

**PE1533/Q**

Scotland Against the Care Tax

Michael McMahon  
Chair  
Scottish Parliament Petitions Committee

Monday 30<sup>th</sup> November 2015

Dear Michael

Thank you for one more opportunity to address the Petitions Committee on this matter.

From the outset; and before deliberating over figures; we would like to remind Committee members that community care charging, per se, is considered by many not only to be socially unjust, but results in the continued dependency and poverty of those who are required to pay it. For many, the charge can exceed over 80% of their income, leaving little to maintain their quality of life. Our aim remains the same - the total abolition of care charges.

However, we did find the latest response from the Cabinet Secretary to be helpful in showing that the Scottish Government is seriously considering how to resolve the issues around social care charges for non-residential social care but feel they have poorly served the Committee in terms of the financial information that has been supplied.

We will turn to their financial figures included in the letter shortly, but first we want to comment on the continuing suggestion that the "COSLA working group is the proper place for resolving these problems." We continue to find it hard to believe this group can deliver real change when it lacks accurate figures of how much income is generated by care charges. We now believe that the income received has been over stated by at least £10 million annually and possible much more for many years. For over 5 years, our members have raised concerns about the veracity of COSLA figures for the amount of income collected in non-residential social care charges. For example, one local authority, Glasgow, claims to raise over £16 million annually. The next nearest is South Lanarkshire with only a slightly smaller population but raising just £2 million. Our concerns that the Glasgow figure could not possibly be correct were raised with senior local authority finance people but nothing was done. New information received by the Learning Disability Alliance Scotland in the last few weeks shows that Glasgow's self-directed support care management information software, CareFirst 6, wraps up individual contributions along with their Independent Living Fund monies and declares it as a single contribution from each client.

Senior Glasgow finance staff have now confirmed that the ILF contributions of 254 clients with a learning disability, a total of £5.3 million are included in their figures for income from care charges. And there are a further 310 service users in Glasgow with physical disabilities who receive ILF and whose ILF is similarly treated within the financial figures. This means that at least £10 million and possibly as much as £14 million<sup>1</sup> of ILF monies have been declared as income from non-residential social care charges by Glasgow for at least the last 6 years. **Actual income from care charges in Scotland's largest city may be only £2-3 million per year rather than the £16 million claimed in the last financial year.**

According to OLM, the company responsible for this software, a further 13 Scottish councils use the CareFirst system ranging from Highlands to East Dunbartonshire. As a result there is a possibility that the COSLA figure for income from care charges is further inflated by the inclusion of ILF funds in this part of the local government finance statistics from other areas.

Our continuing failure to get an answer from COSLA to questions such as this is why we think returning to the working group would be a waste of our time. If COSLA had been serious about resolving the challenges of care charges, they would have started with accurate figures of what was raised.

Secondly the Committee may already know that the Scottish Government has agreed to earmark £16 million from Carers Bill resources for the cost of replacement care, which would normally be a charge on the person with care needs. This will mean that carers will no longer have to pay charges for any service agreed as being delivered for their benefit through Adult Carer Support Plan.

Further detail is available in a letter sent to the Finance Committee from the Minister of Sport, Health Improvement and Mental Health<sup>2</sup>. This letter identifies £10 million to offset respite charges and £5 million to offset day care charges. These amounts are exactly the same as the total income from charges for these services declared by all local councils in Scotland last year. That doesn't mean that charges have been ended for these services but now where carers are able to have such services included in an ACSP then charges will be waived.

There is still a lot of confusion about what this will mean in practice but it may be that over time most of the respite and day services that are of "dual benefit" will eventually become of "benefit to carers" as "replacement care".

We think that much of this £16 million, perhaps as much as £10 million will reduce the cost of the current charging regime as carers use the "Carers Assessment" to

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<sup>1</sup> <http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDXNT0GUTZL> – this report notes that £14.5 million is received by service users in Glasgow from the ILF. But we believe the figure involved in this error is lower as many pre 1993 ILF users are not known to local authorities.

<sup>2</sup> [http://www.scottish.parliament.uk/S4\\_FinanceCommittee/General%20Documents/Letter\\_from\\_Minister\\_to\\_Convener\\_26.10.15.pdf](http://www.scottish.parliament.uk/S4_FinanceCommittee/General%20Documents/Letter_from_Minister_to_Convener_26.10.15.pdf)

have services reclassified as being delivered for their benefit. Such decisions make sense in increasing the overall household income for many struggling families. The rest will go towards meeting the full cost of new replacement care services.

The decision to end charges for carers has been made because carers provide vital support in helping many disabled people or people with long term conditions. But don't disabled people also work hard to support and develop their own skills so they can become more independent? It seems churlish of the Scottish Government to acknowledge the contribution of carers by ending care charges and not to do the same for "self-carers".

We now want to turn to the financial figures included in the Scottish Government's letter.

Firstly we simply do not agree that the current net cost of ending social care charges is £55 million. It is our understanding that this figure is taken straight from the forthcoming local government finance statistics due to be published in February 2016.

1. We have in a previous paper demonstrated the cost of collecting care charges in Scotland is between £7.5 and £12.5 million pounds spend on social work staff carrying out financial assessment, finances staff collected and recording payments and debt management officers chasing the thousands who cannot afford to pay.
2. Above we suggest that at least £10 million of this £55 million is double counted money from the Scottish Independent Living Fund.
3. And there is some of the £16 million put aside for the waving of care charges for carers based "on current levels of social care charging".

Respectfully we would suggest that the Scottish Government's figure of £55 million should be recalculated taking these numbers into account. This would put the current cost of ending social care charges at a more realistic figure of between £20-25 million. This is hardly a huge sum in terms of the current underspend in Scottish Government budgets.

Secondly we are surprised to see the Scottish Government suggest that ending care charges might lead to additional costs of £300 million per year. This is SIX TIMES their inflated current cost of care charges!

We now understand that the work of Professor Bell of Stirling University did not inform this calculation and have received further information from the Scottish Government about how they arrived at their figures.

We have tried to reverse engineer their figure of £300 million (or £330 million as it has risen to in their later letter to us) to see how they could have arrived at it. It would appear that there is an expectation thousands more people would ask for and get social care than currently do so.

These would have to be people currently eligible for social care as local authorities have strict eligibility criteria that they have no plans to alter. No one would become more eligible for services just because of the ending of care charges. Any extra demand would have to come from people who currently feel unable to take social care or even to apply for it from local authorities because of the policy of charging. The Scottish Government figure is based on a complicated piece of maths which we have deconstructed and included full details in the annexe to this letter.

Their principal point is that currently 75% of people over 65 who get High Rate DLA or Attendance Allowance get social care and that if social care was free for people under 65 then that proportion would rise at a similar level. This would mean that there was a current 'unmet need' of 5,200 people not getting social care.

We think that there is a serious error in the Scottish Government analysts' figures. They are 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 say this could not be possibly correct.

If they are meaning the full cost of services for these 5,200 people then this is also easy to calculate. To arrive at a figure of £300-330 million a quick bit of arithmetic 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 average cost of a home care package is only about £7,000 per year. And this group of 5,200 is very likely to be more able than average as they are currently managing without social care input.

Even this is not the full story as while the introduction of Free Personal Care saw an immediate jump in number of people getting home care, the number of people peaked in 2007 and then began to fall steadily until we now have less people receiving home care than before the introduction of the FPC policy. Lying behind this is the introduction in the mid-2000s of stricter local authority Eligibility Criteria to ration service to only those in greatest need. This will apply whether social care is free or not.

So while there may be 5,200 people who might want social care and might even ask for it, it is unlikely that they will get past the gatekeepers of 21<sup>st</sup> century social work. We suspect that the introduction of this additional cost of £300 million is based more on the politics of justifying forthcoming proposals than on illuminating debate. We think the Petitions Committee deserves better than such "back of the envelope" estimates.

We think poorly supported figures such as these presented by the Scottish Government do not help the debate and would again ask the Petitions Committee to

approach the Scottish Government to either share their full research or to withdraw these figures.

Yours Sincerely

Jeff Adamson  
Scotland Against the Care Tax

## **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.

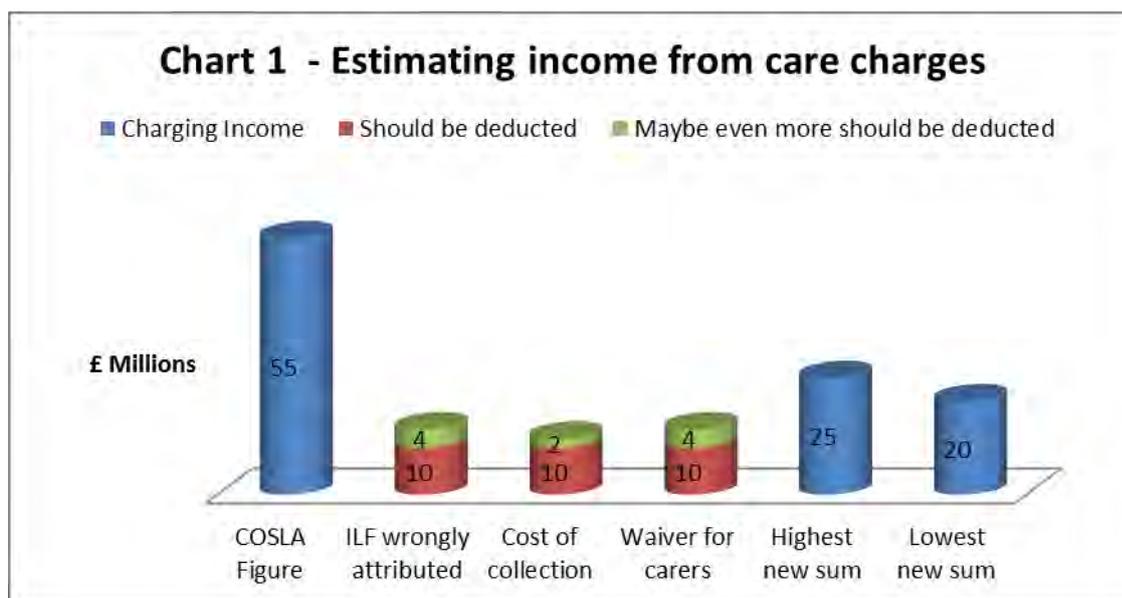
## 2. The Cost of Existing Social Care Clients

*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.