Financial Implications of the Carers (Scotland) Act 2016

Paper to the Health and Sport Committee

The National Carer Organisations have previously raised concerns about the financial implications of the Carers (Scotland) Act 2016 and the level of funding that is likely to accompany it. In this paper we have set out some key questions which we feel have not yet been answered.

We are particularly concerned about the negative impact on carers and the organisations that support them if the Carers Act is underfunded. We already have evidence that the Carers Act has the potential to have a negative impact on local carer organisations, as existing funding streams come to an end with no guarantee than any of the new resources for the Act will be directed towards the third sector.

We believe it is also important to put The Carers Act in the context of the support that carers provide. There are an estimated 759,000 carers in Scotland. The care that they provide is valued at over £10 billion each year, meaning that they provide more care than the entire health and social care workforce and private sector agencies combined. Carer support is a key element of prevention. If the Carers Act is not fully implemented and funded, then over time one could expect an increase in the demand for formal social care.

Funding for the Carers Act is currently unconfirmed, our views are therefore based on the financial memorandum which accompanied the Act and the report of the government’s findings of the Finance Advisory Group.

Key Questions

1. The Carers Act Finance Advisory Group was established to consider the financial implications of the Carers Act. Members of the group, including the National Carer Organisations and COSLA raised concerns that the government has underestimated the costs of implementing the Act, both in relation to estimated demand and the costs associated with implementing the new duties. How has the Scottish Government addressed the concerns raised by this group?

2. In recent research by the Coalition of Carers in Scotland 95% of local carers centres said they were either moderately or seriously concerned about funding. How will the government ensure that local carer organisations will receive adequate funding to enable them to respond to the predicted
increase in demand on their services as a result of the Carers Act?

3. How much of the money accompanying the Carers Act will be additional resources and how much will replace existing funding streams which were due to come to an end in 2018, such as Carer Information Strategy funding?

4. The cost of implementing the policy of waiving charges for carers, including replacement care, is agreed to be at least £16 million a year. Why has this not been funded by government? and why is this cost not reflected in the financial memorandum?

5. How will resources to implement the Carers Act be allocated locally and how will the government ensure that they will be used for the purpose for which they are intended?

Question One – Underestimating Costs and Demand

1.1 We understand the difficulty the government has had in establishing accurate baseline information in relation to the costs associated with implementing the Carers Act. However, both the National Carer Organisations and COSLA believe that costs have been underestimated. These views are summarised in the Carers Act Finance Advisory Group – Report of Scottish Government’s Findings – July 2017

1.2 Slow Start – Underestimating Demand

It is our view that the government has underestimated demand by predicting a slow start to the implementation of the Carers Act.

They have forecast that in year one only 3% of carers will choose to access an Adult Carer Support Plan (ACSP), rising to 8% by year three.

The Act provides all carers with the right to an ACSP where they request one and also places a duty on local authorities to inform them of this right.

There is currently a low take up of carers assessments across Scotland, even amongst carers in touch with support organisations, such as local carer centres. It is likely that once carers are informed of their new rights under the Carers Act that they may choose to access an ACSP.

1.3 This would correspond with the implementation of other legislation, such as free personal care, which had a higher uptake than anticipated (30% of eligible population in first 3 years)

1.4 Underestimating Costs
In addition, it is our view that the government has underestimated the costs of implementing the duties, both in relation to undertaking Adult Carer Support Plans and also funding carer support, in particular short breaks.

1.5 For example, the government has calculated the costs for support in Year 1 of the Act at £3.7 million. An additional £2.36 million has been included for short break provision.

There are 759,000 carers in Scotland, of these 171,000 care for 35 hours a week or more\(^1\). If we just take these 171,000 carers into account, the Carers Act provides an additional £22 per carer in Year 1 of the Act. We do not believe this is sufficient.

1.6 It is also our view that the unit cost of an Adult Carer Support Plan (ACSPs) of £176 is an underestimate, particularly for carers living in rural and island communities, where the cost of travel is an additional factor and for carers with complex caring roles.

1.7 The estimates for an ACSP seem to be based on a single intervention, whereas outcome planning should be viewed as an ongoing process. Glasgow for example estimated the cost of an ACSP to be £280.

1.8 There are also several duties in the Act which are not costed in the financial memorandum, but which are not cost neutral. These include the duty to involve carers in carer services, to develop a short breaks statement and to involve carers in the hospital discharge of the person they care for.

1.9 Carer involvement has cost implications, such as staff time, facilitating carer engagement and supporting carer representatives. The financial memorandum does not include any additional funding for these activities.

**Question Two - Potential Funding Implications for local carer organisations**

2.1 The Coalition of Carers in Scotland undertook a scoping exercise with its members in September 2017 to establish the potential funding implications of the Act. 25 local areas contributed their views via interview or online survey.

Overall, 95% of respondents were either moderately or seriously concerned about funding.

The concerns about funding relate to three key issue:

2.2 Lack of clarity in relation to funding levels after March 2018.

\(^1\) Scotland’s Carers – Scottish Government publication (2015)
Few local carer organisations have had their funding confirmed for 2018/19. This includes service level agreements with local authorities and health boards and other grant funding, such as Carer Information Strategy funding (CIS)

2.3 Almost 50% of respondents stated that their contract was in the process of review.

2.4 In addition, in some areas the service has gone out to tender, or there are plans to put services out to tender in the near future. We currently know of two local authorities (North Lanarkshire and West Lothian) who have recently put their carer services out to tender. In one of these areas the start date for the contract is the 1st of April 2018, the same day the Carers Act commences.

‘It’s being reviewed and is now subject to a tender process. We don’t know what the outcome will be- all we know at the moment is that it is an open tender process.’

2.5 Carer Information Strategy (CIS) funding is due to end in March 2018. The government has indicated that this money will now form part of the overall resources for the Carers Act and there will be no specific guidance on how it should be allocated, therefore there is no guarantee that this funding will be used in the same way.

2.6 CIS funding has been in place for the last 9 years. It has been used to fund many key projects and staff posts within local carers centres.

‘Currently over 50% of our funding will end next March at the conclusion of CIS and ICF. In addition, statutory funding has either stayed at the same level or decreased over the last few years... As a result, we are in the ridiculous position, when the Carers Act is about to be implemented, of worrying about laying off staff at the end of the year, unless we receive confirmation that the funds previously received through the SG (CIS &ICF) and statutory funding will continue beyond next March. Unfortunately, we are no longer in the financial position of being able to continue to fund posts beyond the end of funding agreements as we have in previous years.’

‘The lack of information about Carers Act funding versus the disappearance of CIS funding seriously concerns me. How much is it, how can it be accessed, when will it be available? We have no answers to these questions as yet. If one morphs into the other then it is not "new money" as we are currently being told by SG. My concern

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2 All quotes are from The Coalition of Carers in Scotland scoping report with local carer organisations, September 2017
is that the SG has under costed the impact and it may fall to Carers Centre to fill the gap.’

2.7 It is likely that many HSCPs, will focus on setting their own budgets before confirming funding levels with third sector partners. In this case many local carer organisations will be required to issue redundancy notices to staff before the end of the financial year.

2.8 Capacity issues, due to increasing demands and decreasing resources

We have legitimate concerns that some local carer organisations will face a decrease in funding from 2018/19 onwards. Others will receive the same level of funding which has been at a standstill for many years.

2.9 The Carers Act will result in an increase in demand on local carer support services. Carers centres play a key role in identifying carers and providing information, support and advocacy in a preventative manner. In addition, many carers centres will be undertaking Adult Carer Support Plans on behalf of the local authority and most will be facilitating emergency planning for carers, which is another key duty in the Act.

2.10 Local carer organisations are fundamental to the successful implementation of the Carers Act, yet they currently have no nationally guaranteed resources to assist with implementation and few organisations have been able to confirm additional resources at a local level.

‘Of course, I am also worried about the impact of the Act and in particular whether (a) we will have the resources to meet rising expectations created by it and (b) whether any resources that come with the Act will be sucked into the “bureaucracy” or tick box completion and reviewing of ACSPs or whether it will translate into more and better support for more people.’

2.11 Less success accessing funding from external sources such as trusts

Most local carer organisations have a mix of funding which includes funding from charitable trusts and other fundraising income. However our members reported that they have been able to secure less income from this source than they did previously.

‘We have also found it more difficult to secure additional funding from trusts etc due to a decrease in the funds available and an increase in the demand for them.’
Health and Sport Committee  
Draft Budget 2018-19  
Additional Written Submission

Question Three - How much of the money is new money

3.1 The financial memorandum sets costs of £19.4 million in year one of the Act. This is presented as additional resources to fund the new duties in the Act.

3.2 However, £5 million of this must be set against Carer Information Strategy funding which comes to an end in March 2018. This means the government has only set out £14.4 million of additional resources in year one.

3.3 In addition, the Integrated Care Fund has also funded local carer support over recent years. It has now been mainstreamed, with some projects no longer being funded. This deficit will also need to be set against the funding coming with the Act.

3.4 Finally, we must recognise that local authorities have faced ever tighter austerity budgets since 2010, while at the same time experiencing increased need and demand for social care (estimated by Social Work Scotland at 2.6% - 3% per year in real terms for older people with significant increases also required for people with disabilities)

3.5 These cost pressures have been passed on to local carer support services through cuts to funding and standstill budgets. Therefore, what is being viewed as an additional resource will in reality have to first compensate for funding reductions over recent years.

Question Four - The £16 million cost of waiving charges for carers

4.1 The Scottish Government agrees that the cost of waiving charges for carers, including replacement care is an estimated £16 million, without accounting for this figure increasing as more carers are supported under the Carers Act.

4.2 This cost is not included in the financial memorandum and the government does not intend to provide local authorities with any additional funding to compensate for this loss of income through charging.

SG recognises separate provision has not been made for replacement care but would suggest there could be flexibility within the overall funding for providing support and would emphasise the total £88.52m investment against the existing £200m we currently invest in respite care in Scotland and encourage LA’s to consider the total funding available and how best this might be utilised. There will be other existing support to carers over and above respite care which could arguably be used to compare new expenditure against.

4.3 The government’s argument that there is flexibility within the overall resources going with the Act is does not stand up to scrutiny.

4.4 Furthermore the £200 million referred to in relation to the current investment in respite care in Scotland is being spent on support to carers under current legislation, not under the new rights for carers being brought in by the Act.

The Financial Memorandum calculations all relate to additionality: they start with additional ACSPS required, then they estimate the proportions likely to need support.

**Question Five - How will funding be distributed and monitored?**

5.1 The government is still to confirm how it will distribute the additional resources for the Carers Act. It is also not clear if there are any plans to monitor how it is spent and to ascertain whether it is used to directly support carers and implement the new duties in the Act.

5.2 Without a monitoring plan in place we are not confident that resources will be used for their intended purpose. We fear that they will be used to replace existing funding for carer support, or given the pressures on local budgets, for an entirely different purpose.

5.3 The £2 million provided to HSCPs in 2017/2018 to assist in preparations for the Act has been unaccounted for in many areas.

**Further Information**

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The National Carer Organisations, December 2017