

Finance and Public Administration Committee

27th Meeting, 2022 (Session 6), Tuesday 1
November 2022

National Care Service (Scotland) Bill - Financial Memorandum

Purpose

1. At its meeting on [25 October](#), the Committee took evidence on the Financial Memorandum (FM) for the [National Care Service \(Scotland\) Bill](#) from Scottish Government officials and from representatives of local government. The Committee heard from the following witnesses:

Panel 1

Donna Bell, Director of Social Care and National Care Service Development, Scottish Government; and
Fiona Bennett, Interim Deputy Director for NHS, Integration and Social Care Finance, Scottish Government

Panel 2

Paul Manning, Executive Director of Finance and Corporate Resources and Depute Chief Executive of South Lanarkshire Council, SOLACE Scotland; Sarah Watters, Director for Membership and Resources, COSLA; and Sharon Wearing, Chair, CIPFA Integration Joint Board Chief Finance Officers Network.

2. The Committee is now invited to take evidence from:

- Mark Taylor, Audit Director, Audit Scotland;
- Emma Congreve, Knowledge Exchange Fellow, Fraser of Allander Institute;
- Hannah Tweed, Senior Policy Officer, Health and Social Care Alliance Scotland (the ALLIANCE); and
- Ralph Roberts, Chief Executive of NHS Borders, NHS Scotland.

3. This is the second evidence session in relation to the [Financial Memorandum \(FM\)](#) for the National Care Service (Scotland) Bill and it will provide an opportunity to further explore the potential costs associated with the measures introduced by the Bill. The Committee will also hear from the Minister for Mental Wellbeing and Social Care on Tuesday 8 November.

4. The written submissions provided by these witnesses in relation to the FM are attached at **Annexe A**.

5. This paper should be read alongside the [SPICe themes paper](#), which provides further background and analysis, and the [SPICe Summary of Written Submissions](#).

Background

6. The [National Care Service \(Scotland\) Bill](#) was introduced by the Scottish Government on 20 June 2022 and allows Scottish Ministers to transfer social care responsibility from local authorities to a new, national service.

7. The Bill is divided into the following parts, as stated in the [explanatory notes](#):

- “Part 1 establishes the National Care Service. It makes the Scottish Ministers responsible for organising the National Care Service, enables them to establish new public institutions called care boards to comprise the National Care Service and gives the Ministers power to make regulations transferring health and social care functions to the institutions comprising the National Care Service.
- Part 2 gives the Scottish Ministers’ powers to make records about people’s health and social care more consistent and better integrated.
- Part 3 contains modifications to existing laws relating to the provision and regulation of care.
- Part 4 contains provisions usually found at the end of a Bill, namely the power to make ancillary regulations, further elaboration in relation to regulation-making powers elsewhere in the Bill and the sections dealing with commencement and short title.”

8. [Rule 9.3 of Standing Orders](#) states in relation to Financial Memorandums that:

“2.A Bill must on introduction be accompanied by a Financial Memorandum which sets out best estimates of the costs, savings, and changes to revenues to which the provisions of the Bill would give rise, and an indication of the margins of uncertainty in such estimates. The Financial Memorandum must also include best estimates of the timescales over which such costs, savings, and changes to revenues would be expected to arise. The Financial Memorandum must distinguish separately such costs, savings, and changes to revenues that would fall upon—

- (a) the Scottish Administration;
- (b) local authorities; and
- (c) other bodies, individuals and businesses.

9. The accompanying [Guidance on Public Bills](#) notes that:

“the Financial Memorandum should explain how these costs, savings, and changes to revenues arise, and what the implications are for the Scottish Consolidated Fund. For example, provision for a new or modified tax raising power could, assuming the power is used, significantly increase or reduce the amount of revenue paid into the Scottish Consolidated Fund. The discontinuation of a service or dissolution of an organisation could present

potential savings to budgets and the Financial Memorandum should set out best estimates for these savings.”

10. The National Care Service (Scotland) Bill is a framework bill. The ‘framework’ intends for the substantive detail to be co-designed later, chiefly with people who access support, those who deliver it and unpaid carers. As a result, the accompanying [FM](#) notes that “there are increased uncertainties surrounding the cost estimates, and the timing of those costs”. Table 1 on page 6 of the FM provides a summary of the total estimated costs of provisions in the Bill.

11. On 30 June 2022, the Committee received a [letter from the Minister for Mental Wellbeing and Social Care](#) correcting an error in the Financial Memorandum submitted by the Scottish Government and providing updated figures for Table 1.

12. The Presiding Officer confirmed on 1 July 2022 that a financial resolution will be required in respect of the Bill.

13. The Health, Social Care and Sport Committee has been designated as lead committee in relation to scrutiny of the Bill, although other committees are also involved in examining particular elements of the Bill. Given the wide impact of the Bill on various policy areas, a joint call for views, led by the Health, Social Care and Sport Committee, was launched on 8 July and closed on 2 September 2022.

14. The call for views included the following standard questions that the Finance and Public Administration Committee asks on all Financial Memorandums:

- Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?
- If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the financial memorandum (FM)?
- Did you have sufficient time to contribute to the consultation exercise?
- If the Bill has any financial implications for you or your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.
- Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?
- If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?
- Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?

15. The call for views received a total of 215 responses, which are available on the Parliament’s [Call for Views](#) site. Of the 215 responses, approximately one third included comments on the FM. Alongside the main consultation, the Committee received briefings from [COSLA](#), [CIPFA](#) and [Social Work Scotland](#).

16. The Fraser of Allander Institute (FAI) has undertaken [research](#) on the Bill, with funding from the Coalition of Care and Support Providers in Scotland. [Annex C](#) to the

FAI report (appended to the FAI submission in Annexe A) provides a detailed analysis of the Financial Memorandum.

17. In addition to its role in considering Financial Memorandums, each year the Committee is required to consider the budget proposal from the Scottish Parliamentary Corporate Body (SPCB). The SPCB budget provides for the operating costs of the Parliament along with the costs of the Ombudsman and Commissioners (termed 'Officeholders') which fall within the definition of SPCB supported bodies. The Presiding Officer on behalf of the SPCB has provided a [submission](#) on the financial impact of the Bill on the SPCB.

Next steps

18. The Committee will continue taking evidence on the FM on 8 November, when it will hear from the Minister for Mental Wellbeing and Social Care.

Committee Clerking Team
October 2022

Written Submissions

Submission from Audit Scotland

Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

Audit Scotland submitted a response on behalf of the Accounts Commission and Auditor General for Scotland (AGS) in November 2021 to the consultation undertaken preceding the Bill. No specific comments were made about any financial assumptions made.

Did you have sufficient time to contribute to the consultation exercise? (Yes/No)

Yes.

If the Bill has any financial implications for you or your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

Not applicable. The Bill does not have direct financial implications for the AGS or the Accounts Commission that we would expect to see in the Financial Memorandum.

Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

Our Social care briefing (January 2022) stresses the importance of including realistic costs in financial memorandums accompanying parliamentary bills for legislative change as the Scottish Government takes forward its plans for a National Care Service.

Developing financial reporting in Scotland, published in July 2013, and Update on developing financial reporting (March 2015) highlighted the importance of comprehensive and reliable financial information to help support decision-making, for example, by allowing decision-makers to analyse options and prioritise activities. The update noted 'As improving outcomes is a long-term goal, financial planning should also have a longer-term lens. An honest assessment of gaps in funding will help identify any future threats to achieving outcomes.' In Planning for outcomes (June

2019), the AGS highlighted the importance of considering longer-term outcomes and reflecting this in financial planning.

Cost estimates need to be kept under review. In *Managing the implementation of the Scotland Acts* (March 2018), the AGS said: “Budgeting, financial monitoring and reporting require further development to enhance transparency and support effective scrutiny. More detailed estimates of costs need to be developed and refined as decisions are made about service delivery and long-term IT solutions.” Given the significant amount of uncertainty set out in the financial memorandum – from both the co-creation approach planned and other uncertainties as implementation is worked through – it will be critical to regularly update estimates of overall costs and other financial implications and report on these regularly to Parliament and local authorities.

In *Social security: implementing the devolved benefits* (May 2019) we reported that the Scottish Government does not yet have a clear understanding of the key things needed to deliver all remaining benefits in the way it intends. This includes not monitoring and reporting on how much it will cost to fully implement all the benefits. Our latest report *Social security: progress on implementing the devolved benefits* (May 2022) said that the implementation costs have not been routinely reported on publicly and that the scale of staffing required to implement and administer the benefits is much larger than the Scottish Government initially estimated.

Estimates of service costs

High level observations on the nature of service cost estimates set out in table 2 are included in our response to question 7. In this section we set out more detailed observations about the basis of these estimates. We note that the Scottish Government’s aim in setting out these estimates is to provide illustrative figures ‘to show a scale of the services in scope’. Nonetheless, in our view it is important to understand the limitations of the figures provided to support wider consideration of the financial implications of the Bill.

Service cost figures are drawn from pre-existing data sources as set out in the first bullet of paragraph 30. While these are based on defined methodologies to be applied by all relevant bodies, there nonetheless are likely to be some variability in the application of these across different councils and health boards. For example, there is likely to be a significant degree of variation in the treatment of central support service costs and other ‘overheads’. There is also likely to be a significant underlying variation in the service models used in different areas, with a consequential impact on the costs reported.

Paragraph 30 also notes that 2019/20 data is used (inflated to current prices) and therefore ‘do not account for any impact of Covid on services, to avoid extrapolating forward any non-recurring expenditure’. Given the impact of the pandemic on both funding levels and service models and associated costs we consider this to be a reasonable approach that helps avoid significant distortion of the underlying position.

It's not clear how the service strategy costs set out in table 2 relate to the Scottish Government's assessment of national NCS costs, and the extent to which these are reflected in the assessment of any savings as part of the net position. It would be helpful for Scottish Government to clarify this.

Costs not assessed

There are a number of costs associated with the measures set out in the Bill that have yet be assessed. The Scottish Government has recognised this providing a broad description of the anticipated cost and the difficulty in assessing it at this stage. In some of these the potential for additional cost is significant and taken together it is likely that the overall cost of the measures will be significantly above the amounts currently assessed.

Areas where cost information has not been provided include:

- the costs of any national care boards
- transition costs for Local Authorities and Health Boards, including double running. These may be significant and it will not be to unpick existing services from the other services these bodies provide
- the impact of changes to VAT treatment, with the expectation that Care Boards will not be able to recover input VAT to the same extent as local government bodies. While recognising the difficulties in making such an assessment it is import that the Scottish Government is able to provide its overall assessment of the potential significance of this issue as soon as it can
- the impact of any changes to pension scheme arrangements and associated contribution costs arising from pay harmonisation/ rationalisation
- the extent of potential changes to capital investment and maintenance costs
- the cost of the health and social care information scheme.

Basis of cost assessment

It will be important for the Scottish Government to clarify how certain items are treated in its assessment of costs, given the potential significance to understanding the figures provided. In particular:

Paragraph 39 highlights that NCS running costs include an estimated 500 – 700 people but that 'these are not all additional posts compared to current headcount profile'. It will be important to understand whether this means that headcount savings/ efficiencies are expected in other areas of the Scottish Government (with people moving to the NCS) and/or whether this refers to people joining the NCS in the establishment phase continuing with the new service.

Paragraph 51 provides details of the components of core management costs assessed, but the subsequent analysis does not provide any information against these headings. It will be helpful to understand how these different elements contribute to the overall costs of care boards.

Does the FM accurately reflect the margins of uncertainty associated with the Bill's estimated costs and with the timescales over which they would be expected to arise?

In our view, the potential costs summarised in table 1 of the financial memorandum are likely to significantly understate the margin of uncertainty and range of potential costs of the Bill measures due to:

- changes and increasing volatility of inflation expectations - The inflation indices applied by the Scottish Government are set out in the last bullet of paragraph 30. These are taken from ONS publications but more recent information on actual and forecast inflation are well ahead of the assumptions used. There is significant uncertainty about the future path of overall inflation measures and how this translates to public sector pay and other costs, but in our view the margin of uncertainty in the figures is likely to be significantly understated as a result.
- costs not yet assessed, as set out in our answer to question 13 above - In our view such costs have the potential to add significantly to the overall costs reported and are not currently reflected in the assessed margin of uncertainty.

We would also offer the following observations in relation to the assessment of the margin of uncertainty in specific elements of the costs set out:

- In assessing the range of costs of national services, the Scottish Government has set out a range of potential staffing levels and used this to estimate costs. A different approach has been used in assessing care board costs which is based on the potential timing and extent of the transfer of services. Both dimensions seem pertinent to both national and local costs.
- The variability of cost of staff harmonisation/ rationalisation highlighted in paragraph 54 is not reflected in the range quoted. In our view there is likely to be significant uncertainty about the cost of harmonisation that goes beyond the extent of services and staff groups involved.

Submission from Fraser of Allander Institute

Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

No.

Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

The financial information that has been worked on by officials and included in the Financial Memorandum only covers what is in the legislation. Whilst there are some gaps (e.g. the integrated health and social care record) and minor queries we have noted in our analysis (sent separately), on the whole, analysis provided by the Scottish Government is reasoned and logical.

There are currently no costs associated with the integrated health and care record in the FM.

With regards to Rights to Breaks from Caring, actual amounts spent on respite and breaks are not, we understand, available as local authorities are unable to produce figures which disaggregate this type of spending. The Scottish Government do not ring-fence spend for carers and there is no specific amount within the local government settlement which can be attributed as a contribution to carer respite and breaks. Whilst it is acknowledged that local authorities spend some money on carer respite and breaks, the level of uncertainty around the actual amount is substantial. The Scottish Government have estimated a figure based on. It is not clear how SG could obtain a more accurate figure however.

Does the FM accurately reflect the margins of uncertainty associated with the Bill's estimated costs and with the timescales over which they would be expected to arise?

On the most part, levels of inflation haven't been factored into the figures which will affect nominal spending. In terms of real costs, however, the ranges look reasonable.

With regards to Rights to Breaks from Caring, there are ranges that look at different levels of overall take-up, but not over the profile of take-up.

The Bill does transfer social care spending to SG, and although this does not lead to additional costs, it does move the budget line and the responsibility for managing uncertainties there.

The Financial Memorandum assumes a 3% real terms increase on all years and services to account for any non-inflationary pressures. This means a real terms increase by 2026-27 of close to £1 billion across social care. No rationale is given for the 3% rise, and it is a little lower than the increase in costs that the LSE/PSSRU estimated for England over a similar time period in a 2020 paper. More work on this area to determine the particular factors that will affect demand (under current provision) would be wise. This part of the FM does contain estimates of inflation. The FM states that these figures are taken from the ONS, but we understand they are actually from the Bank of England. It is unclear why the SFC forecast has not been used by the Scottish Government. The SFC figures imply that the Scottish Government may have overestimated inflation in 2023-24 and 2025-26, but underestimated it in 2022-23 and 2026-27. However, the outlook for inflation at the moment is so uncertain that forecasting nominal expenditure is extremely difficult. Using a range of possible estimates may be the best option for financial planning and this is another improvement that could be made.

As noted already, there is little information available on the costs of reforms that are outwith the NCS Bill currently laid in parliament. Reforms that will have a direct impact on frontline services and will deliver the much hoped for 'timely, consistent and high-quality services' have not yet been developed and are not part of the Bill. Sequencing of reform, and the timing of when the Bill is laid in parliament, is ultimately a decision for Ministers, not for those producing costings for the FM.

Annex C

Financial Memorandum - National Care Service

August 2022

A series of contextual evidence papers have been produced, setting out key sources of information about social care and related areas in Scotland, linking to the National Care Service Consultation proposals published in August 2021. All documents are available [here](#).

The [Financial Memorandum](#) set out in the National Care Service (Scotland) Bill sets out a range of figures that are expected to be additional costs due the legislation, as well as potential movements of costs across the current system.

There are two areas -

- Costs due to the set up and running of the National Care Service (NCS) including Care Boards, compared to the current Social Care structure.
- Costs that relate to additional service provisions that are set out in the Bill: rights to breaks from caring and Anne's Law

The figures are summarised in Table 1.

With regards to the set up and running of the NCS, the figures assume that adults social care, child services and social work and criminal justice social work are all transferred to the NCS

On the whole, additional costs come about due to:

“additional costs relating to setting up the new bodies, and to issues such as aligning terms and conditions for staff transferring from different organisations”

There is also an assumption that new staff will be required, for example for the design and delivery of the integrated social care and health record, and there will be new associated costs such as premises, equipment, and IT. There are some costs that the NCS will incur that are assumed to already exist in local authorities, health boards and Integration Joint Boards. These total £25-£40 million per year and these 'savings' have been offset in the figures provided in the financial memorandum.

Rights to breaks and caring and Anne's Law are the only areas that directly impact on front line services.

Other potential future changes are set out as commitments, but not costed as they are not included directly in the Bill. These are:

- To increase pay and improve terms and conditions for adult social care staff in commissioned services, including establishing appropriate channels for workforce and trade union representation
- To bring Free Personal Nursing Care rates in line with National Care Home Contract rates
- To remove charging for non-residential care
- To increase investment in social work services
- To increase provision of services focusing on early intervention and prevention

This document lays out the method for calculating the figures that are in the financial memorandum:

1. Costs associated with the establishment and running of the NCS
2. Costs associated with the establishment and running of Care Boards
3. Rights to breaks from caring

The creation of an electronic integrated health and social care record is in the legislation, but no costing has been produced. The reason given is that the work is at a too early stage to estimate costs, but it will be provided in the Programme business case due in Autumn 2022.

Table 1: Costs that are presented in the financial memorandum (£m, 2022/23 prices)

1. Establishment and running of NCS national organisation										
	2022-23		2023-24		2024-25		2025-26		2026-27	
	Low	High	Low	High	Low	High	Low	High	Low	High
Establishment	0	36	60	89	71	105	11	15	0	0
Staff costs	18	27	47	71	48	72	5	7	0	0
Non-staff costs										
Systems & IT	0	0	0	1	9	13	2	4	0	0
Training & other staff costs	0	0	2	2	2	2	0	0	0	0
Premises costs	0	0	1	1	2	4	2	2	0	0
Third part advice (legal / consulting)	6	9	10	14	10	14	2	2	0	0
Ongoing	0	0	0	0	2	2	82	122	82	125
Staff costs	0	0	0	0	0	0	59	88	60	91
Non-staff costs										
Systems & IT	0	0	0	0	2	2	11	16	10	16
Training & other staff costs	0	0	0	0	0	0	3	5	3	5
Premises costs	0	0	0	0	0	0	5	7	5	7
Third part advice (legal / consulting)	0	0	0	0	0	0	4	6	4	6
Total	0	36	60	89	73	107	93	137	82	125
	2022-23		2023-24		2024-25		2025-26		2026-27	
	Low	High	Low	High	Low	High	Low	High	Low	High
2. Establishment and running of care boards										
Scottish Administration	0	0	3	6	12	17				
Governance & Board costs	0	0	0	0	0	0				
Premises & digital	0	0	2	4	10	15				
Support services	0	0	0	0	0	0				
Administration & communications	0	0	1	2	2	2				
Pay	0	0	0	0	0	0				
Terms and Conditions	0	0	0	0	0	0				
Care Boards							132	315	142	375
Governance & Board costs							22	23	23	34
Premises & digital							63	94	69	103
Support services							45	67	46	69
Administration & communications							2	4	4	6
Pay							0	43	0	43
Terms and Conditions							0	84	0	120
Total	0	0	3	6	12	17	132	315	142	375
3. Right to breaks from caring	0	0	0	0	0	0	8	13	16	27
4. Anne's Law	0.186	0.186	0.09	0.09	0	0	0	0	0	0
Totals	0.2	36.2	63	95	85	124	233	465	240	527

Costs associated with the establishment and running of the National Care Service

Table 2 provides an overview of the costs required to set up and oversee the management of the National Care Service.

Responsibilities for social care and social work have assumed to be overseen by civil servants with the Scottish Government's directorate structure (i.e., no new 'National Care Service' public body will be created). A proposed National Social Work Agency sits within a unit in this structure (i.e., within the Scottish Government). The costs in Table 2 all sit with the "Scottish Administration" i.e., the core Scottish Government Budget.

There is reference made to some staff transferring into the NCS structure (primary care, community health, social care policy development). We understand that the costs for these staff are not stated in Table 2, as they are already within the Scottish Administration and there would be no additional costs associated with their transfer. All other costs in Table 2 are assumed to be additional costs to the Scottish Budget.

It is assumed that the NCS will be established by 2025-26, with an additional year shown in Table 2 to show full transition to steady state operating costs.

Headcount assumptions are based upon an assumption of skills required for the establishment and set-up (some of which will be short-term) with a final headcount assumed to be between 500-700 which is in line with other large government departments (social security is given as an example). It is advised that, as development work continues, these figures are likely to change.

Other costs have been established by comparison to the national management of the NHS and transformation programmes such as the setting up of Social Security Scotland.

Table 2: Establishment and Running Costs of the National Care Service (£m 2022/23 prices)

1. Establishment and running of NCS national organisation										
	2022-23		2023-24		2024-25		2025-26		2026-27	
	Low	High	Low	High	Low	High	Low	High	Low	High
Establishment	0	36	60	89	71	105	11	15	0	0
Staff costs	18	27	47	71	48	72	5	7	0	0
Non-staff costs										
Systems & IT	0	0	0	1	9	13	2	4	0	0
Training & other staff costs	0	0	2	2	2	2	0	0	0	0
Premises costs	0	0	1	1	2	4	2	2	0	0
Third part advice (legal / consulting)	6	9	10	14	10	14	2	2	0	0
Ongoing	0	0	0	0	2	2	82	122	82	125
Staff costs	0	0	0	0	0	0	59	88	60	91
Non-staff costs										
Systems & IT	0	0	0	0	2	2	11	16	10	16
Training & other staff costs	0	0	0	0	0	0	3	5	3	5
Premises costs	0	0	0	0	0	0	5	7	5	7
Third part advice (legal / consulting)	0	0	0	0	0	0	4	6	4	6
Total	0	36	60	89	73	107	93	137	82	125

Costs associated with the establishment and running of Care Boards

Community Health and Social Care Boards (referred to as Care Boards from here on in) are the means by which the NCS will carry out its delivery functions. These will be set up as Public Bodies and will replace Integration Joint Boards, which will be abolished. Table 3 sets out the additional costs that setting up and running these Care Boards could require.

Table 3 shows net costs, with savings from the abolition of Integration Joint Boards and existing supporting services in Health Boards and Local Authorities offset against Care Board costs. These savings are assumed to be in the region of £25 - £40m per year.

Decisions relating to the number of Care Boards have not yet been made, and the figures in Table 3 assume 32 are created, one for each local authority area. The creation of any “Special Care Boards” are not included in Table 3.

Set up costs (recruitment of board members, acquiring premises) will fall to the Scottish Administration with running costs then transferring to Care Boards. The top end of the range in Table 3 is based on all Care Boards having their first full year of operation in 2025-26.

Table 3 assumes all social workers and social care staff transferring to Care Boards. Additional costs for staff come from differences in pay and terms and conditions for staff who transfer over if Care Boards take over direct service delivery where it was previously delivered by Local Authorities.

The lower end estimates for pay, terms and conditions assume no staff transfer (i.e., assumes Care Boards procure services from Local Authorities rather than run services directly so staff do not transfer).

For procured services, no costs are assumed for changes in procurement strategy that could lead to higher costs although such improvements are envisaged (i.e., via so-called “ethical procurement”).

Table 3: Establishment and running costs of care boards (£m 2022/23 prices)

2. Establishment and running of care boards											
	2022-23		2023-24		2024-25		2025-26		2026-27		
	Low	High	Low	High	Low	High	Low	High	Low	High	
Scottish Administration	0	0	3	6	12	17					
Governance & Board costs	0	0	0	0	0	0					
Premises & digital	0	0	2	4	10	15					
Support services	0	0	0	0	0	0					
Administration & communications	0	0	1	2	2	2					
Pay	0	0	0	0	0	0					
Terms and Conditions	0	0	0	0	0	0					
Care Boards							132	315	142	375	
Governance & Board costs							22	23	23	34	
Premises & digital							63	94	69	103	
Support services							45	67	46	69	
Administration & communications							2	4	4	6	
Pay							0	43	0	43	
Terms and Conditions							0	84	0	120	
Total	0	0	3	6	12	17	132	315	142	375	

Rights to break from caring

This Bill makes an amendment to the Carers (Scotland) Act 2016 and establishes a right to short breaks for carers who have this as an identified need in an Adult Carer Support Plan (ACSP) or a Young Carer Statement (YCS). This will mean additional costs in providing these breaks, initially for Local Authorities and then, if the Bill passes as intended, this cost will pass to Care Boards once they are set up.

Table 4: Rights to breaks from caring (£m 2022/23 prices)

3. Right to breaks from caring											
	2022-23		2023-24		2024-25		2025-26		2026-27		
	Low	High									
	0	0	0	0	0	0	8	13	16	27	

Separately, the Scottish government will also create a fund to enable support for short breaks without an ACSP or YCS. Whilst this fund does not require legislation, the Financial Memorandum states that it “will have an impact on the cost of providing the personalised support required by the provisions of the Bill depending on the balance of whether carers access personalised support or easy access breaks”. The cost of easy access breaks will be additional to the Scottish Government, but do not require legislation, and therefore do not appear in the figures in Table 4 (and Table 1).

Direct costs

The method for deriving costs for rights for breaks from caring requires working back from ‘steady state’ costs once ACSP and YCS numbers have reached the levels set out in the Carers (Scotland) Act 2016 in 2034/35. These steady state costs are shown in Table 4.1.

Table 4.1: Total costs by 2034/35 (£m, 2022/23 prices) – Central Scenario

	Adult Carers	Young Carers	Total
Cost of replacement care	169		169
Cost of carer breaks	79		79
Cost of Young Carer Support Workers		7	7
Cost of young carer breaks		2	2
Total for Financial Memorandum	248	9	257
<i>Cost of easy access support</i>	35	0.4	36
<i>Total</i>	283	10	293

The right to breaks from caring is assumed to begin in 2025-26 and are assumed to increase by a fixed proportion each year.

Direct financial savings

In order to reach a net funding position in 2034/35, the current funding delivered for replacement care and respite has been estimated. These are costs that are currently within the local government settlement.

Actual amounts spent on respite and breaks are not, we understand, available as local authorities are unable to produce figures which disaggregate this type of spending. The Scottish Government do not ring-fence spend for carers and there is no specific amount within the local government settlement which can be attributed as a contribution to carer respite and breaks. Whilst it is acknowledged that local authorities spend some money on carer respite and breaks, the level of uncertainty around the actual amount is substantial. The Scottish Government have estimated a figure based on:

1. An assumption 3% of carers being supported by breaks/respite (taken from the Scottish Health Survey) multiplied by an average cost of support of £3,200.
2. Carer specific support that is already underway in 2022-23 under the provisions of the Carer's Act (£51.2m for adults, £6.493 for young carers plus an adjustment)
3. £5m extracted from the £200m additional funding that went to local authorities in 2022/23 that has been attributed to support for carers

Table 4.2: Estimated direct financial savings by 2034/35 (£m 2022/23 prices)

Estimated expenditure on respite	83.4
Carer Act Support	60.7
NCS 2022/23 funding attributed to carers	5
Total	149.1

Net costs and profile

Table 4.3: Net cost by 2034/35 (£m 2022/23 prices)

Gross cost	Savings	Net cost
257.1	149.1	108

The range presented in the financial memorandum varies some of the assumptions around cost of replacement care and the proportion of carers that take up replacement care and breaks.

Costs each year are assumed to increase by a fixed amount between 2023-26 (when rights to breaks are assumed to start) and 2034/35 when the steady state in terms of carers with ACSP and YCS numbers.

Table 4.4: Cost trajectory to 2034-35 (£m 2022/23 prices) L = Low scenario; C = Central scenario, H = High Scenario

	2023 -24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31	2031 - 32	2032 - 33	2033 - 34	2034 - 35
H	0	0	13	27	40	53	66	80	93	106	120	133
C	0	0	11	22	32	43	54	65	76	86	97	108
L	0	0	8	16	25	33	41	49	58	66	74	82

Nb. These numbers are marginally different from those in the financial memorandum due to an element of rounding in net costs

The next section details the assumptions and calculations which have been used for the central assumption, with the subsequent section explaining the assumptions that have been varied for the upper and lower estimates.

Central Scenario – assumptions and calculations

Adult carers

To reach the 2034/25 estimates, the following estimates are used:

- i. The number of carers with an ACSP
- ii. The take up and cost of replacement care and whether it takes place at home or in a care home
- iii. Assumed take up of breaks for adults with a ACSP and the number and cost of breaks

a) Number of adult carers with an ACSP

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Number of carers	624,864	59,280	29,640	125,215
Number of carers with ACSP	143,592	23,712	17,784	100,172

b) Take up and cost of replacement care

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Assumed proportion of adult carers with ACSP that will take up replacement care	5%	10%	20%	50%
Assumption of average weeks respite per carer per year	1	2	3	4
Care home respite (per week)	£981	£981	£981	£981
At home respite (per week)	£168	£210	£462	£462
Assumed proportion of replacement care provided in a care home	0%	10%	30%	65%
Assumed proportion of care provided at home	100%	90%	70%	35%
Calculation: Assumed cost per carer of replacement care	£168	£574	£1,853	£3,197
Calculation: Cost of replacement care	£1.2m	£1.3m	£6.6m	£160m

Based on sum of the cost of care across care intensities, the total cost of replacement care for 2034/35 is estimated to be **£169.3 million**

c) Take up and cost of carer breaks

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Assumed proportion of adult carers with ACSP who take up a carer break	10%	20%	40%	60%
Assumed number of breaks	1	2	2	3
Calculation: Assumed cost per carer of breaks	£360	£720	£720	£1,080
Calculation: Cost of breaks	£5.2m	£3.4m	£5.1m	£65m

Based on the sum of the cost of breaks across care intensities, the total is estimated to be **£78.6 million** in 2034/25.

Young carers

The method is similar to adult carers, except no replacement care is assumed for young people and there are some additional costs for young carer support workers. The costs are derived from estimates of:

- i. The number of carers with a YCS
- ii. Assumed take up of breaks for young people with a YCS and the number and cost of breaks
- iii. Cost for young carer support workers

a) Number of carers with a Young Carer Support Plan

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Number of carers	27,900	900	300	900
Number of carers with YCS	17,670	585	225	720

The number of carers with a YCS is assumed to be 80% in >50-hour band and reduces for less intensive bands. The cumulative total proportion of young carers with a YCS is 64%, as set out in the Carers (Scotland) Act 2016

b) Number and cost of breaks

All young carers with a YCS are assumed to take one carer break a year, costing £360 a year (2022/23 prices).

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Assumed proportion of young carers with YCS who take up a carer break	100%	100%	100%	100%
Calculation: Assumed number taking up breaks	17,670	585	225	720
Assumed number of carer breaks	1	1	1	1
Cost of Break	£360	£360	£360	£360
Calculation: Cost of breaks	£6.4m	£210,600	£81,000	£259,200

Summing these costs provides an estimate of the cost of breaks for young people with a YCS of **£6.9 million** in 2034/35.

c) Cost of Young Carer Support Workers

Additionally, a cost is allocated to additional young carers support workers. This is based on assumed cost per young carer of £118 which assumes that one support worker can support 388 young carers. There are estimated to be 19,200 young people with a YCS by 2034/25 which equates to a total cost of **£2.2 million**.

Easy Access Breaks

Easy access breaks provide financial support for carers who do not have an ACSP or a YCS, or (in the case of adults) for those who do have these plans in place but do not take up a carer break through this route. Easy Access Breaks are not part of legislation, and therefore are not part of headline financial memorandum figures but will represent additional costs to the exchequer.

Adults				
Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Number of carers without an ACSP	481,272	35,568	11,856	25,043
Number of carers with an ACSP but not taking up right to break	129,233	18,970	10,670	40,069
Total	610,505	54,538	22,526	65,112
Uptake of easy access breaks for carers without an ACSP or with an ACSP but not taking up a break	10%	40%	40%	40%
Total taking up easy access break	61,050	21,815	9,011	26,045
Number of breaks assumed	1	1	1	1
Cost of break assumed	300	300	300	300
Calculation: Cost of easy access breaks for adults	£18.3m	£6.5m	£2.7m	£7.8m

Young carers				
Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Number of carers without an YCS	10,230	315	75	180
Uptake of easy access breaks for carers without YCS	10%	40%	40%	40%
Total taking up easy access break	1,023	126	30	72
Number of breaks assumed	1	1	1	1
Cost of break assumed	300	300	300	300
Calculation: Cost of easy access breaks for young carers	£306,900	£37,800	£9,000	£21,600

Scenarios

The lower and higher scenarios vary the take up assumptions for adults accessing replacement care and carer breaks. The numbers for young carers do not change.

Table 4.5: Lower, Central and High Scenarios – costs by 2034/34 (£m 2022/23 prices)

	Lower	Central	High
Cost of replacement care	151	169	188
Cost of carer breaks	72	79	86
Adult total	223	248	273
Cost of Young Carer Support Workers	7		
Cost of young carer breaks	2		
Total Costs	232	257	282
Direct Savings	149		
Net costs	83	108	133

- i. The number of carers with an ACSP (does not change)
- ii. The take up and cost of replacement care and whether it takes place at home or in a care home (take-up adjusted)
- iii. Assumed take up of breaks for adults with a ACSP and the number and cost of breaks (take up adjusted)

a) Number of adult carers with an ACSP

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Number of carers	624,864	59,280	29,640	125,215
Number of carers with ACSP	143,592	23,712	17,784	100,172

b) Take up and cost of replacement care

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Assumed proportion of adult carers with ACSP that will take up replacement care	5%	5/10/15%	15/20/25%	45/50/55%
Assumption of average weeks respite per carer per year	1	2	3	4
Care home respite (per week)	£981	£981	£981	£981
At home respite (per week)	£168	£210	£462	£462
Assumed proportion of replacement care provided in a care home	0%	10%	30%	65%
Assumed proportion of care provided at home	100%	90%	70%	35%
Calculation: Assumed cost per carer of replacement care	£168	£574	£1,853	£3,197
Calculation: Cost of replacement care	£1.2m	£683,298/ £1.4m/ £2m	£4.9m / £6.6m/ £8.2m	£144m/ £160m/ £176m

Based on sum of the cost of care across care intensities, the total cost of replacement care for 2034/35 is estimated to be **£169.3 million**

c) Take up and cost of carer breaks

Caring intensity	<20 hours	20 - 34 hours	35-49 hours	>50 hours
Assumed proportion of adult carers with ACSP who take up a carer break	10%	15/20/25%	35/40/45%	55/60/65%
Assumed number of breaks	1	2	2	3
Calculation: Assumed cost per carer of breaks	£360	£720	£720	£1,080
Calculation: Cost of breaks	£5.2m	£2.6m/ £3.4m/ £4.3m	£4.5m/ £5.1m/ £5.8m	£59.5m/ £64.9m/ £70.3m

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Submission from the Health and Social Care Alliance Scotland (the ALLIANCE)

Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

The ALLIANCE submitted a lengthy response to the original 2021 consultation.[1] In our response, we commented on a range of financial assumptions – particularly highlighting the need to sustainably fund the vital work of the third and independent sectors within wider investment in social care. We also recommended the use of ethical commissioning models, fair work, and of human rights budgeting approaches.

References:

[1] The ALLIANCE, “ALLIANCE National Care Service Consultation Response” (2021), available at: <https://www.alliance-scotland.org.uk/blog/news/the-alliance-calls-for-national-care-service-to-be-investment-of-citizenship/>.

If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the financial memorandum (FM)?

The ALLIANCE welcomes the mention in the Bill of ethical commissioning, human rights based approaches, and fair work. However, in all three instances, we suggest that more could be done to strengthen the commitment to these approaches in the legislation. We also suggest that the financial memorandum does not provide sufficient detail on funding plans to assure the sector of sufficient investment to see the proposals implemented – particularly given the significant impact of the cost of living crisis on the third and independent sectors, as evidenced by recent work by SCVO.[2] It is particularly important that the costs of accommodating new processes within the National Care Service (such as care records and data collection) are considered within the financial memorandum.

In taking forward this and future year’s budgets, non-regression means the Scottish Government must ensure that any changes in spending do not result in people’s existing human rights, such as the rights to independent living and equal participation in society for disabled people, being eroded. Maximum use of available resources means the government has a duty to ensure that adequate funding is available to ensure the progressive realisation of human rights. We recommend that budget planning for the National Care Service should begin with people’s outcomes, and then identify the resources required. Scottish Government should not assume that the level of current spend equates to current need, if we are to deliver care and support in a preventative manner and address unmet need.

References

[2] Kirsteen Paterson, “Cost of living crisis puts ‘critical’ services at risk, Scottish charity warns government”, Holyrood (12 Aug 2022), available at: https://www.holyrood.com/news/view_costofliving-crisis-puts-critical-services-at-risk-scottish-charities-warn-government.

Did you have sufficient time to contribute to the consultation exercise? (Yes/No)

No.

If the Bill has any financial implications for you or your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

The creation of a National Care Service during this parliamentary term offers an opportunity to improve the lives and experiences of disabled people, people living with long term conditions, and unpaid carers. It will also be one of the biggest public sector reforms taken in recent decades, with significant financial implications. In moving forward with a National Care Service, spending plans must be human rights based and recognise third and independent health and social care organisations as equal and valued delivery partners, resourced by additional, sustainable, ongoing, and secure funding. In addition, as the ALLIANCE noted in our response to the Resource Spending Review Framework consultation, it is important to reflect on the lessons learned from the slow pace of the health and social care integration agenda.[3]

We would also re-emphasise the points made in that response relating to support for third sector organisations. The financial situation facing third sector organisations has been difficult for a number of years, particularly as a result of short-term funding arrangements which often do not provide for full cost recovery or build in inflationary adjustment costings. These pre-existing pressures are now being further exacerbated by the cost of living crisis, including by the rising costs of energy supply, and fuel costs (both of which severely impact care providers and Personal Assistants, and in turn people accessing social care).

The contribution of the third sector to Scotland’s people, society and economy remains unrecognised and undervalued. There are over 40,000 third sector organisations in Scotland, with an estimated combined annual turnover of more than £6 billion (2018 figures).[4] The sector is also a major employer – for example, SCVO estimates that there are over 100,000 paid staff working in Scotland’s voluntary sector, and a further 200,000 volunteers providing support in 2020.[5]

During COVID-19, the ALLIANCE’s Community in Action[6] initiative documented

how community and third sector organisations responded flexibly and at pace to provide lifeline services and support for people across Scotland. However, the impact of the pandemic has been stark, far-reaching, and in some cases poses a threat to their very survival.[7] Throughout the pandemic, loss of income and increased demand for services has significantly impacted organisations' ability to plan and deliver future services. Findings from 'Scotland's Third Sector Tracker' highlight that almost half (48%) of all organisations surveyed saw a decrease in turnover compared with pre-pandemic levels.[8] At the same time, costs have increased in responding to the pandemic, including workforce related costs, such as additional staff wellbeing support and cover for sickness absence.[9]

These trends are likely to continue for third sector organisations, particularly for those working with people who have been disproportionately affected, including disabled people, people living with long term conditions, and unpaid carers. The consequences for those that rely on their vital support is hard to overstate. The longer term survival of third sector health and social care organisations is at stake, and the crucial services and the support they deliver remains just as vital as we continue through COVID-19 recovery; sustainable, ongoing and protected funding and support should reflect that to ensure that essential services continue to reach people and keep staff in secure employment.

The positive impact of longer term funding for third sector organisations was highlighted in a recent ALLIANCE report which gathered learning from projects which received five year funding via the "Transforming Self Management" round of the Self Management Fund.[10] This longer term funding for the Self Management Fund aimed to impact the ability of organisations to effect sustainable change to deliver supported self management to people in Scotland living with long term conditions. The report highlights how long term, secured funding enhanced the sustainability of self management practice and delivery, and in turn, the positive impact on individuals' lives. Longer term funding made project activity more sustainable by allowing organisations more time to develop project engagement and respond to challenges, supporting improved trust in organisations, providing a consistent and reliable delivery of services, and reaching a larger scope of individuals.

As stated in our initial response to the Resource Spending Review Framework consultation,[11] current plans to incorporate several international human rights treaties into Scots Law offer an opportune time to embed human rights budgeting principles – including in the Bill. In particular, decisions on public finances should have due regard to two of the key principles of progressive realisation of human rights, those of "non-regression" and "maximum use of available resources."

In taking forward this and future year's budgets, non-regression means the Scottish Government must ensure that any changes in spending do not result in people's existing human rights, such as the rights to independent living and equal participation in society for disabled people, being eroded. Maximum use of available resources means the government has a duty to ensure that adequate funding is available to ensure the progressive realisation of human rights. It should therefore

carefully consider how to use the tax and revenue powers it has at its disposal, and whether maintaining current tax policies are the best means of maximising resources.

On the issue of fiscal transparency, we would reiterate the recommendation that the Scottish Government adopt a human rights budgeting approach, which is outlined in more detail by the Scottish Human Rights Commission.[12] Being clear about the human rights impacts of spending decisions is essential both to understanding the progress the government is making towards its own aspirations on human rights.

References

- [3] The ALLIANCE, “ALLIANCE response to Resource Spending Review Framework” (2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-resource-spending-review-framework-consultation/>.
- [4] Scottish Council for Voluntary Organisations, “Sector Stats” (2020), available at: <https://scvo.scot/policy/sector-stats>.
- [5] Scottish Government, Scottish Household Survey (2020), available at: <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2022/01/scottish-household-survey-2020-telephone-survey-key-findings/documents/scottish-household-survey-2020-telephone-survey-key-findings/scottish-household-survey-2020-telephone-survey-key-findings/govscot%3Adocument/scottish-household-survey-2020-telephone-survey-key-findings.pdf>. Combined figures mentioned are based on calculations by the research team at Volunteer Scotland. For more detail, see Volunteer Scotland, “Consultation Response: National Care Service (Scotland) Bill” (2022).
- [6] The ALLIANCE, “Community in Action: Learning from the third sector’s early response to the COVID-19 pandemic in Scotland”, available at: <https://www.alliance-scotland.org.uk/wp-content/uploads/2021/04/Community-in-Action-Learning-Report.pdf>; The ALLIANCE, “Community in Action”, available at: https://www.alliance-scotland.org.uk/blog/case_studies/#area_of_work=community-in-action.
- [7] The ALLIANCE, “Briefing paper – Scottish Parliament debate: Valuing the Third Sector” (November 2020), available at: <https://www.alliance-scotland.org.uk/wp-content/uploads/2020/11/ALLIANCE-Briefing-paper-Scottish-Parliament-debate-Valuing-the-Third-Sector.pdf>.
- [8] Scottish Council for Voluntary Organisations, “The Scottish Third Sector Tracker – wave one summary report” (Summer 2021), available at: <https://scvo.scot/policy/research/evidence-library/2021-the-scottish-third-sector-tracker-wave-one-summary-report-summer-2021>.

[9] Coalition of Care and Support Providers in Scotland, “Business Resilience Survey 2021”, available at: <https://www.ccpscotland.org/wp-content/uploads/2022/08/Business-Resilience-Survey-2021.pdf>.

[10] The ALLIANCE, “Transforming Self Management in Scotland 2016-2-2021”, available at: <https://www.alliance-scotland.org.uk/transformingselfmanagement/>.

[11] The ALLIANCE, “Response to Resource Spending Review Framework” (March 2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-resource-spending-review-framework-consultation/>.

[12] Scottish Human Rights Commission, “Human Rights Budget Work”, available here: <https://www.scottishhumanrights.com/projects-and-programmes/human-rights-budget-work/>.

Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

No. The Fraser of Allander Institute and Social Work Scotland have carried out separate analyses of the costs involved in the National Care Service. We concur with their findings that the information in the Financial Memorandum of the Bill is not sufficient to support effective Parliamentary scrutiny. In particular, we highlight the statement by Emma Congreve and co-authors that “no costing has yet been produced for the health and social care record which is also part of the legislation.”[13]

Within the Financial Memorandum it is unclear what funds, if any, are allocated towards the sustainable funding of services provided by the third and independent sector (including the running costs of volunteer-based services). While third and independent sector providers are mentioned as being part of the National Care Service within the Bill, it is equally important that effective resourcing is provided to enable them to carry on their vital work within the social care landscape in Scotland. More detail is required on this front to indicate what is and is not included in the estimates contained within the Financial Memorandum.

In particular, the ALLIANCE and our members are concerned by the following statement within the Financial Memorandum:

“56. It is not anticipated that the establishment of the NCS and care boards, and the transfer of functions to those bodies, will have any financial implications for any other public bodies, businesses or third sector organisations, or for individuals.”[14]

Given that Scotland does not currently track unmet need within social care, it is difficult to see how this statement is sustainable. The Bill and the Financial Memorandum should both reflect the need to improve data collection around unmet need, and subsequent action to meet that need. Emma Congreve and co-authors also highlight this issue in the Fraser of Allandale Institute’s analysis:

“[W]e have very little understanding on unmet need in Scotland. New provision to meet at least some of this need will be required to meet the vision of all people being able to access timely, consistent, and high-quality health and social care support across Scotland. If we cannot quantify how many people will draw on new support it will not be possible to cost and plan.”[15]

At the very least, the Financial Memorandum must accommodate costs for third and independent sector providers to comply with the information standards and data sharing elements of the Bill. It should also ensure that third and independent sector organisations are provided with either access to or funding for the relevant software and/or equipment used to access care records, and any training included for care staff working within the National Care Service. This should include Personal Assistants and volunteers in relevant care roles, as well as persons employed centrally or by the third and independent sector. If people accessing social care are to be able to access and manage their care records directly (following best practice in human rights approaches to health and social care record keeping) then funding should also be dedicated to ensuring equitable access and appropriate training where required.

The ALLIANCE also supports Volunteer Scotland’s calls to ensure that volunteers – while a valuable asset to the health and social care landscape – are not expected to substitute for paid care provision. Funding should also be dedicated to ensuring the equity of terms and conditions for social work and social care staff across the sectors – and the financial memorandum should plan for these additional costs. The latter is particularly pertinent given that the hourly rate for sessional workers within children’s social care is currently lower than for equivalent work within adult social care.

While the ALLIANCE and our members welcomes the commitment to ensuring all carers have access to short breaks, we are concerned that the Financial Memorandum does not include explicit provision for the expansion of short break facilities. At present many unpaid carers are unable to access short breaks, not because they are not considered eligible (although variance on that front is also a concern), but because there is not enough suitable provision for the person for whom they care. The Financial Memorandum should include estimates for encouraging and commissioning the provision of new services, specifically around short breaks, but also across the social care landscape more broadly. There should also be specific regional analysis of provision, to ensure equitable access across Scotland – including in rural and island communities.

As mentioned earlier in this response, data collection and analysis – and action on findings to improve people’s experiences of social care – are essential to the effective implementation of the Bill. There is currently not enough detail in the Financial Memorandum about how data collection and analysis will be funded across the National Care Service, nor who will be responsibility for this work (although the ALLIANCE welcomes the commitments to co-productions within the relevant sections of the Financial Memorandum).

Finally, the ALLIANCE suggests that the funds allocated to the establishment and running of care boards must, if we are to see co-production properly embedded, include funding for the payment and remuneration of lived experience representatives on every care board, and for proper facilitation and support of their engagement. This should include (although not be restricted to) funding for accessible communications on the decisions and plans of the care board, and any assistive technology or support costs required to enable lived experience representatives to take part in and contribute to the work of the care boards. Learning from current groups such as the People Led Policy Panel should be at the forefront of this planning work to establish and estimate the ongoing costs of care boards – and is particularly important given known limitations to the current accessibility and engagement work of Integrated Joint Boards.

References

[13] Emma Congreve and co-authors, “Social Care Reform in Scotland: context, costs and questions” (Fraser of Allendale Institute, August 2022), pp. 9, 13, available at: <https://fraserofallander.org/social-care-reform-in-scotland-context-costs-and-questions/>.

[14] Scottish Government, National Care Service (Scotland) Bill: Financial Memorandum (2022), p. 17, available at: <https://www.parliament.scot/-/media/files/legislation/bills/s6-bills/national-care-service-scotland-bill/introduced/financial-memorandum-accessible.pdf>.

[15] Emma Congreve and co-authors, “Social Care Reform in Scotland: context, costs and questions” (Fraser of Allendale Institute, August 2022), p. 15, available at: <https://fraserofallander.org/social-care-reform-in-scotland-context-costs-and-questions/>.

If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

Many ALLIANCE members have raised concerns about the impact of the current economic environment on their ability to delivery services. The cost of living crisis is likely to result in more people having to rely on third sector support and services. We are not confident that the Bill adequately commits to providing sustainable funding for the third and independent sectors, and the vital care services they provide. In particular, it is essential that the Scottish Government ensures that there is funding (that takes into account rising costs/inflation) available to enable the third and independent sectors to comply with data and training requirements outlined in the Bill, and wider sustained funding to ensure community investment in social care.

Submission from NHS Scotland

Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

Health Board colleagues participated in a range of the consultation opportunities and we submitted a collective response to the Scottish Government's consultation document. Our response reflected that the corporate support needed to support additional structures and systems and/or to redeploy staff in what could be the most significant public sector organisational change in recent memory must not be underestimated in both time, unnecessary distractions and increased costs. We would recommend investment be directed to front line and that additional infrastructure, with the potential for duplication rather than the intended aim of integration, be minimised.

At a time when the financial challenges are at their most significant, we do not consider it good financial probity to consider investing in unnecessary costs that would include:

- additional resources for the new governance arrangements
- additional resources for a new leadership structure
- additional resources for a new clinical leadership structure and the creation of competition for senior clinical leaders
- additional resources for training and responsibilities of those deemed

Responsible Officers in the NHS to assure the competency of medical and clinical staff for revalidation by the professional regulators and appraisals; -

all of the above creating an opportunity cost of this reform at the time of current financial challenge, that is likely to be experienced for at least the next 3-5 years.

Did you have sufficient time to contribute to the consultation exercise? (Yes/No)

No.

If the Bill has any financial implications for you or your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

There is no detail about which community and mental health services were included within the financial memorandum.

The potential impact on NHS Boards cannot be extrapolated in full at this stage but create significant uncertainty and therefore risk to NHS Boards' future financial arrangements.

Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

We note that the financial memorandum describes the estimated costs and savings for the different sectors and individuals setting out:

- the best estimates of the administrative, compliance and other costs to which the provisions of the Bill will give rise, as well as likely efficiency savings
- the best estimates of the timescales over which the costs and savings are expected to arise, and
- an indication of the margins of uncertainty in these estimates

It is also noted that these figures are not spending commitments and should not be used as a tool for future budgeting, as costs may be affected by other factors in addition to the changes made in the Bill.

The costs in the financial memorandum only reflect the impact of the Bill and specifically do not include increased pay and improved terms of conditions, increased rates for free personal nursing care, increased investment in social work services including investment in data and digital solutions.

The purpose of creating the NCS is to improve the delivery of community health and social care together. The clear definition of community health is not evident within the Bill and therefore it is significantly more challenging to understand the financial implications on services and costs.

It is acknowledged that improved social care must support economic growth through helping people to engage in and remain in education and to enter and remain in work. It is also acknowledged that this should also reduce costs in the wider public service including reducing unnecessary hospital admissions, reduce additional residential care needs and reduce costs of family breakdowns. The Bill recognises that it is difficult to quantify the impact of these, but they are expected to be considerable. If the scale of these is unknown and impacted by so many different factors it will be difficult to link these solely to the impact of the Bill, and determine if other dependencies and investment are needed to deliver these.

It is assumed that the transfer of costs as described in the Bill would be cost neutral in totality but we have seen from other service transfers that this is not normally the case. Costs cannot be released, duplication of costs occur and time and resources are spent in analysing and protecting budgets and resources. In addition, phasing of transfers will result in double running costs.

The total estimated costs of the Bill cover a huge range from £241m to £527m,

making it difficult to comment on the accuracy of the assumptions.

The costs are based upon a 3% growth in activity and pressures above inflation. Given current planning assumptions this would seem to be lower than what is being currently experienced.

Specific costs breakdowns and general points to note are summarised below in terms of: Description /Value at 2026-27/Comments

Establishment and running the new organisation- £83-£124m

*Could we avoid these by implementing on an incremental approach - demonstrating value for money at each stage?

Assumed transferrable costs

- Social Care- £7b

- Community health Service-£8.9b

*Significant risk of assumed transferred at full cost and no duplication or residual cost remaining. Also assumes transfer of 75,000 staff and costs will be offset by savings in central services.

Costs of Care Boards replacing the current Integrated Joint Board-£142m-£376m -

*Decisions on numbers of care boards are unknown and assumption in the costings are 32, one for each authority area. The Bill allows the power to create Special Care Boards the costs of these have not been included and the Bill assumes any costs will be balanced against the benefits and any savings to be gained from providing central services.

Offset costs- £25-£40m - *These are assumed offset costs against the additional costs from the abolition of Integrated Joint Boards.

Additional costs to Health Boards - *The bill assumes these will be less significant as expectations is they will continue to deliver services commissioned by the NCS. Given uncertainty of assumptions this could be high risk.

Additional costs to other public bodies, businesses or third sector organisations - *It is not anticipated to be any additional costs again given uncertainty this could be high risk.

If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

The current financial challenges being experienced by the health and social care system are significant and it would be difficult to find additional efficiency savings

from within health boards to meet new or increased costs arising from the Bill. We recommend that an incremental collaborative approach be adopted, assessing the value and benefit at each stage.

Does the FM accurately reflect the margins of uncertainty associated with the Bill's estimated costs and with the timescales over which they would be expected to arise?

This is almost impossible to define given the level of uncertainty and unknown factors. We have shown below a summary of 'what we do not know' to allow the risk assessment on the accuracy to be assessed, in summary this is the scope, scale and timing.

What do we not know?

- the phasing of the functions
- the size of wider savings and benefits on other parts of the public sector, referenced as considerable within the financial memorandum
- if the transfer will include adult social care and children and justice social care
- the list of health functions that may be transferred to Care Boards
- robust future demand and activity trends.