities will be able to spend it only on grants to such bodies.

[HL Deb 27-6-90 cc 403-4]

On 18 July 1990 Kenneth Clarke announced that the community care reforms would be delayed. Instead of being introduced wholesale from April 1991, they would be introduced in three phases in April 1991, April 1992, and April 1993. However, the specific grants for mental illness and drug and alcohol misusers, and a third specific grant for training social services staff, would be introduced from April 1991:

Secondly, the new specific grant for local authority funding of voluntary bodies which provide services for drugs and alcohol misusers, which the House voted to include in the NHS and Community Care Act 1990 three weeks ago, will commence in 1991. It will be paid at the same rate as the mental illness specific grant and support expenditure of £2 million. Like the grant for mental illness services, this will promote the development of more services for a group which has often been afforded low priority.

[HL Deb 18.7.90 c 1001]

Since the main element of reform, the revised arrangements for public funding for residents of care homes, would not be taking effect until April 1993, the specific grant introduced in April 1991 would not need to cover the cost of supporting residents in residential projects since they would continue to qualify for Income Support.

The conditions for the specific grant of £1.4 million in 1991/92 were set out in a Department of Health Circular LAC(90)11. The purpose of the grant is described as follows: 'to assist Local Authorities (LAs) develop the voluntary sectors contribution to improving the adequacy, quality and suitability of the social care elements of services for alcohol and drug misusers, where they fall short of requirements. This is additional money, and payments are not to be used to replace existing funding.' Local authorities were required to match specific grant funding of 70% with a 30% contribution raised from other sources.

The priorities for allocating funding were set out in Secretary of State's Directions, the Payments to Voluntary Organisations (Alcohol or Drugs Misusers) Directions 1990:

Application of grants

2. A local authority receiving a grant made by the Secretary of State under section 7E(b) of the Local Authority Social Services Act 1970 shall make payments to a voluntary organisation or voluntary organisations which provide care and services for alcohol or drugs misusers for any of the following purposes:
 - a. to provide or assist in the provision of new or additional residential places for alcohol or drugs misusers where the local authority are satisfied that new or additional places are necessary in order to meet the existing or future needs of their area;
 - b. to provide non-residential facilities for alcohol or drugs misusers where the authority are satisfied that such facilities will increase the effectiveness of the residential facilities in their area for alcohol or drugs misusers;

- c. to provide financial assistance for the running of the existing residential facilities for alcohol or drugs misusers.
- d. to provide or assist the training of any staff of voluntary organisations providing care and services for alcohol or drugs misusers;
- c. to refurbish or assist the refurbishment of existing residential facilities for alcohol or drugs misusers.

The Circular advised that arrangements for the specific grant were likely to stay the same for 1992/93, but would change from 1993/94 to take account of revised Income Support arrangements. It did not say what changes would be made, but the Department of Health continued to issue consultation documents to voluntary organisations based on the assumption of ring-fenced funding until June 1992.

The government's decision not to ring-fence funding for drug and alcohol services from April 1993

It did not become clear until October 1992 that the government had decided not to ring-fence funding specifically for services for drug and alcohol misusers. On 2 October Virginia Bottomley announced, contrary to previous statements on the matter, that the money to be transferred to local authorities from the DSS from April 1993 for the community care reforms generally, would be ring-fenced. (For further information on this see Library Research Note 92/93 'Community Care'). There was no mention made of drug and alcohol service funding. However on 12 October Brian Mawhinney, Health Minister wrote to the London and metropolitan authority associations and the Chair of Alcohol Concern setting out the new arrangements from April 1993. In this he acknowledged that the new arrangements were different from those proposed in a consultative document issued in January, which were developed at a time when no ring-fencing was proposed for community care generally. He also stated that because the main effect of the community care special grant was to increase the discretion of local authorities, local authorities would be free to allocate an amount of money for alcohol and drug services as was in their view appropriate.

On 16 November 1992 Tim Yeo Junior Health Minister, in response to a PQ, announced that guidance would be issued to local authorities to establish 'fast-track' assessment procedures to meet the needs of drug and alcohol misusers:

Mr. Jenkin: To ask the Secretary of State for Health what arrangements she proposes to ensure that local authorities give proper weight to the needs of alcohol and drug misusers under community care; and if she will make a statement.

Mr. Yeo: The special circumstances of alcohol and drug misusers have implications for both local authorities and service providers in funding for community care.

We propose to address these by issuing special guidance to encourage local authorities to pay special attention to meeting the needs of alcohol and drug misusers within community care and encouraging local authorities and

alcohol and drug services providers to work together to establish "fast track" assessment procedures to ensure that decisions about service provision for these clients can be made quickly and establish good practice in identifying responsible authorities for out-of-area referrals.

We will also establish special monitoring arrangements for alcohol and drug misuse services in the first three months after the third stage of our community care reforms come into operation in April 1993.

We have already taken steps to ensure that the £539 million special transitional grant (STG), which will fund the additional community care responsibilities being assumed by local authorities from April next year, is spent on services which reflect client's wishes and causes minimal turbulence. These are:

- (i) the precondition of the STG that health authorities and local authorities should have signed agreements on where their responsibilities lie;
- (ii) that 85 per cent. of the transfer element of the STG be spent in the independent sector;
- (iii) the direction on choice which will ensure that the views of alcohol and drugs misusers - like other community care clients - are taken into account when deciding the most appropriate package of care.

[HL Deb 16.11.92 c 100W]

The guidance was issued in a Department of Health Circular LAC 93(2) in January 1993.

In a adjournment debate on drug and alcohol rehabilitation centres on 11 December 1992 the announcement about these new measures was described by Alan Milburn, who raised the subject for debate, as 'too little, too late' (HL Deb 11.12.92 c 1179). Tim Yeo justified the decision not to ring-fence funding for these services as follows:

The proposal to ring-fence the community care transfer was made subsequently to the consultation document issued in January. In the light of the new conditions we concluded that it would not be right to have a separate ringfence for alcohol and drug misusers as that would have perpetuated the existing pattern of services based on an historical pattern, rather than on an assessment of the needs of local people. It would also have tended to produce a bias against domiciliary services by guaranteeing automatic funding for residential provision and, most importantly, it would have under-mined the principle that all those who may be in need of community care should be individually assessed by local authorities to determine the appropriate services. The specific grants might also have been seen as a ceiling rather than a floor for expenditure. Therefore, we decided against having a separate ring fence within the overall ring fence.

However, the Government do not believe that what is now proposed will be any less beneficial for people needing access to residential services for treatment of alcohol and drug misuse. Indeed, the new arrangements

will give alcohol and drug misusers the wider benefits of all the community care policies. They will ensure that when people come forward for help - whether to a local authority, or to a voluntary agency they will receive a comprehensive assessment of their needs. Local authority responsibilities will not necessarily end when the period of rehabilitation ends. Indeed, people can expect that they will continue to be able to obtain support in the community from the local authority, if their needs are assessed in that way.

[HL Deb 11.12.92 c 1182]

He continued:

Mr. Yeo: The decision not to ring-fence the money for alcohol and drug misusers was taken after we had ring-fenced the much larger sum of money. Guidance is being issued in draft form. We are consulting local authorities and voluntary providers. I hope to issue the final guidance shortly to all local authorities, advising them of the importance that they should attach in their purchasing to the needs of this client group.

Having decided on this larger ring-fencing of around £539 million it would have been difficult for us to produce an inner ring-fence. That would have given rise to demands from other groups - severely handicapped adults, frail and mentally ill elderly people, perhaps - for similar arrangements. I recognise that there are some special characteristics among drug misusers, and we intend to deal with those in a variety of ways.

We have announced that we will promote a dialogue between the local authorities and the independent providers to deal with the problem that, the hon. Gentleman identified of deciding which local authority will be responsible for financing a person's treatment. The lifestyles of many of the people who need this kind of treatment can sometimes make it difficult to identify which authority should be responsible, but the advantage of one responsible authority is that it has a continuing duty to assess the needs of a person even after a successful rehabilitation programme. By looking at some specific cases coming up before 31 March for this sort of treatment with the voluntary organisations, it should be possible to determine how we can identify which authority is responsible by tracing a person's history.

[HL Deb 11.12.92 c 1183]

In a BBC Radio 4 programme on 21 January 1993, he again defended the government's decision not to ring-fence funding for alcohol and drug misuse services:

YEO Well what the Government did was to look at the totality of the funding of our new community care policies for next year and the two following years and decide that the right thing was to ring-fence the total sum of money - that's £399 million which previously would have been spent by the Department of Social Security in the form of income support. That is being transferred to local authorities and all that money must be spent on community care. Having done that, we didn't think it would then be sensible to try and carve that up into

little pots and that's why we decided not to proceed with the original decision to provide a ring-fence for the alcohol and drug money.

WAITE But Kenneth Clarke, the former Health Secretary told Parliament plainly in 1990 that these two groups need special protection.

YEO And at the time he made that statement there was no question whatever of ring-fencing a very much larger sum. That was a wholly new policy announced by Mrs. Bottomley at the beginning of October this year. That put the whole decision in a completely different context.

WAITE So things have changed.

YEO They've changed completely and the protection for the money gives each one of these drug and alcohol treatment centres the opportunity to obtain all the funding they need from the local authorities just as before under the original proposals.

WAITE But can you not see Minister that from their point of view Mr. Clarke' proposals meant that because they were specifically ring-fenced, that local authorities couldn't use that money for anything else. But now that you've extended that ring-fencing, obviously that protection has gone and they can.

YEO Well, the situation is actually better because this gives the local authorities much greater freedom, much greater discretion.

WAITE But isn't this exactly what Mr. Clarke wanted to avoid, that the entire discretion was left to local authorities. He wanted to ring-fence to protect these particular groups. Let me just quote to you what Mr. Clarke actually said and I'm quoting now, he said, "Some local authorities might be tempted to give a pretty low priority to the work of outside agencies for unattractive groups, such as drug addicts".

YEO Well, not only has the situation changed fundamentally in that we have ring-fenced the whole of the £399 million; we have also required the local authorities to spend 85% of that money with independent providers and that means that the drug and alcohol treatment centres with whom you are concerned have a huge inbuilt advantage in obtaining the necessary resources.

WAITE Just to sum up, I mean, when the centres say you have broken your promise, you don't accept it?

YEO Absolutely not. We reject that wholly. What we've done is create a new and much better situation in which each of these centres, if they're doing valuable work, can obtain all the funding they need from local authorities.

Mr Yeo also rejected the fear raised by the Alcohol Concern/SCODA survey about substantial closures of residential projects(see below).

YEO don't believe that the effect will be anything like as dramatic as that. Let me make clear, however, that no independent provider of care, whether it's for drug and alcohol abusers, whether it's for elderly people, whether it's for physically hand .. handicapped people is given a cast iron guarantee by the Government that their income will be maintained for all time. Of course it would be wrong to do that. There has to be some flexibility. Needs for services, demands for services rise and fall, it varies from one part of the country to another. But we would expect that the majority of these providers will continue to have a substantial number of clients referred to them by the local authorities. Because we are naturally concerned that where these providers are offering valuable treatment and therefore their services should be retained, we have set up uniquely, there's no other field of social services where this is happening, we've set up special monitoring arrangements which will start in March before the policy's actually implemented so we know how things are going beforehand and we're going to study very carefully what is happening to each of these centres during the first three months of the policy, to see whether indeed their fears about a .. a sudden drop in the number of clients being referred to them .. to see whether those fears are justified. Neither they nor we can at this stage in January be certain what the outcome is. We believe that if the local authorities follow the guidance we've given they will indeed make full use of most of these centres.

[BBC Radio 4 Transcript `Fact the Facts' 21 January 1993]

The case for ring-fenced funding and the threat to voluntary organisations

As described in the introduction, from April 1993 higher rates of Income Support for those in residential care homes are to be abolished for new residents entering homes. Instead, a person seeking a place in a home will need to approach their local authority social services department, who will carry out an assessment of that persons needs. If residential care is seen as the most appropriate form of care, the person will be placed in a home by the local authority, who will also carry out an assessment of the person's ability to pay for their care. If they are unable to pay they may claim Income Support at the same rates as if they were living in their own home, with a residential allowance of £45 per week (£50 in greater London) for their board and the local authority may then meet the `care' element of the home's fees. If the local authority does not assess the person as having a need for residential care, either because other community care services are more appropriate or because in the

light of competing resources it cannot justify placing a person in residential care, then publicly funded residential care will not be available to that person.

Residents in place prior to the April changes will continue to receive higher rates of Income Support under a 'preserved entitlement' to benefit.

Organisations providing residential services for drug and alcohol misusers argue that local authorities have no statutory responsibilities towards drug or alcohol misusers of the kind they have towards elderly or disabled clients, and that therefore this group will receive low priority in local authorities consideration of their needs. The distribution of existing residential projects is uneven throughout the country, and organisations believe that the provision which exists should be regarded as a regional resource, funded on that basis, rather than funded according to local priorities. Further they argue that in general local authority social services departments have little expertise in substance abuse. Thus substance abusers may be regarded as 'undeserving of help in comparison to other needy groups and therefore a low priority. The 'preserved entitlement' offered to residents of projects who are in place prior to the April changes, means that funding for their places is secure as long as they remain there. However, because of the short-term nature of residential care in this field and the high turnover of residents (the Alcohol Recovery Project quote an average length of stay of 21 weeks), these projects argue that they will face a funding crisis very soon after the April changes.

In January 1993 Alcohol Concern and the Standing Conference on Drug Abuse (SCODA) published their preliminary findings of a survey of residential projects. On the issue of funding and the consequences of this, they found the following, based on 94 responses:

3. Preliminary Findings:-

3.1 Type of Agency

Alcohol only	45
Drugs only	8
Drugs and alcohol	41

3.2 Total number of bed spaces represented 1973

3.3 Proportion of funding from DSS

less than 50%	
DSS funding	- 17% of projects
50-75%	- 34%
76-99%	- 31%
100%	- 18%

3.4 Loss of DSS payments

When agencies predict they will begin to lose DSS care payments:

April	-	71% will begin to lose income
May	-	18%
June	-	1%
July	-	3%
August	-	5%
no answer	-	2%

3.5 Financial viability

Agencies predict that they will become financially unviable at the following times during 1993 - the figure in brackets is the number of beds this will effect.

Before April	-	1 project	(12 beds)
April	-	14 projects	(242 beds)
May	-	13 projects	(269 beds)
June	-	13	(242)
July	-	7	(206)
August	-	4	(118)
September	-	14	(375)
October	-	1	(12)
November	-	1	(17)
December	-	2	(40)

Total - 70 projects/ 1533 beds

A further 3 projects said they would be unviable after Dec 1993, representing a further 48 bed spaces)

15 projects could not answer the question (representing 260 beds) and 6 (132)beds) said that they would be unaffected by the transfer of payments.

Redundancies would obviously flow from closure of the projects

The authors conclude:

4. Conclusions

Due to the high turnover of residents in drug and alcohol rehabilitation services services can expect immediate loss of significant amounts of funds from April 1st onwards.

There is little time to develop in any really adequate way efficient and effective arrangements within and between local authorities for the provision of services for this group. Without such arrangements residential services do not have access to alternative sources of income.

The survey shows that a very significant proportion of services face immediate difficulty (71%). In April alone 15 services predict that they will become financially unviable, and a further 13 in both May and June. This is 865 out of the 1973 bed spaces identified.

The survey suggests that most local authorities have not as yet made arrangements for funding residential placements for this client group. Evidence elsewhere indicates that arrangements for drug and alcohol services are at a very early stage.

Taking these factors together the conclusions which should be drawn are that the concerns expressed by the field about closures have validity and it should be expected that a high number of these services will close during the next year.

As there are no known programmes for replacement of residential services with alternative services provision appropriate for this group of alcohol and drug misusers it may also be concluded that these clients will, over the next 18 months at least, experience a significant reduction in the level of services available to meet their needs.

[Expected Closures in Alcohol and Drug Residential Services Preliminary Findings, January 1993]

Without such services, it is argued, those dependent on drugs and alcohol will end up in hospital, in GP surgeries or possibly involved in crimes related to substance abuse.

Judicial review of the government's decision

The Alcohol Recovery Project in December 1992 sought a judicial review of the Secretary of State's decision not to make a specific grant available for alcohol and drug misuse services. On 5 February 1992 the High Court granted leave for the ARP to seek a judicial review, with Mr Justice Auld reportedly saying he was 'troubled' that the reversal of policy had prejudiced the ARP financially ('Community care policy at risk' Independent 6.2.93). In a sworn affidavit the Acting Director of the ARP stated that on the basis of the belief that there would be ring-fencing, the ARP had entered into a contract for the building of a care home, had continued to fill vacant posts, had planned expenditure on the basis of a steady level of income, and had continued to liaise with host boroughs rather than attempting to approach more distant authorities for possible community care contracts.

On 15 February 1993 the High Court rejected ARP's case, reserving judgement until a later date.

In the Local Government Finance (England) Special Grant Report (No 6) (HC 404) debated on 11 February 1992, which contains details of the special grant for community care, the government notes that £20 million was excluded from the grant to which the report refers, pending the outcome of the judicial review. It now seems unlikely that this sum will be separately ring-fenced for expenditure on services for drug and alcohol misuse, although the government has agreed to monitor the arrangements three months into the reforms.

The Local Government Finance (England) Special Grant Report (No 7) (HC 504), which will add back into the special grant the £20 million previously excluded, will be debated on 3 March 1993.

Kim Greener
1 March 1993