

# Annex to SACT Petition Response

## How Did They Get There – Multiplying and Not Dividing!

The letter from Shona Robison dated November 2<sup>nd</sup> 2015 to the Petitions Committee provided some very general and very large figures for the cost of ending care charges. Much higher than had been provided before. We followed this up and asked for Professor Bell's research – as the Cabinet Secretary noted in her letter that...

“his advice was helpful in clarifying what the likely costs may be of extending free personal care to those under 65 and for raising the income threshold at which charges are applied.”

This was a reinforcement of her earlier statement at the Petitions Committee of 6<sup>th</sup> October where she said,

“Over the year, my officials have been working with Professor David Bell from the University of Stirling on a full assessment of the costs involved in a number of different scenarios related to social care charging.

“We have completed that work and are now using its findings to look at the budgets for the spending review period and to work out, in partnership with local government, precisely what the best options are to make the system of charging for social care fairer”.

This led us to believe that Professor Bell was closely linked to this research and his involvement would have given the information included unassailable gravitas which we would have little choice but to accept.

However we discovered, in a response from a senior civil servant that Professor Bell was not involved in “clarifying what the likely costs may be” instead “the specific figures contained in the letter to Public Petitions Committee were produced by our analysts, rather than by David, as his model was unsuitable for this purpose.” We now see that Professor Bell was not involved in this at all and are at a loss as to why the Cabinet Secretary said that he was.

On November 24<sup>th</sup> in a second response from the senior civil servant we received slightly more background information but it still wasn't enough to be clear about how the SG analysts had arrived at the figures. We have subjected their information to a rigorous scrutiny by attempting to reverse engineer their calculation. We have included the relevant sections of explanatory text from the Scottish Government in italics. As a result of our work, we believe that their conclusions in their latest letter to the Petitions Committee are not reliable.

### 1. Estimating Unmet Need

The first step in the Scottish Government process was to try and identify the level of unmet need in order to estimate additional number of people who might need support.

*When personal care at home became free for over 65s we saw an increased demand for services. It is likely that there will be similar 'unmet need' if charging for all*

services was removed. This **unmet need** is more difficult to estimate and could increase costs significantly. In order to gain an idea of the unmet need we based calculations on the number of people aged under 65 claiming higher level DLA and assumed that a similar proportion of these people would need help from their local authority with personal care as we now see for older people who claim higher level AA/DLA.

The DWP produce statistics on disability benefits and it is easy to establish that in Scotland there are:

Table 1	pension age	working age
High Rate Attendance Allowance	91,340	n/a
High Rate Care Disability Living Allowance	28,310	42,900
Total	119,650	42,900

We then need to find the number of people over pension age in receipt of personal care. This number as well as the number for those of working age can be found from the Scottish Government’s Social Care Statistics which are published annually. People who fall into four categories of social care are likely to receive personal care.

Table 2	Pension Age	Working Age
Home Care	47,810	11,360
Housing Support (24/7)	10,020	8,010
Direct Payments	2,350	3,270
Care Home Residents	30,400	4,600
Total	90,580	27,240

Please note this number is lower than the total number of social care clients because many clients only receive services such as community alarms or telecare and not personal care.

With this set of numbers we can now find the proportion of “older people who claim higher level AA/DLA” and who get personal care. This is easily calculated as 75.7%.

When we apply this percentage to the number of people of working age in receipt of High Rate Care Disability Living Allowance (Table 1), we find that there could be 32,477 people, 5,200 more than the number that currently receive “personal care” services (Table 2).

This would give us a ratio of 5.2:1 – that is for every 5.2 current social care clients, 1 new social care client would come forward following the end of social care charges.

## 2. The Cost of Existing Social Care Clients

*We looked at the estimated cost of removing charges for existing clients. We used the local government financial returns which provided us with an estimate of £55m to remove all charging for **existing social care clients** receiving services at home.*

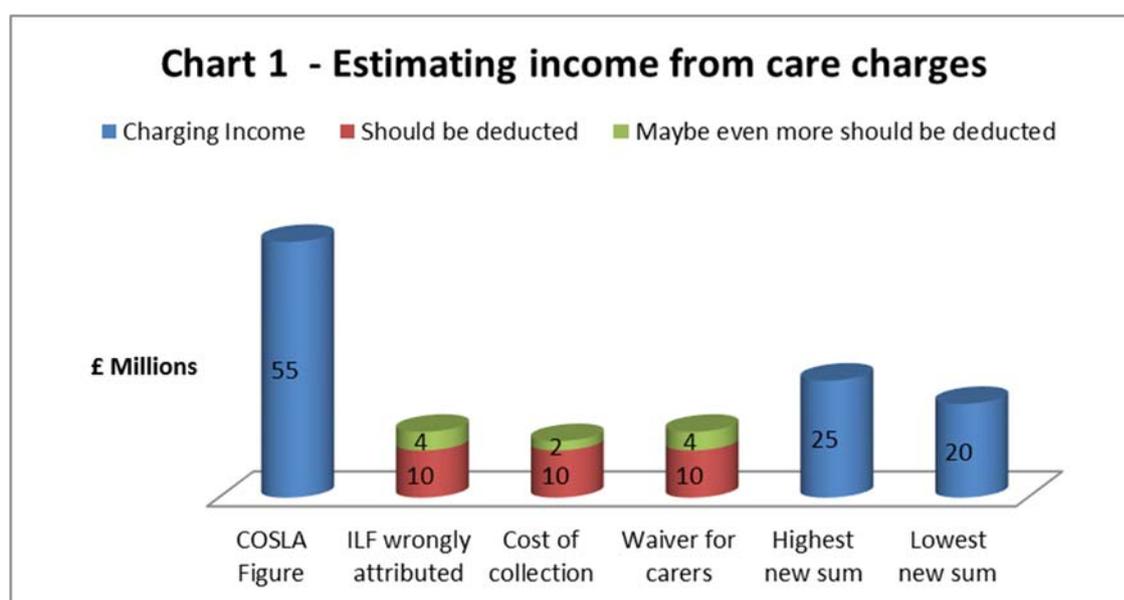
We would suggest that this figure is wrong because

1. It includes the cost of collecting care charges in Scotland which is between £7.5 and £12.5 million pounds spent on social work staff carrying out financial assessment,

finances staff collected and recording payments and debt management officers. This should be excluded as councils will no longer spend this money once care charging is excluded.

2. It includes at least £10 million and possibly much more which is double counted money from the Scottish Independent Living Fund but is wrongly included in the client contribution of a number of councils.
3. At least some of the £16 million put aside for the waving of care charges for carers based “on current levels of social care charging” will cover some of this income already
4. There would be significant cost savings from people using less health or other emergency services.

There are many unknowns within these sum. Chart 1 shows some of these issues pictorially. Each of our first 3 point are within a range and we have used this to work out the highest possible and lowest possible new sums. We have not included an estimate for point 4 but believe it will be a significant saving to the NHS but recognise how hard it will be to identify.



Our best guess is that taking these changes into account would put the current cost of ending social care charges at a more realistic figure of between £20-25 million.

### 3. The Cost of New Clients with Unmet Need

*Next we considered **unmet need**. We assumed that the unmet need could be similar to that for personal care services alone. Applying this ratio to the £55m estimated cost for existing clients gave us an estimate in the region of £330m to remove all charging for social care services at home (including unmet need).*

Although it is not clear exactly what ratio the correspondent means we need to assume that they are using the ratio that is generated in part 1 above by the relationship of recipients of high rate of disability benefits to social care service users as no other evidence is presented.

A ratio of 5.2:1 existing to new clients means that the additional costs would be a fifth higher than the cost of meeting the care charges of existing social care clients. The amount involved comes to £11 million if you accept the Scottish Government's figure or £4-5 million if you use our more realistic figures.

The only way that you could turn the Scottish Government's figure into £330 million is to round up the ratio from 5.2:1 to 6:1 and then get the ratio the wrong way round. This will multiply the £55 million by six instead of taking a sixth. This means that the SG figure would be wrong by at least a factor of 36.

In effect the Scottish Government is saying that it will cost £55 million to end care charges for 27,240 known people but £330 million to end care charges for 5,200 unknown people. Common sense should have said this could not be possibly correct.

### **A final way out?**

Always willing to give the Scottish Government the benefit of the doubt it may be that they had in mind a more complicated calculation that they didn't include in their details. That could be they meant not the extra costs incurred by waiving charges but the full and complete cost of any services that were now to be supplied to these 5,200 people.

A quick bit of arithmetic - £330 million divided by 5,200 - tells us that each person would need to receive a care package in excess of £60,000 per year. This is more than twice the cost of an average care home place in Scotland.

The Scottish Government will only make a weekly payment of £171 to care homes for personal care. This comes to £8,500 – a fraction of the £60,000 figure. And this group of 5,200 is very likely to need much less help than those in care homes as they are currently managing without social care input at all. As a result, we do not believe this method is the one that the Scottish Government used.

### **Conclusion**

The figures presented to the Petitions Committee are mistaken in a way that cannot be substantiated. If the committee was left to make a decision on this important matter based on the information supplied by the Scottish Government then they would be poorly served.