

ESTIMATED COST OF EXTENDING FREE PERSONAL CARE

Purpose

1. At the meeting of the Implementation Advisory Group of 21 May, it was agreed to establish a Finance sub-group to provide advice on the financial aspects of delivery of the extension of free personal care to under 65s. This would build on papers and discussions previously undertaken by the main IAG. Membership of the sub-group is set out at Annex A.
2. This sub-group met on 18 June, 12 July and 18 September, and, in addition, shared papers for comment online.
3. This paper sets out the findings of the sub-group in respect of the main elements of the estimated costs arising from legislation to extend free personal care to under 65s by 1 April 2019 which are summarised in Table 1 below. Further information on how these costs were arrived at is set out in the respective Annexes.
4. These estimates are based on extending free personal care on a consistent basis with the approach taken for over 65s.
5. The sub-group recognised that it is particularly difficult to estimate the likely impact of additional demand. It will be important to ensure that proper monitoring is in place in order to measure the actual cost, and other, impacts of the policy. Proposals for monitoring are being developed.

Table 1 : Summary of cost elements

| Category | Estimated cost | Further information |
|----------------------------------|-----------------------|----------------------------|
| Existing service users | c. £2.3m | See Annex B |
| Additional demand | c. £25m | See Annex C |
| Assessment costs | c. £1m | See Annex D |
| Self-funders in residential care | £0.7 – 0.9m | See Annex E |
| Total | £29m | |

Annex B : Income from existing service users

In 2017, the Scottish Government undertook a feasibility study¹ prior to the commitment to extend free personal care. A principal focus of this study was to establish the level of income currently received by Local Authorities from charges for personal care to people under 65 which would not be available to support services if personal care was made free for this group. In order to extend Free Personal Care, without Local Authorities being required to raise eligibility criteria to manage demand for services, income lost from charges for personal care would need to be replaced from other sources.

Working with COSLA, a survey of Local Authorities and Integration Authorities was undertaken during July 2017 to collect this and other data. A total of 20 / 29 (69%) LAs who replied to the survey provided quantitative data on income received from charging adults under 65 for personal care. Two (7%) LAs returned no quantitative data as they do not charge adults under 65 for personal care. The remaining 7 (24%) did not submit data for this question².

Some of the data submitted was internally inconsistent and therefore not considered for the analysis. Using the remaining consistent data, the proportion of all community based income from adults aged under 65 that can be attributed to personal care was calculated as shown in the table below.

| Measure | Personal Care income as % of all Community Based income |
|------------------|---|
| Minimum | 28% |
| Maximum | 95% |
| Average (mean) | 55% |
| Average (median) | 51% |
| Sample Size | 10 LAs |

¹ Includes home care, day care, equipment & adaptations, services to support carers, supported employment, adoption services, fostering/family placement, other

The average proportion calculated above was used to estimate income from charging adults under 65 for personal care for those LAs who did not return data or had inconsistent data. The estimate calculated using this method was compared to actual figures returned by those 10 LAs with consistent data in order to determine the accuracy of the estimates and produce confidence ranges.

Further analysis showed this to be broadly consistent with other Scottish Government data and with analysis undertaken previously by Professor David Bell in 2015.

¹ <https://www.gov.scot/Publications/2017/09/6559/0>

² Only 29 Local Authorities replied to the feasibility study in general (at the time of the analysis). Of those, 20 provided quantitative data for this question, 2 didn't because they had no data (don't charge u-65 already) and 7 didn't answer this particular question for whatever reason.

| Current average estimated income from charging for personal care (people aged <65) | | |
|--|-------------------|---------------------|
| Measure | Using Mean | Using Median |
| Total | £10,130,000 | £9,400,000 |
| Lower Range | £8,620,000 | £7,420,200 |
| Upper Range | £11,640,000 | £11,360,000 |

Source: Feasibility study Local Authority returns

This shows that in the region of £10m has been collected by Local Authorities each year towards the cost of personal care services in non-residential settings for people under 65.

If the extension of free personal care to under 65s is implemented consistently with the approach for free personal care for over 65s, then it is expected that not all of this current estimated charging income would be lost by local authorities following the extension. This has considered further through local modelling.

Local modelling

As outlined above, the survey for the feasibility study sought to establish the overall amount of money collected by local authorities in respect of personal care for under 65s. However, this may not reflect the actual amount of charging income lost from existing service users when free personal care is extended. This is because some service users, particularly those receiving significant amounts of non-personal care, may not see their overall charges reduced. The impact is likely to vary depending on local charging policies.

IAG Finance sub-group members were asked to model the likely outcomes of the extension of free personal care on their local populations. The following table summarises returns from Angus, East Ayrshire, Glasgow and West Dunbartonshire.

Overall, these returns estimate that around one third of those receiving personal care are already not charged due to their low income or assets. Of those currently being charged for personal care, more than a third would benefit from the extension of free personal care through their charges either being reduced or removed. It is estimated that this would result in the loss of approximately 23% of charging income for Local Authorities from this group.

| Area | % currently not charged | % of those who are currently charged who will benefit | % of income lost |
|---------------------|--------------------------------|--|-------------------------|
| Angus | 25% | 18% | 15% |
| East Ayrshire | 50% | 24% | 16% |
| Glasgow | 30% | 36% | 22% |
| West Dunbartonshire | 56% | 100% | 49% |
| Combined | 36% | 38% | 23% |

Given our estimates that the income to local authorities from charges received from under 65s for personal care is around £10m, we might expect the actual cost to local authorities to be around £2.3m, based on estimates from 4 local authorities.

Annex C : Estimating Additional Demand

Purpose

To detail two methods for estimating the potential cost of additional demand after the extension of free personal care to people aged under 65.

Background

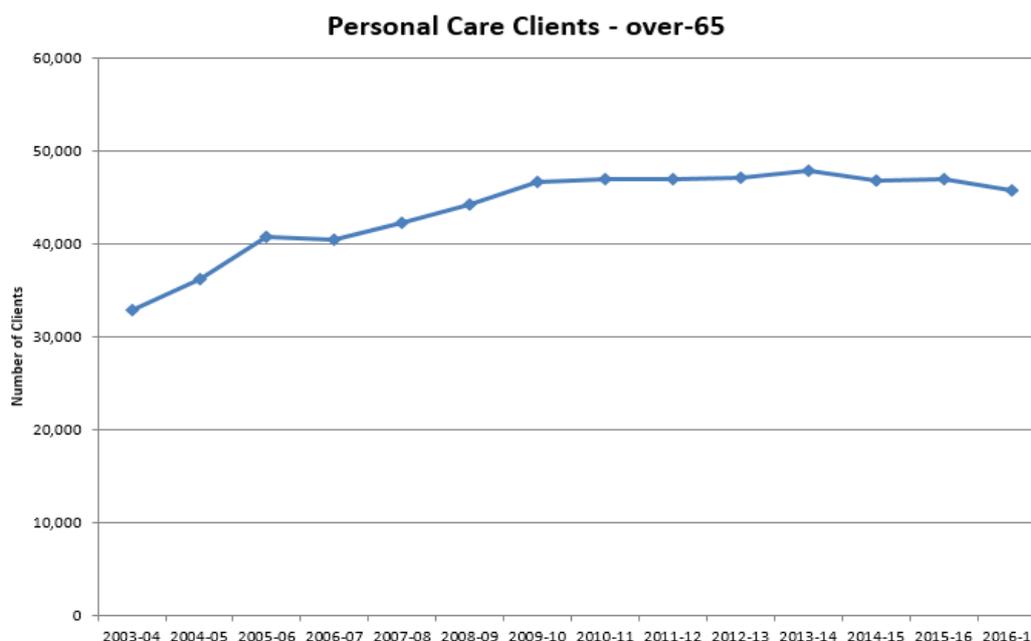
Two methods for estimating additional demand are considered:

- 1) Modelling based on the impact of introducing free personal care to over 65's
- 2) Projections based on client groups

These two methods both provide a mid-range estimate of c. £25m.

1) Modelling based on the impact of introducing free personal care to over 65's

When free personal care was first introduced to over 65's, there was a sharp rise in the demand for personal care services, with the number of clients increasing by 13% and the number of hours by 28% in the first year. However, the introduction of eligibility criteria in 2009 led to demand levelling off and it has remained relatively level since.



A modelling scenario based on the trends observed for over 65's was applied to clients aged under 65. This consisted of three approaches:

- 1) Assume the trend for under 65's will follow exactly that observed for over 65's (ie, a 28% increase in hours of care)
- 2) Assume the trend for under 65's will follow that observed for over 65's after introduction of eligibility criteria (ie, a 4% increase in hours of care)
- 3) Take the mid-point of these estimates (ie, a 16% increase in hours of care)

There are various strengths and weaknesses associated with each component. Approach 1 is based on a real trend following the same policy change for over 65s. However, it assumes both groups are similar when the profile of the two groups are quite different in terms of level of need and hours of care required. It also fails to consider the impact of eligibility criteria or the capacity to expand at this level, particularly given the scale of the financial challenge currently faced by local authorities and the ability to recruit additional staff at pace. Approach 2 is also based on a real trend following the same policy change and also considers eligibility criteria. However, it does not account for a potential surge at initial roll out and may be too conservative initially. Part 3 is believed to be the best middle ground between the advantages and disadvantages of Approaches 1 and 2.

In order to estimate a gross expenditure for the extension of free personal care to under 65's, it was necessary to estimate current expenditure. Under 65's had 40.8% of the average weekly hours of personal care that over 65's received. Applying this to the known gross expenditure costs for over 65's in 2016/17 (£379m), estimates a current cost of £155m to provide personal care to under 65's.

The modelling scenarios described above were applied to the estimated gross expenditure of personal care for under 65's to estimate additional demand, producing a mid-range estimate of **£25 million**³.

2) Projections based on groups of supported people

³ This is calculated by increasing £155m by 28%, and by 4% and finding the mid-point between them.

The second method for estimating the cost of extending free personal care to under 65's was based on considering different groups of supported people within this age group and varying the potential levels of care and demand.

This approach considered four main groups of people ; those with Mental Health problems, Physical Disability, Learning Disability and Other. The following table summarises the number of people in each group in the general population, the number in receipt of home care services and those within that group with personal care needs.

| Client Group | General Population | Home Care & SDS Clients | Personal Care Clients | % PC |
|---------------------|---------------------------|------------------------------------|------------------------------|-------------|
| Mental Health | 191,882 | 1,941 | 1,351 | 70% |
| Physical Disability | 164,623 | 4,874 | 4,211 | 86% |
| Learning Disability | 20,587 | 5,299 | 3,769 | 71% |
| Other | Not Available | 1,269 | 961 | 76% |

Sources: General Population - Mental Health & Physical disability (Census 2011), Learning Disability (Learning Disability Statistics Scotland, 2017) Home Care & Personal Care (Social Care Survey 2017)

An estimated low, medium and high expenditure value was calculated separately for each client group before being summed for a total figure. One estimate calculated a cost of personal care per person per year using client and hours data from the Social Care Survey, hereby referred to as method 1. The other two estimates were based on the mean and median direct payment values for each group. This approach was used based on the data available. For most groups of people, the figures in the high expenditure row were derived from the mean value of direct payments for each group, the medium from method 1 as described above and the low value from the median value of direct payments. For those with learning disabilities, the highest expenditure was observed in the estimate calculated in method 1, so this was used for the high expenditure value row.

Changes in client numbers were projected using previous data on changes in the number of personal care hours for over 65's when free personal care was introduced

(highest figure – 28% increase), when eligibility criteria was introduced (lowest figure – 4% increase) and the average between these (middle figure – 16% increase). The table below summarises this information for the client groups combined.

(£000s)

| Expenditure Value | 4% increase | 16% increase | 28% increase |
|--------------------------|--------------------|---------------------|---------------------|
| High | 8,428 | 33,711 | 58,995 |
| Medium | 6,276 | 25,103 | 43,931 |
| Low | 4,501 | 18,002 | 31,504 |

Using the projections methodology described above, the mid-range estimate of extending free personal care to people aged under 65 was calculated as **£25 million**.

Conclusion

Taking into account both methods for estimating the potential cost of additional demand associated with the extension of free personal care to under 65's suggests a figure of around **£25 million**.

Annex D : Estimated assessment costs

Purpose

Scottish Government has agreed to work with COSLA and other members of the Implementation Advisory Group to estimate the additional assessment costs associated with the extension of free personal care to under 65's.

This paper considers the evidence available around cost of assessment and tries to determine what the cost of assessment could be for people aged under 65 with personal care needs.

Background

Three separate sources are considered:

- 3) Local Government Financial return (LFR3)
- 4) Previous work carried out for Carers Act Financial Memorandum which considered cost of a Carers Assessment
- 5) Feasibility study questionnaire of local authorities carried out in summer 2017

These provide the following estimates:

- 1) From LFR3: Estimate of **£1.4m** for assessment (Over-estimate as includes other costs, as well as assessment costs)
- 2) From Carers Act: Estimate of between **£1m - £1.3m** for assessment costs.
- 3) From Feasibility study: Unable to estimate.

1) Local Government Financial return (LFR3)

GROSS EXPENDITURE 2016-17

| | Gross Expenditure Adults 18-64 |
|--|---------------------------------------|
| Assessment, Casework, Care Management, Occupational Therapy | £176,102,000 |
| Other expenditure | £1,072,299,000 |
| Total Gross Expenditure | £1,248,401,000 |

The LFR3 for 2016-17 shows that around 14% of total gross expenditure on adults aged 18-64 was spent on Assessment, Casework, Care Management and

Occupational Therapy. It is not possible to break this down further to identify the cost of assessments.

If we assume that the additional spend required to support existing personal care clients aged 18-64 is around £10 million then this would suggest that over and above this an **additional £1.4 million** would be required for assessment, casework, case management and occupational therapy.

Assessment costs would be included within this figure. This would therefore be an over-estimate of the costs of assessments alone.

2) Previous work carried out for Carers Act Financial Memorandum which considered cost of a Carers Assessment

For the Carers Act, data on the time taken to carry out assessments was requested from local authorities. 16 local authorities (LAs) representing just over half of the Scottish population provided responses.

The unit cost of an assessment should include everything involved in carrying out the assessment, so the total time including travel, admin, etc. is more relevant than just the time required to carry out the assessment.

The average time required is similar for both adult and young carer assessments - around **7.5 hours for full assessments** and **5 hours for reviews**. While there are some outlying values (particularly the island councils, where more time is required), most local authorities provided a figure of between 6 and 10 hours for full assessments. There is less agreement on the time required for reviews, with most LAs in the range of 3-7 hours for adults and 2.5-7 for young carers.

There is some correlation between the time required to complete an assessment and the proportion of the local authority that is defined as urban - in general, the more urban, the less time required. (This seems reasonable, as you would expect that more travel time would be required in rural areas than in urban areas.)

Calculating a unit cost from the time taken data does mean that additional assumptions are required:

- cost per hour
- additional costs not related to the time taken to carry out the assessment (e.g. overheads)
- an adjustment to allow for the difference between the current carer's assessment and the Adult Carer Support Plan/Young Carer Statement

Using this method to estimate the unit cost per assessment gives ranges of **£150-£188 for a full assessment and £100-£125 for a review**. These estimates do not include overheads/other costs not related to the time taken, or potential additional costs of carrying out ACSP/YCS.

If we assume:

- that there are 9,000 people aged 18-64 who currently get personal care services and that all of these people will require an assessment of review;
- that the cost of an assessment is £150-188;
- that the cost of a review is £100-125;

Then we need to make further assumptions regarding how many clients get assessment and how many get review. Assuming 10%, 20% or 30% are new clients, and therefore receive full assessments, with remaining clients receiving reviews, this would give a total estimated cost in the range **£945,000 to £1,300,000**.

3) Feasibility study questionnaire of local authorities carried out in summer 2017

Question 6. Eligibility Assessment asked the following question:

*What was the average time taken by the Local Authority / HSCP / Health Board in carrying out an **eligibility assessment**, per client, during 2015/16? (Note – length of assessment, NOT time taken between notification of need for assessment and assessment taking place).*

A total of **21 / 29 (72%)** Local Authorities who responded to the feasibility study provided data for question 6 on eligibility assessments. There was wide variation in the time estimates provided which can be split into two categories;

- Over 24 hours: **13** out of **21** responses (**62%**) estimated over 1 day.
- Under 24 hours: **8** out of **21** responses (**38%**) estimated under 1 day.

The question aimed to identify the time taken to assess a client's eligibility from the point their assessment began to completion. However, the wide variation suggests that Local Authorities interpreted this question in different ways.

| Measure | All Responses | Over 24 Hours | Under 24 Hours |
|------------------|---------------|---------------|----------------|
| Minimum | 1 hour | 1 day | 1 hour |
| Maximum | 54 days | 54 days | 10 hours |
| Average (mean) | 15 days | 24 days | 4 hours |
| Average (median) | 6 days | 24 days | 2 hours |
| Sample Size | 21 LAs | 13 LAs | 8 LAs |

Conclusion

Overall, the data disparity for this question means a reliable conclusion is difficult to determine.

Question 7. Financial Assessment

*What was the average time taken by the Local Authority / HSCP / Health Board in carrying out a **financial assessment**, for personal care, per client, during 2015/16? (Note – length of assessment, NOT time taken between notification of need for assessment and assessment taking place).*

A total of **19 / 29 (66%)** Local Authorities who submitted to the feasibility study provided data for question 7 on financial assessments. Of these, **17** provided answers that were under 2 hours, suggesting these Local Authorities interpreted the question in a similar way. The **2** other Local Authorities provided answers that were in terms of weeks and these have been removed for analytical purposes below.

| Measure | Time (Minutes) |
|------------------|-----------------------|
| Minimum | 5 |
| Maximum | 180 |
| Average (Mean) | 65 |
| Average (Median) | 60 |
| Sample Size | 17 LAs |

Conclusion

Overall, the average time to carry out a financial assessment for personal care, per client, in 2015/16 is approximately **1 hour**.

Annex E : Under 65s in residential care

The Scottish Care Homes Census⁴ and the Care Homes (Quarterly Monitoring Survey) show that there were around 4,000 people aged under 65 who were long-stay residents in care homes from 2012-13 onwards, and this number has been declining in recent years, down to around 3,500 in 2016/17.

Of those residents, it is estimated 98% are supported by the Local Authority, suggesting that only 2% (fewer than 100) are self-funders. Using 2016/17 data, it is estimated that Local Authorities received between £711,000 - £836,000 from self-funders aged under 65. This is based on the 2016/17 personal care rate of £171 per week.

- The lower threshold has been calculated estimating the number of self-funders under 65s as the difference between long-stay resident estimates from the Scottish Care Home Census and estimates of Local Authority funded residents from the Quarterly Monitoring Return. This worked out at approximately 80 self-funders.
- The upper threshold has been calculated based on estimates of the number of self-funders under 65s from the 2017 Scottish Care Home Census and applying a calculation to account for missing data. This worked out at approximately 94 self-funders.

There are two approaches to estimating the cost of extending Free Personal Care to under 65s;

- Assume the number of self-funders stays the same.
- Assume the number of self-funders continues to decline in line with the current overall trend.

Using both estimated numbers of self-funders and applying both assumptions above, gives an estimated cost range of extending Free Personal Care to under 65s in care homes between £662,000 and £851,000. This is based on the current free personal care payment amount for over 65s (now £174 per week).

⁴ <http://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Care-Homes/Previous-Publications/index.asp>