

Annex B

Replicating the costs presented in the Independent Review of Adult Social Care

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](#).

Chapter 11 of the IRASC attempts to estimate the costs and usage of a number of elements of adult social care where additional investment is needed. This includes elements such as free personal and nursing care, the independent living fund, fair work, and the unmet demand of adult social care.

As part of our work, we began by replicating some of these calculations, providing clear and obvious steps and explanation where possible. We were grateful to the Scottish Government for providing additional guidance.

We do not replicate the costings in the IRASC based on advice from the Scottish Government that these costings were obsolete.

These attempts at replication are not endorsements of the method used. The IRASC only provided indications of resources in order to help understand the scale of investment required. More detailed and up to date analysis will be needed in order to fully estimate the financial implications of further reform.

Estimating unmet need and expenditure

“As the older population has increased and resources have been focused increasingly on those in greatest need, a smaller proportion of the adult population is in receipt of social care support than was before austerity, with the result that the needs of a number of people are probably not being met....we recommend investment in social care is increased in order to expand access to social care support” IRASC

The review uses two methods and attempts to calculate the unmet need for the year 2018/19 relative to a pre-austerity baseline.

The review states that they first use: *“A longitudinal analysis that used 2009/10 service use data to calculate the expected number of people using social care support in 2018/19 and compared those to the actual number.”*

The review estimates that there were **25,505** fewer people receiving care in 2018/19 than expected based on 2009/10 levels of access.

In order to replicate this figure, we use data on the number of people drawing on homecare, direct payments, and care home placements from 2009/10 available from various Scottish Government social care statistics sources. Both the care home and

home care data come from Public Health Scotland¹, with direct payment data coming from the Scottish Government².

We also use mid-year population estimates by single year age and sex, available from the National Records for Scotland³.

Using these data sources, we calculate the rate per capita for each type of care for 2009/10 and then applied these to the 2019 population figures to create an estimate of the number of people that would be expected to be drawing on care by 2018/19 if these per capita rates had been maintained.

For example, if 4% of the male population aged 65 and over received direct payments in 2009/10 then we apply this 4% to the male 65 and over population for 2018/19 to estimate the expected number of individuals receiving direct payments, had the rate remained the same for that group.

The difference between these estimates and the actual reported use figures for 2019 were then calculated and where our estimate exceeded the actual level i.e., expected use was higher than actual use, the differences were summed.

Our replication analysis found that this difference was 24,184, compared to the 25,505 reported in the review, which we think is due to data revisions and differences in the data.

The second estimation provides an alternative approach to estimate the scale of unmet need in adult social care. The review provides: *“An analysis of variation across Integration Joint Boards to calculate the expected number of people using social care support in 2018/19 based on standardised Scottish average rates (i.e., adjusted for differences in age/sex and morbidity and life circumstances), and compared those to the actual number.”*

They estimate that there were **10,412** fewer people receiving care in 2018/19 than expected based on these standardised rates.

In our attempt to replicate this, we use local authority population data, provided by the NRS, and the reported number of social care clients receiving homecare, direct payments, and care home placements in each LA in 2018/19⁴.

These data were used to calculate the share of each local authority population that receive each type of social care.

In order to account for differing local authority population sizes, we calculate weighted average usage rates for each local authority. To do this, we first calculate the share of each local authority population receiving each of the three types of

¹ See [PHS](#)

² See [Scot Gov](#)

³ See [NRS](#)

⁴ See [PHS](#)

social care. Then we calculate population weights by taking each LA population as a share of the overall Scottish population. We then interact both the share of population receiving social care and the population weights for each local authority, and aggregate these up to gain weighted average figures for each type of care for Scotland.

We then applied these standardised weighted averages for Scotland to each LA population figure for 2018/19 to estimate the number of people who receive care in each LA if we assumed the rate of care received was standardised across all local authorities.

Then after calculating the difference between our new expected values and the actual reported values for each LA, we aggregated these differences where our estimates exceeded the actual reported figures i.e., where expected care was more than what was provided.

For those receiving home care, the difference was 5852; 2892 for care homes; and 1988 for direct support payments. Our replication analysis found a difference of **10,733**, compared to 10,412 reported in the Feeley review, which again we put down to data revisions and differences in the data.

As well as providing an estimated figure for the unmet need of adult social care, the Feeley Review also provides expenditure figures for both of the above methods i.e., how much it would cost to fill the 'gap'.

The review estimates that using the first method would cost an additional £288m, with the second method would costing £148m, a total of £436m.

To get to these figures, the review has used the Scottish Government's local government finance return statistics (LGFS)⁵ for 2018/19, in particular workbook 3 which details expenditure on social care.

The estimates use the net expenditure figures for home care, care homes, and direct payments, aggregating expenditure for each of the 5 sub-groups included in adult social care to gain a total figure.

For each method, the review has estimated the uplift in social care as a percentage. For the longitudinal, they estimate a 20% uplift and for the cross sectional 10%, detailed in text in the Feeley Review.

In order to replicate their figures, we apply these percentages to the total adult social care expenditure figures calculated using the LGFS. We estimate that the combined expenditure for home care, care homes and direct payments is £1.47bn in 2018/19.

⁵ See [LGFS](#)

When applying both of these percentage uplifts we estimate that it would cost £294m under the longitudinal method, compared to £288m in the review. We also estimate that under method 2, the uplift in expenditure would be £147m, compared to £146m in the review.

This means we estimate the total expenditure needed to close the gap would be £441m in 2018/19 prices, compared to £436m in the Feeley Review. If we were to inflate these into more recent prices, we estimate the total expenditure would rise to £475m in 2021/22 prices.

Non-residential user charging

Feeley Review: "People should no longer be charged for non-residential social care support such as care and, support at home, and day care."

The Feeley review costed this at £51m, based on information gathered directly from Integration Authority Chief Financial Officers.

The closest published figure that relates is in LFR03 "Income from Charges to Service Users: Total Community Based Services". This was £35.5m in 2019-20.

It is acknowledged in the Feeley Review that removing these charges may lead to additional demand. This is an uncertainty that wasn't quantified in the costings in the review, but we understand that this is something the Scottish Government will be considering in any future estimates, and this will increase the cost.

Free personal and nursing care for self-funders in care homes

"We recommend that the sums paid for Free Personal and Nursing Care for self-funders using care homes should be increased to the levels included in the National Care Home Contract, and that this would cost £116m p.a." IRASC

The Feeley Review stated amounts that corresponded to the difference between the costs included for Free Personal and Nursing Care and the sums paid by Local Authorities for self-funders were £191 and £230 per week respectively in 2019/20.

We have taken this as given as we have not been able to locate the National Care Home Contract to verify these figures.

The Scottish Government confirmed that they used the care home census which has data on the number of self-funders and the proportion of residence requiring Free Personal and Nursing Care (FPNC) /Free Personal Care (FPC)

In 2019/20 there were 10,511 mainly or partly self-funded care home residence. 61% of residents require nursing care. We assume the residual should receive free personal care.

Based on these figures, we estimated a total additional expenditure of £117m in 2019/20, marginally higher than the £116m reported in Feeley, most likely to be a result of rounding of the published data.

Reopening the independent living fund

"We recommend that the Independent Living Fund should be re-opened. To ensure that the Fund focuses on people with the most complex needs, we recommend that the threshold sum for entry to the new scheme should be reviewed and adjusted."
IRASC

The review also provides an estimate of the expected cost of reopening the Independent Living Fund. The fund, designed to help those living with disabilities live a more independent life, was set up in 2015 and took on a number of applicants at that time.

However, applications were then closed in the middle of 2015 and have not since reopened, therefore only those successful in joining the ILF at that time are currently supported by the fund.

Feeley states that the existing fund has 2,600 members and that there are a further 3,400 people who would be eligible for an award were we to re-open the fund and retain the existing threshold sum for access.

It also estimates that if the threshold sum for new entrants was set at £600 per week, an additional investment of £32m would be required, increasing the total fund value to £85m p.a.

In order to replicate this, we start by inflating both the existing weekly payment of £340 and the proposed increased payment of £600 to calculate these in annual terms, giving us £16,320 and £28,800, respectively, a difference of £12,480.

The calculation then accounts for only those individuals who currently receive funding from the ILF, therefore we multiply this annual uplift per person per year value of £12,480 by the number of people in the fund (2,600) to gain a total uplift value of £32.4m.

Then using financial returns in the ILF annual report⁶, we know that total ILF net expenditure was £53m in 2018/19, which when we add our £32m figure to, gives the £85m figure reported in the Feeley review.

If we inflate to today's prices, we estimate that the proposed uplift from £340 to £600 per week would cost £35m in 2021/2022 prices, with the total value of the fund increasing to £92m.

⁶ See [ILF Annual Report 2018/19](#)

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