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Sarah Wollaston  
Chair  
Health Select Committee  
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1 October 2015

Via email: [HEALTHCOM@parliament.uk](mailto:HEALTHCOM@parliament.uk)

Dear Sarah,

At the recent Health Select Committee that Jeremy Hunt appeared at, he promised to write to you following up on your question about cross-subsidy as it affects personal budgets. I am replying as the minister responsible for this policy area. You stated that you had heard concerns from patients that they cannot get the care they needed because the personal budget didn't cover the time for the people who would be providing that care – because they cannot get anyone to work for that rate of pay.

The Government wants to give people more control over their health and social care. The Care Act provides a new legislative focus on personalisation by mandating care and support plans and personal budgets for everyone with care and support needs, increasing opportunities for greater choice, control and independence.

Everyone whose needs are met by the local authority, whether those needs are eligible, or if the authority has chosen to meet other needs, must receive a personal budget as part of the care and support plan, or support plan in the case of a carer. The personal budget is an important tool that gives the person clear information regarding the money that has been allocated to meet the needs identified in the assessment and recorded in the plan. The plan must detail the needs to be met and how the needs will be met, and will link back to the outcomes that the adult wishes to achieve in day-to-day life as identified in the assessment process and to the wellbeing principle in the Act. This should reflect the individual's wishes, their needs and aspirations, and what is important to and for them, where this is reasonable. This process is central to the provision of person-centred care and support that provides people with choice and control over how to meet their needs.

The Care Act and Care Act statutory guidance are clear that the personal budget must always be an amount sufficient to meet the person's care and support needs, and must include the cost to the local authority of meeting the needs they are meeting. This overall cost must then be broken down into the amount the person must pay if any, following the financial assessment, and the remainder of the budget that the authority will pay.

In establishing the 'cost to the local authority', consideration should therefore be given to local market intelligence and costs of local quality provision to ensure that the personal budget reflects local market conditions and that appropriate care that meets needs can be obtained for the amount specified in the budget. To further aid the transparency principle, these cost assumptions should be shared with the person so they are aware of how their personal budget was established.

Consideration should also be given as to whether the personal budget is sufficient where needs will be met via direct payments, especially around any other costs that may be required to meet needs or ensure people are complying with legal requirements associated with becoming an employer. There may be concern that the 'cost to the local authority' results in the direct payment being a lesser amount than is required to purchase care and support from the local market due to local authority bulk purchasing and block contract arrangements. However, by basing the personal budget on the cost of quality local provision, this concern should be allayed. Further detail is set out in see chapter 11 of the statutory guidance. The Care Act statutory guidance to local authorities can be accessed at <https://www.gov.uk/government/consultations/updating-our-care-and-support-system-draft-regulations-and-guidance>.

Anyone who is unhappy with the council's response may wish to pursue the matter via the formal local authority complaints procedure. Information on how to complain is available from the local authority. If they are still unhappy with the council's response, they are then entitled to ask the Local Government Ombudsman (LGO) to investigate the matter. Further information is available on the LGO website at [www.lgo.org.uk](http://www.lgo.org.uk). There is a help and advice line at 0300 061 0614.

I hope this reply is helpful.

A handwritten signature in black ink that reads "Alistair Burt". The signature is written in a cursive style and is underlined with a single horizontal stroke.

**ALISTAIR BURT**