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Finance and Public Administration Committee
The Scottish Parliament

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Dear Kenneth

I am writing in response to the Committee's letter of 8 February 2024 regarding the Committee's scrutiny of the Financial Memorandum (FM) for the National Care Service (NCS) (Scotland) Bill.

The Committee asked, following Scottish Government officials' evidence on 23 January and my own evidence session with the Committee on 25 January, for further information in advance of the Stage 1 debate on the Bill which is scheduled for 29 February 2024.

I welcome the Committee's acknowledgement of the significant amount of work that has been undertaken by the Scottish Government to provide more information on both the Bill as introduced, and also the Scottish Government's proposed changes to the Bill at Stage 2 to reflect the outcomes of the co-design work, the shared accountability agreement with COSLA and the NHS, and wider discussions with stakeholders.

The Committee specifically asked for the following extra information:

The range of costs associated with the Bill as introduced and revised costs reflecting proposed changes, using the GDP deflator as measure of inflation

We discussed at the evidence sessions in January that should the Parliament agree to the shared accountability proposals, the cost would be significantly lower than the original Bill as introduced. At the meeting, you requested costings using the GDP deflator including the high level differentials and a more detailed breakdown (given we had provided costs using CPI), and these are provided in **Annex A** in Tables 1 – 3, and the Summary Table.

Using GDP, the costs of the NCS as per the Bill as introduced (figures from the updated FM provided to the Committee on 11 December 2023) over the 10 year period are almost neutral to those under CPI although the specific NCS development costs are reduced by £7 – 11m, this is further explained in **Annex A**.

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As my officials highlighted on 23 January, we chose to use CPI for modelling the NCS development costs as it was considered to be a more prudent estimator. GDP does not factor in import costs, and with the current high rate of inflation being driven in large part by high energy prices, the GDP may subsequently be artificially low. This is particularly relevant given the use of historic annual account data from 2021-22 that has been inflated forward, with CPI being significantly higher during 2022 - 23 and 2023 - 24 than GDP.

A detailed calculation behind the revised costs for rights to breaks from caring

The right to breaks central cost estimate at the steady state (i.e. by 2034 - 35) in the original FM (in the Bill as Introduced of June 2022) was £143m at 2022 - 23 prices. In the updated FM (of December 2023), this estimate is £190m at 2023 - 24 prices, an increase of £47m.

In addition, the updated FM steady state estimate includes £35.1m due to inflating the 2023 - 24 prices to nominal prices over the period, in line with the rest of the FM.

The main changes made in the December 2023 (updated FM) estimates and their impact compared with the June 2022 figures (original FM) and further information on wider cost estimates are shown at **Annex B**.

A breakdown of current Scottish Government staff costs associated with the development of the national care service, including the number of staff, salaries and grades

The current programme staffing breakdown for 2023 – 24 has been provided in **Annex A** in Table 6, and a forecast for 2024 – 25 in Table 7. The Affordability section within the Shared Accountability 'Financial implications of proposed changes' paper provided to the Committee as part of the 11 December correspondence set out some additional context.

The £10m staff cost represents the recurrent cost of currently employed civil service staff that, regardless of the NCS, would continue working within core Scottish Government. Therefore, this £10m (subject to inflation) was used as a baseline set against the overall forecast costs of Shared Accountability to highlight the additional costs that would be due as a direct result of continued development of the NCS over and above this staff cost. However, we will continue to reassess costs and need for staff within the NCS programme, and update the Committee if these estimated costs were to change in the future.

I would like to take this opportunity to clarify that the number of staff working entirely on the Bill itself is very small (three), and whilst the majority of NCS staff contribute to Bill work, their main role is on wider adult social care improvement, development and reform programmes which are not dependent on primary legislation. As we mentioned on 25 January, we are working to refine estimates for staffing requirements, and can share the business case for that when it is available.

An assumed breakdown of staffing for the proposed National Care Service Board (NCSB)

The staff costs associated with a NCSB as provided in my letter of 11 December, were based on an assumption that a staff of 42 would be required to run the core operational functions of the NCSB. This figure was drawn from an assessment of numerous sets of annual accounts of current NDPBs, with a particular focus on Community Justice Scotland, which was identified as having an equivalent size and comparable set of functions to the NCSB. Our assumption has been that of the 42 core NCSB staff, 30 would be additional to

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the current Scottish Government staffing complement for the National Care Service Programme.

Depending on the outcome of the Ministerial Control Framework considerations (whether the NCSB should be a public body or not) and the final decision on the structure the NCSB will take, current Scottish Government resources for community health, social care and social work may need to be reshaped and/or the distribution of Scottish Government/NCSB staffing reviewed to align to the broad purpose of the NCSB. We would anticipate that this is a continuation of current resource and would not incur new expenditure.

A breakdown of the assumptions on the numbers of staff required to deliver the bill, including social care staff, people who are directly related to the delivery of the national care service and local support

Workforce

The Committee notes that:

‘Issues related to workforce, the availability of staff and that of skills have also been explored by the Committee during recent evidence sessions. While we accept the Scottish Government’s argument that these are not direct costs arising from the Bill, given staff will not be directly employed by the government, recruitment is essential for the deliverability of the Bill. We note that much of the work being done to support the social care workforce is taking place outside the Bill, however, accurate costing for the additional staff component is essential to a thorough understanding of the overall costs associated with the National Care Service.’

The Scottish Social Services Council (SSSC) are currently responsible for the provision of sector workforce data. We are aware from this data (and what stakeholders tell us) that stability of the social care workforce and ability to retain workforce are urgent issues across Scotland.

The most recent SSSC data available reflects the workforce size at December 2022. At this time there were 211,510 employed in the sector, of which 62% (131,180) of the workforce were made up of care at home, care homes for adults and adult day care staff.

We know that adult social care services are facing particular challenges with 76% of care homes for adults reporting vacancies. The rate of whole time equivalent (WTE) vacancies across the whole social service sector was 8.7%. Sector employers are operating in an applicant led labour market, where ONS data has indicated that Scotland’s unemployment rate was 4.3% in summer 2023.

The wider costs of workforce are, as the Committee notes, not directly relevant to scrutiny of the Bill’s costs. The workforce are not, and will not be, employed by the Scottish Government but are spread across private, public, third and independent organisations. The employment of staff and the commissioning and procurement of provision will continue to be the responsibility of the NHS and local government as well as Integration Joint Boards, under the shared accountability arrangements.

The Bill sits within a wider programme of work which seeks to address issues such as recruitment, retention, terms and conditions and pay of workforce in the sector.

The Bill is just one part of the package of actions we are taking to address the issues in the sector. Work is already underway to secure improvement through the joint Statement of

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Intent with COSLA and the joint Social Services Workforce Taskforce that I jointly chair with the COSLA spokesperson for Health and Social Care. The Taskforce is currently considering these issues and developing an action plan.

We are also working on various other actions for improvement now. As one example, partners, including Scottish Care, have made Ministers aware of concerns about the high cost of employing agency staff and the impact this is having on providers. Scottish Government and COSLA have supported in the development of Scotland Excel's (SXL) Care and Support Services Framework which supports sustainable use of agency by keeping costs down for many non-nursing social care roles. The framework also supports payment of the Real Living Wage and Fair Work principles. SXL have promoted the availability of their social care agency framework to public and third sector for an associate membership fee of £550 per annum.

These challenges clearly illustrate the need for the NCS to address issues coherently at a national level. At present, we do not have a full set of data to tell us what the unmet need is for workforce, and we are not able to address that issue nationally for greatest effect. The NCSB would have workforce planning as one of its functions. The creation of both a national data record and a national strategy for workforce are measures enabled by the Bill as introduced.

Our commitment to Fair Work

We continue to progress a number of key projects to improve Fair Work principles that will enable better pay, effective voice, terms and conditions and more rewarding roles for the adult social care workforce, which would not only improve the current experience of the workforce, but also help to attract and retain new staff into the workforce.

Pay and conditions play an important role in the wellbeing and retention of the social care workforce, and that is why we are committing to provide the necessary funding in the next budget to increase the pay of social care workers in the private, third and independent sectors in a direct care role.

The recent uplifts of pay for adult social care workers £10.90ph in 2023 - 24 and the anticipated £12ph in 2024 - 25 are intended to help with the recruitment and retention crisis in the adult social care sector. This pay uplift will also be extended to those providing direct care to children and young people in commissioned services for the first time. These rates match the Real Living Wage and are likely to have an impact indirectly on child poverty as 80% of the workforce are female with many on a low income. This is another example of real actions we are taking now in tandem with the Bill to address the issues I outlined above.

We are committed to lifting standards for adult social care workers and for those people who are in receipt of care, which is why we have increased spending within the sector. We will also continue to build a National Care Service that has a clear focus on Fair Work, Ethical Commissioning and Sectoral Bargaining.

Impact of a fully functioning system

The National Care Service will look to improve outcomes for those receiving care and is expected to reduce unmet need. The Committee asked for further information regarding unmet need for social support services at the evidence session on 25 January, which is set out below.

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The publication 'Social care - demand for care at home services' by Public Health Scotland (PHS) gives information on the demand for care at home services¹. The data includes information on the number of people awaiting a social care support assessment (excluding those waiting for specialist assessments) or waiting for a care at home package, as well as the number of hours to be provided. This is being published as management information, and PHS note that the data collection is still under development.

The latest available estimated figures show that on 8 January 2024 there were just over 6,250 people waiting for a social care support assessment and just under 3,700 people who had been assessed and were waiting for a care at home package.

However, available statistics on the number of people waiting for an assessment for social care services or for a package of care at home represent only a subset of the true population with unmet need for social care support. Estimates of need and unmet need vary due to a variety of factors, including the definitions of need and unmet need used, the way in which the available data is applied, and limitations with the availability and consistency of current unmet need data across Scotland. Further work to understand unmet need is crucial to developing future models of care and ensuring we can meet the needs of the population. Scottish Government officials expect this to form part of their work programme for 2024 - 25. A national data record and a national strategy for workforce, as proposed to be implemented via the Bill, would assist this work greatly in future years.

The economic case

The Committee also asked about the economic benefits of the Bill. The Economic Case within the published NCS Programme Business Case (PBC) highlights the potential benefits that could result from the establishment of the NCS. These benefits can be categorised into direct benefits of the NCS, and the benefits of wider social care reform that the NCS enables to be maximised.

As stated in the PBC and explained through illustrative examples, we expect the direct benefits to predominantly materialise, over time, through generating improved wellbeing outcomes for certain groups, including individuals receiving care, individuals working in care, those with unmet need and unpaid carers.

The Financial Memorandum and Business Case focus solely on the benefits and reform from the NCS Programme and Bill. However, there are wider social care reforms committed to, such as reforming eligibility, whereby we would expect early intervention and prevention measures to derive further benefits, particularly to the unmet need and unpaid carers groups. We'd anticipate that the creation of the NCS could support and maximise the benefits of this wider social care reform.

Details of the real-terms equivalent for the £840 million allocated to social care staff

In our discussions on 25 January, the Committee specifically asked about the Scottish Government's wider commitment to increase funding for social care by 25% (£840 million) over this Parliament Session (which is not a cost of the Bill).

¹ [Social care - demand for care at home services 30 January 2024 - Social care - demand for care at home services - Publications - Public Health Scotland](#)



I committed to providing you with the breakdown in real terms, (in tandem with the original cash terms estimates for comparative purposes) and this is provided in **Annex A** in Tables 4 and 5.

Implementation costs

The Committee requested further information about the cost of the first three years of implementation under the shared accountability proposal.

As I set out in my letter to you on 11 December 2023, we have taken account of the challenging fiscal environment (which is very different to that when the Bill was introduced), and reassessed the original Bill proposals with stakeholders. We are proposing to take a phased approach to implementation, spreading the cost over a 10 year period rather than 5 years. I want to highlight again that there are provisions in the Bill that that can happen more quickly, such as Anne's Law, and I am committed to progressing those as soon as possible.

As I mentioned during my evidence session, the costs incurred during this time frame will relate to setting up the National Board, but importantly also a great deal of other implementation and development activity, such as reforming Integration Joint Boards, improving strategic planning and delivery and supporting improvement, as well as all other programme activity such as supporting co-design, grants to partner organisations and associated research (such as the research taking place to support decision making regarding justice social work, for example).

I hope the Committee finds this information helpful.

MAREE TODD MSP

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Annex A

Updated Financial Memorandum and Shared Accountability Costing Tables presented using the GDP Deflator

Summary Totals Table

	Total NCS Costs	GDP (£m)	CPI (£m)	Variance (£m)
Updated Financial Memorandum (FM)	10 Year Bill Costs	880 – 2,191	880 – 2,192	0 – (1)
	10 Year NCS costs	480 - 1,610	487 - 1,621	(7) – (11)
	10 Year Carer’s Breaks	401 – 581	393 - 571	8 – 10
	Recurrent NCS Position 31/32	124 - 458	127 - 461	(3) – (3)
Shared Accountability proposals for Stage 2 of the Bill	10 Year Bill Costs	638 - 926	631 - 916	7 – 10
	10 Year NCS costs	238 - 345	238 - 345	0 - 0
	10 Year Carer’s Breaks	401 – 581	393 - 571	8 – 10
	Recurrent NCS Position 31/32	33 - 50	33 - 50	0 - 0

(Brackets denote CPI is higher than GDP)

Under GDP the costs of the NCS as per the Bill as introduced (Updated FM figures) over the 10 year period are broadly neutral to those under CPI. This is due to the reduced costs of the NCS development being offset by the increase in the costs of Carer’s Breaks.

The main reason that the NCS development is less expensive under GDP is that a number of estimates, specifically around Care Boards, were based on 2021 - 22 annual account data inflated to future rates. CPI in 2022 - 23 and 2023 - 24 was far higher (9.9% and 4.2% respectively) than GDP (2% and 0.3% respectively), which increased the estimated costs of the NCS development. Conversely, the carer’s break costs don’t begin until 2025 - 26, at which point GDP is marginally higher than CPI, thereby reducing the comparative costs and creating a broadly neutral 10 year position.

Under shared accountability, because Care Boards are no longer included, the effect of GDP versus CPI is significantly reduced. The National Care Service Board and reform of IJBs have operational costs (based on inflated 2021 - 22 annual accounts figures from other public bodies), but as they are substantially smaller costs than that which was assumed for creating care boards, the change is less pronounced. This is also offset against the recurrent non-staff costs of core Scottish Government, which are incurred from 2024 - 25 onwards and are slightly higher under GDP.

Carer’s breaks implementation are consistent under both the updated FM and Shared Accountability, and as such cause the increase in cost through using GDP.

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Table 1 - Inflation (GDP)

FY	CPI	GDP
2022/23	9.9%	2.0%
2023/24	4.2%	0.3%
2024/25	0.6%	1.0%
2025/26	0.0%	1.3%
2026/27	0.8%	1.3%
2027/28	1.7%	1.4%
2028/29	2.0%	2.0%
2029/30	2.0%	2.0%
2030/31	2.0%	2.0%
2031/32	2.0%	2.0%

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Table 2 – Total estimated costs of Bill provisions (updated FM) (GDP)

Sector	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Total estimated costs of Bill provisions	13 - 13	11 - 13	13 - 17	32 - 46	45 - 65	65 - 117	105 - 351	158 - 437	210 - 523	228 - 609
Establishment and running of NCS at national level – table 6										
Scottish Administration	13 - 13	11 - 13	13 - 17	19 - 27	18 - 26	17 - 26	17 - 26	18 - 27	18 - 28	18 - 28
Establishment and running of care boards – table 7										
Scottish Administration	0 - 0	0 - 0	0 - 0	0 - 0	0 - 0	7 - 31	0 - 0	0 - 0	0 - 0	0 - 0
Care boards	0 - 0	0 - 0	0 - 0	0 - 0	0 - 0	0 - 0	32 - 244	68 - 306	104 - 368	106 - 430
<i>Total Establishment and running of care board</i>	<i>0 - 0</i>	<i>0 - 0</i>	<i>0 - 0</i>	<i>0 - 0</i>	<i>0 - 0</i>	<i>7 - 31</i>	<i>32 - 244</i>	<i>68 - 306</i>	<i>104 - 368</i>	<i>106 - 430</i>
Total NCS costs	13 - 13	11 - 13	13 - 17	19 - 27	18 - 26	24 - 57	49 - 270	86 - 333	122 - 396	124 - 458
Right to breaks from caring* - table 11										
Social Care / NCS	-	0 - 0	0 - 0	13 - 19	27 - 39	41 - 60	56 - 81	72 - 104	88 - 127	104 - 151
Anne's Law – table 14										
Care Inspectorate	0	0	-	-	-	-	-	-	-	-
<i>Total right to breaks & Anne's law</i>	<i>0 - 0</i>	<i>0 - 0</i>	<i>0 - 0</i>	<i>13 - 19</i>	<i>27 - 39</i>	<i>41 - 60</i>	<i>56 - 81</i>	<i>72 - 104</i>	<i>88 - 127</i>	<i>104 - 151</i>
Total estimated costs of Bill provisions (GDP)	13	11 - 13	13 - 17	32 - 46	45 - 65	65 - 117	105 - 351	158 - 437	210 - 523	228 - 609
Total estimated costs of Bill provisions (CPI)	13	11 - 13	13 - 17	32 - 46	45 - 64	64 - 115	105 - 353	158 - 438	210 - 524	229 - 609
Variance	0	0	0	0	0 - 1	1 - 2	0 - (2)	0 - (1)	0 - (1)	(1) - 0

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Table 3 – Total Cost estimate of Bill provision under Shared Accountability proposals (GDP)

Sector	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£ million s	£ million s	£ million s	£ million s	£ million s	£ million s	£ million s	£ millions	£ millions	£ millions
Total estimated costs of Shared Accountability	13 - 13	11 - 13	13 - 18	33 - 48	50 - 73	71 - 105	86 - 127	104 - 151	120 - 177	137 - 201
Establishment and running of NCS at national level										
Scottish Administration	13 - 13	11 - 13	13 - 18	20 - 29	21 - 31	20 - 31	20 - 31	22 - 32	22 - 34	22 - 34
Total Establishment and running of Reformed IJBs										
Reformed IJBs	-	-	0 - 0	0 - 0	2 - 3	10 - 14	10 - 15	10 - 15	10 - 16	11 - 16
<i>Total Establishment and running of Reformed IJBs</i>	0 - 0	0 - 0	0 - 0	0 - 0	2 - 3	10 - 14	10 - 15	10 - 15	10 - 16	11 - 16
Total NCS costs	13 - 13	11 - 13	13 - 18	20 - 29	23 - 34	30 - 45	30 - 46	32 - 47	32 - 50	33 - 50
Right to breaks from caring*										
Social Care / NCS		0 - 0	0 - 0	13 - 19	27 - 39	41 - 60	56 - 81	72 - 104	88 - 127	104 - 151
Anne's Law										
Care Inspectorate	0	0	-	-	-	-	-	-	-	-
<i>Total right to breaks & Anne's law</i>	0 - 0	0 - 0	0 - 0	13 - 19	27 - 39	41 - 60	56 - 81	72 - 104	88 - 127	104 - 151
Total estimated costs of Shared Accountability (GDP)	13 - 13	11 - 13	13 - 18	33 - 48	50 - 73	71 - 105	86 - 127	104 - 151	120 - 177	137 - 201
Total estimated costs of Shared Accountability (CPI)	13 - 13	11 - 13	13 - 18	33 - 48	50 - 72	70 - 104	86 - 126	102 - 149	118 - 175	135 - 198
Variance	0	0	0	0	0 - 1	1 - 1	0 - 1	2 - 2	2 - 2	2 - 3

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Table 4 - Real terms impact of Increased Social Care Investment

The table below reflects the real terms investment in support for Social Care (£m) (the Programme for Government Commitment £840m over the course of this Parliament Session). The Parliamentary Session will run to 2025 - 26, but as the budget decisions are annual and scrutinised by Parliament in that way, we have shown actual investment to date and not any possible future spend.

In 2021-22 prices			
	Total SG Spend	Additional	Cumulative
2021/22	395		
2022/23	999	604	604
2023/24	1,058	59	663
2024/25	1,229	171	834

Table 5 - Cash terms impact of Increased Social Care Investment

The table below shows the cash terms investment in support for Social Care (£m)

	Total SG Spend	Additional	Cumulative
2021/22	395		
2022/23	1,067	672	672
2023/24	1,199	132	804
2024/25	1,416	217	1,021

Table 6 - Costs of NCS programme staff 2023 - 24

Staff Summary - Annualised 2023 - 24						
Grades	In Post		Left Post		Vacancy	
	WTE	Cost (£k)	WTE	Cost (£k)	WTE	Cost (£k)
SCS	1.8	£241	0.3	£42	0.0	£0
C3	4.1	£308	0.4	£48	0.0	£0
C2	15.2	£1,269	0.7	£73	0.0	£0
C1	27.0	£1,752	6.0	£439	0.3	£21
B3	35.9	£2,192	4.5	£194	0.5	£33
B2	34.0	£1,556	4.1	£201	0.0	£0
B1	10.2	£433	2.5	£102	0.0	£0
A4	0.0	£0	0.0	£0	0.0	£0
A3	4.0	£104	0.6	£18	0.0	£0
Contingent	2.3	£285	0.9	£135	0.0	£0
Fixed Term	1.6	£133	0.0	£0	0.0	£0
	136.0	£8,274	19.9	£1,252	0.8	£54

	WTE	Cost (£k)
Total	156.7	£9,580

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The above table provides details of the various grades of staff working on the NCS programme and their respective cost. The Whole Time Equivalents (WTE) have been annualised to account for staff who start or leave the programme during the year. This provides a more accurate picture of the actual time and cost attributable to the programme. The vacancies represent posts which are expected to be filled in February and March. The cost is a combination of actuals for Period (P) 1-10 then forecast for P11 and P12.

Excluded from the cost above is a pro rata budget transfer of data and digital staff who previously worked on the NCS programme but were subsequently transferred to Digital Health and Care. The pro rata budget transfer to cover the cost of these staff in 2023 - 24 was £646k. Were these staff to have remained in the NCS Programme, the out turn staff cost would have been £10.23m.

Table 7 - Costs of NCS programme staff 2024 - 25

Grades	Annualised 2024 - 25			
	In Post		Vacancy	
	WTE	Cost (£k)	WTE	Cost (£k)
SCS	2.0	£305	0.0	£0
C3	4.1	£330	0.0	£0
C2	16.1	£1,443	0.0	£0
C1	31.4	£2,082	5.1	£524
B3	38.6	£2,414	6.3	£609
B2	36.5	£1,584	3.2	£270
B1	10.8	£492	0.0	£0
A4	0.0	£0	0.0	£0
A3	4.0	£109	0.0	£0
Contingent	2.0	£278	0.0	£0
Fixed Term	1.6	£137	0.0	£0
	147.0	£9,173	14.5	£1,403

	WTE	Cost (£k)
Total	161.5	£10,576

The above table provides the forecast cost for 2024 – 25 based on the current programme resource tracker. The additional cost from 2023 - 24 is related to the 2024-25 pay uplift, the pay progression of staff through the bandings as well as the filling of a number of vacancies.

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Annex B

The main changes made in the December 2023 (original FM) estimates and their impact compared with the June 2022 (updated FM) and further information on wider cost estimates are shown below.

	Steady state (2034 - 35) cost estimates £m
June 2022 FM estimate at 2022 - 23 prices	143.0
Changes in December 2023 FM and additional costs:	
updating data on carer population and intensity of caring	-1.2
uprating unit costs from 2022 - 23 to 2023 - 24 prices	19.5
adding replacement care for young carers caring 20+ hours per week	3.3
projecting carer population increases due to demographic change	24.9
Subtotal changes at 2023 - 24 prices	46.5
December 2023 FM estimate at 2023 - 24 prices	189.5
Inflation to nominal prices	35.1
December 2023 FM estimate at nominal prices	224.6

Summary of the Right to Breaks from Caring Cost Estimate Calculation

Method Overview

The estimate is based on a four stage calculation:

- Estimating the cost of carer support under the rights to breaks policy at the steady state (by 2034 - 35);
- Adjusting carer population estimates due to demographic change during that period;
- Subtracting estimated existing expenditure on relevant carer support.
- Inflating costs to nominal prices over the period.

A summary of the key steps is as follows.

Cost of NCS rights to breaks

The starting point is the number of carers and the carer intensity profile (i.e. the distribution of the number of carers by hours of caring per week) from the Scottish Health Survey (SHeS) (2018 - 2022 combined) (December 2023); these are shown in Table 10: Number of carers and proportion expected to have adult carer support plans / young carer statements in steady state) of the updated FM with data for adult carers in the first row and for young carers in the fourth row.

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An estimate is then made of the number of carers who will have adult carer support plans and young carer statements in the steady state. These are based on the assumption that 34% of all adult carers will have plans and 64% of young carers will have statements in the steady state (these assumptions are carried forward from the Financial Memorandum for the Carers (Scotland) Bill (which was enacted as the Carers (Scotland) Act 2016). This gives an estimate of 239,970 adult carers with plans and 15,847 young carers with statements in the steady state. This is detailed in rows two and three in the updated FM in Table 10 for adults, and rows five and six for young carers.

With estimates for the number of carers with statements and plans in the steady state in place, the estimated volume of support for delivering the right to breaks is affected by a range of variables. These are shown in Table 9: Assumptions used in calculating costs of breaks from caring (in the updated FM) along with the values assumed for each variable (determined following discussion with stakeholders).

To illustrate the approach, for adults caring 50+ hours per week there will be 98,957 carers with plans in the steady state (see Table 10) and it is assumed that 50% of these will receive replacement care at an average of 4 weeks per carer (both from Table 9), giving an estimated 197,913 weeks of replacement care required for the 49,478 carers in this group estimated as receiving replacement care. Following a similar approach for carer breaks (i.e. additional support to help people recharge during their time away from caring) assuming this is needed for 60% of adults caring 50+ hours per week gives an estimate of 59,374 adults receiving carer breaks (i.e. 60%) and requiring 178,122 carer breaks (at a rate of 3 breaks per carer per year (Table 9).

Estimates for the volumes of support required for the carers in the other intensity classifications have been calculated in a similar way, by combining the steady state numbers of carers with plans and statements (Table 10) with the respective variables from Table 9.

The estimates for the volume of replacement care were then converted to hours of home care and weeks of care home respite and costed using unit costs at 2023 - 24 prices; volumes of carer breaks were costed at £374 per break (i.e. at the rate estimated in the Carers (Scotland) Bill's Financial Memorandum inflated to 2023 - 24 prices), to give a total cost for personalised support of £274m.

To estimate the volume of easy access breaks, the number of carers not receiving personalised support was calculated by deducting the number of carers receiving personalised support from the total number of carers. This total was then multiplied by the proportion of these carers assumed to take up easy access support from Table 9 (rows 8 and 9 for adults and young carers respectively).

To illustrate, by continuing with the example of adults caring 50+ per week, the number of carers not receiving personalised support is 64,322 (i.e. 123, 696 (Table 10) minus 59,374 from the personalised support calculation above). The number of carers that take up easy access breaks is then calculated by applying the assumed take up rate for this intensity group from Table 9 (i.e. 40%) to the number of carers not receiving personalised support (i.e. 64,322) which results in an estimate of 25,729 taking up easy access breaks.

Estimates for the volumes of easy access breaks required for the carers in the other intensity classifications have been calculated in a similar way, and the total volume of easy access

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breaks for all carers was then costed at £330 per break (Table 9) giving a total cost of easy access support of £35m at 23 - 24 prices.

Adding the cost of personalised support to the cost of easy access breaks gives an estimate for total right to breaks cost at 2023 - 24 prices of £309m.

Growth Period to steady state and adjustment for demography

Data from the 2023 Carers Census indicates that there were about 16,000 completed statements and plans (and about 34,000 incomplete statements and plans are also included). Both of these are well short of the numbers assumed for the steady state (i.e. 239,970 and 15,847 as noted above) and it has been assumed that that it will take 10 years to build up the numbers to these levels (updated FM, paragraph 77).

Given this length of time and the pace of demographic change it is prudent to include a provision for an increase in number of carers over this period.

This involved:

- analysis of the ages of people cared for from the Carers Census to calculate age-specific person cared for rates;
- applying the person cared for rates to NRS population projections to estimate the number of people cared for in 2034 - 35; and
- subtracting that from the numbers cared for in 2022 to calculate the projected increase over the period.

The number of carers in the steady state in 2023 - 25 was then increased by this number and costed at the average cost per carer, giving an estimate of £334m.

Estimate of Current Expenditure

Local Authorities & Integration Joint Boards are unable to provide data for current expenditure on carer support. Consequently an estimate was produced by using the proportion of carers who had been supported by respite in the SHes (i.e. 3%) costed at the average annual cost per adult carer (providing 20+ hours per week). To this sum was added assumed expenditure from the additional funding provided for Carers (Scotland) Act 2016 implementation (in line with the Carers (Scotland) Bill Financial Memorandum), plus existing Scottish Government direct funding of easy-access (voluntary sector) breaks to give a total an estimate of £144m at 2023 - 24 prices.

To provide assurance, this was benchmarked with a 2017 report by the Carers (Scotland) Bill Finance Advisory Group which estimated expenditure on respite care at approximately £200m per year, based on 2010/11 activity levels costed at 2015/16 prices. Although this will have been subsequently affected by austerity and inflation, it is very unlikely that it will have fallen to a value at 2023 - 24 prices less than £144m estimated above.

By deducting the estimate for existing expenditure (£144m) from the estimate for the total cost of the right to breaks (£334m) the estimated additional funding required for the right to breaks is £190m at 2023 - 24 prices.

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Inflating to Nominal Prices

The estimated additional expenditure was then phased over the growth period to give the annual funding requirement for each year to 2034 - 35 (at 2023 - 24 prices). To be consistent with the other sections of the updated FM, CPI inflation indices were then applied to this projection to give annual nominal values, resulting in an additional funding requirement of £225m in 2034 – 35 (see the figures in Tables 11, 12 and 13 in the updated FM).

Uncertainty in the estimates

The Committee also asked about uncertainty in the estimate and whether more unpaid carers might come forward and need support. The updated FM already highlights this among a number of areas of uncertainty and assumptions, at paragraphs 72-74 and Table 9.

The NCS Bill will establish the right to breaks through amending the existing processes and rights under the Carers (Scotland) Act 2016. Evidence from the Carers Census discussed above and at paragraph 77 of the updated FM shows relatively small numbers of unpaid carers having come forward for support under the Carers (Scotland) Act 2016 since it was implemented in 2018, compared with the estimates in the Carers (Scotland) Bill Financial Memorandum. The revised NCS Bill FM estimates are also presented as a range, to reflect this and other uncertainties. We therefore see these estimates as prudent and reasonable but, as highlighted at paragraph 80 of the updated FM, recognise the need for ongoing monitoring uptake and updating estimates.

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