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The Scottish Parliament

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Dear Kenneth

06 June 2025

I am writing regarding my evidence session with the Committee on the supplementary Financial Memorandum for the Care Reform (Scotland) Bill on Tuesday 27 May.

At the Committee session I undertook to provide details on the estimate of savings from informal care that is included at paragraph 31 of the Financial Memorandum (see Annex A).

I also agreed to provide further detail of staffing costs for the Bill (see Annex B). On staffing costs, for overall context I have included costs I have previously shared with you for 2021 – 22 from the beginning of the programme, and 2022 – 23. The addition of the data sets from 2023 – 24, and 2024 – 25 allow a comparison of the last three available financial years.

I also thought it would be helpful to mention that the budget for the entire NCS programme for 2025 - 26 is £11.6m. As I have highlighted during the passage of the Bill through Parliament, the NCS Programme incorporates work on social care as well as the Bill, and so the totality of costs are not all directly associated with the Bill but also the improvement of the current delivery of social care.

I hope this follow up information is helpful.

MAREE TODD MSP

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Annex A

Potential Savings from Informal Care

Introduction and Purpose

Paragraph 31 in the Revised Financial Memorandum (FM) includes an estimate for the potential savings to the Public Sector due to the support provided by unpaid carers. This note provides a summary of the approach used in the calculation.

Methods

The estimate has two components: The cost of social care that would be required if the support currently provided by informal carers was not available; and the cost of healthcare that would be required in the absence of informal care.

Cost of Social Care avoided

The main steps in the calculation are shown in table 1 in the annex.

The starting point is the number of carers by intensity of caring¹ (line 1 in table 1)

The next step is to estimate, for each banding, how many of the people cared for would require residential care and how many would require care at home, if informal care was not available. To do this we used the same proportions that would require residential care and care at home that were used in the carers model to estimate the cost of replacement care for carers rights to breaks (lines 2 & 3).

The calculation then focuses on replacement residential care: the %ages requiring residential care (line 2) were combined with the number of carers in each banding (line 1) to calculate the number of care home placements that would be required for the people cared for (line 4) and this was converted to the number of placement weeks per year by multiplying by 52 weeks (line 5); this was then costed at £1,226² per week (line 6) to give the estimated annual cost of residential care that would be required, in the absence of informal care, of £5.8bn (line 7).

The calculation then focuses on homecare: the %ages requiring homecare (line 3) were combined with the number of carers in each banding (line 1) to calculate the number of care at home packages that would be required for the people cared for (line 8); this was then multiplied by the number of weekly hours per package³ (line 9) and by 52 weeks to estimate the annual number of care at home hours that would be required (line 10); finally, this was costed at £26⁴ per hour (line 11) to give the estimated annual cost of home care that would be required, in the absence of informal care, of £8.1bn (line 12).

The combined total of the estimated cost of replacement social care in both settings is £13.9bn (line 13).

Note that this estimate is materially lower than the £15.9bn reported by Carers Scotland⁵ for 2022 (equivalent to £17.9bn at 2025/26 prices). This is mainly due to different methodologies as the FM estimate is for the cost of replacement care that would be required in the absence of informal care,

¹ Scotland's Carers update release [Scotland's Carers - gov.scot \(www.gov.scot\)](https://www.gov.scot/scotland's-carers)

² Weighted average of the 2025/26 National Care Home Contract (NCHC) rate for nursing care placements and the respite rate for complex placements.

³ Lower, median and upper quartile hours per week from PHS social care collection.

⁴ 2024/25 cost per week from CFOs uprated by 6% for inflation plus further adjusted for Eers NIC increase.

⁵ [Valuing Carers 2022: Scotland | Carers UK](#)

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whereas the Carers Scotland estimate is for all of the hours of support provided by informal carers valued at the hourly rate for homecare.

Healthcare costs avoided

There is evidence that informal care reduces the hospitalisation rates of people cared for through both a reduction in admission rates and in length of stay. However the effect for admission rates is not significant so has not been included in the analysis; the reduction in length of stay is significant and averages 1.9 days per admission over 30 days⁶.

The main steps in the calculation are shown in table 2 in the annex.

The starting point is the number of carers by intensity of caring (line 1). We then estimate how many admissions to long stay beds would be likely by multiplying the number of people cared for by the admission rate to long stay beds. Specific data for admissions by people cared for is not available, so we used the admission rate for people aged 75+ as a proxy⁷ for this, giving an estimated 271,000 admissions (line 2). We then estimated the reduction in length of stay by multiplying the number of admissions by 1.9 days (line 3) and then estimated the cost saving from this by multiplying the bed days saved by the cost per day for long stay beds from the NHS Cost Book⁸, giving an estimated saving of £386m (line 4).

⁶ [Does availability of informal care within the household impact hospitalisation? | Health Economics, Policy and Law | Cambridge Core](#)

⁷ PHS SOURCE data

⁸ [Files listing for 2023 to 2024 - Scottish health service costs - summary for financial year 2023 to 2024 - Scottish health service costs - Publications - Public Health Scotland](#)

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Table 1 Calculations for Formal Social Care Costs Avoided

		<20 hours per week	20 - 34 hours per week	35 - 49 hours per week	50+ hours per week	Total
1	Number of carers all ages	477,194	63,100	41,972	111,735	694,000
2	Proportion of replacement care provided in care home	0%	10%	30%	65%	
3	Proportion replacement care provided at home	100%	90%	70%	35%	
4	Care home placements required for replacement care	0	6,310	12,592	72,628	91,529
5	Annual care home weeks required for replacement care	0	328,118	654,759	3,776,646	4,759,523
6	Cost per week residential care (£)	1,226	1,226	1,226	1,226	
7	Annual cost of replacement residential care (£m)	0	402	803	4,630	5,835
8	Care at home packages required for replacement care	477,194	56,790	29,380	39,107	602,471
9	Home care hours per week	8	10	22	22	
10	Annual home care hours required for replacement care	198,512,509	29,530,646	33,610,946	44,738,729	306,392,830
11	Cost per hour home care (£)	26	26	26	26	
12	Annual cost of home care required for replacement care (£m)	5,225	777	885	1,178	8,064
13	Total cost of replacement care (£m)	5,225	1,180	1,687	5,808	13,900

Table 2: Calculations for Healthcare costs avoided

		<20 hours per week	20 - 34 hours per week	35 - 49 hours per week	50+ hours per week	Total
1	Number of carers all ages	477,194	63,100	41,972	111,735	694,000
2	Admissions to long stay wards by people cared for	186,105	24,609	16,369	43,577	270,660
3	Bed days avoided by people cared for due to lower LOS	353,600	46,757	31,101	82,796	514,254
4	Cost avoided due to lower LOS (£m)	265	35	23	63	386

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Annex B

Spend is in £000's

Area	2021/22	2022/23	Area 23/24 Onwards	2023/24	2024/25	Cost Areas	Total Spend
Staff	£1,387	£9,800	Staff	£9,823	£9,675	Staff	£30,685
Staff Related	£31	£134	Staff Related	£87	£89	Staff Related	£340
Engagement	£66	£1,026	Co-Design	£104	£180	NCS	
Consultancy	£302	£1,683	Engagement	£17	£17	Programme Development	£4,410
Total	£1,785	£12,643	Grants	£359	£245	- Non-Staff Spend	
			Research & External Support	£355	£56		
			Total	£10,744	£10,262	Total	£35,435

Cost Area	Total Spend
Staff	£30,685
Staff Related	£340
Co-Design	£284
Engagement	£1,126
Consultancy	£1,985
Grants	£604
Research and External Support	£411
Total	£35,435

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