Carers (Scotland) Act 2016

Finance Advisory Group – Report of Scottish Government's Findings – July 2017

Background

1. The Carers Bill Finance Advisory Group was established in July 2015 by the previous Minister for Sport, Health Improvement and Mental Health, Jamie Hepburn MSP, to inform the Scottish Government on the financial implications of implementing the Carers Act to relevant stakeholders, namely the Scottish Government, Local Authorities, NHS Boards and the Third Sector.

Remit of Finance Advisory Group

2. The remit of the Finance Advisory Group was to consider the financial implications of the Carers (Scotland) Bill when implemented, in particular to:

   - establish, if possible, a baseline position in respect of current spend and related activity on adult and young carers and available funding (across LA's, NHS Boards, and Third Sector);

   - review cost estimates, and assumptions behind them, as presented in the FM, considering any new evidence available; update figures over longer time period;

   - establish a clear understanding of key financial risks associated with implementing the Bill and ensure that these risks are understood, shared and mitigated as far as possible.;

   - recommend an appropriate method of distributing funding to LA's, NHS Boards and Third Sector; and

   - establish procedures for monitoring demand, costs and achievement against the Bill's objectives.

3. The group was not responsible for determining Scottish Government (SG) funding available in respect of the Bill as this was considered a matter for Ministers but would look to establish key financial risks as outlined above.

4. Membership of the group is outlined in Annex A.

Purpose of report

5. The purpose of this report is to summarise the discussions of the group in respect of each of the objectives set out in paragraph 2 above.

6. This report reflects the position of SG members of the group given consensus could not be reached by the full group on all issues covered. For each of the issues covered by the group, the report sets out whether consensus was reached or where the opinion stated is that of SG members only. The group met five times between 15 July 2015 and 16 June 2016. There has been several subsequent meetings of SG, the Convention of Scottish Local Authorities (COSLA) and Social Work Scotland (SWS) members over the last year.

7. For each of the issues discussed at the group, the paper outlines the key issues discussed, whether consensus was reached on conclusions/ recommendations and any outstanding issues. The group set up a number of work streams in relation to the second objective on reviewing costs estimates to consider information in more detail and the outputs of these work streams are also covered in the paper.

8. An interim letter was issued from Mr Hepburn to the Finance Committee on 19 January 2016 – issues raised in the letter are covered under the analysis of each of the respective objectives below where appropriate.

9. It was originally agreed that work would need to be undertaken outwith the group (but including COSLA) on Waiving of Charges (WOC) but that the group would have a role with regard to the estimated costs of replacement care in the context of future demand. A summary of the position reached on Waiving of Charges and replacement care is therefore also covered in the paper.

Background

10. The Financial Memorandum to the Carers Bill sets out the SG's original estimated costs of implementing the Carers Act. It is estimated that total costs will rise from £19.4m in year 1 (2018-19) to a recurring level of £88.521m by year 5 (2022-23). The overall estimated costs are as follows:

Cost Description	**FM Source**	**Yr1**	**Yr2**	**Yr3**	**Yr4**	**Yr5**
		2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
		£m	**£m**	**£m**	**£m**	**£m**
Local Authorities direct costs	Table 2	12.463	22.980	34.579	63.643	83.501
Health Board's costs	Table 3	5.002	5.002	5.003	5.004	5.005
Directing Authority	Table 4	0.016	0.016	0.016	0.016	0.016
NES & SSSC	Table 5	1.420	0.690	0.000	0.000	0.000
Transformation funding	Table 6	0.500	0.500	0.500	0.000	0.000
		19.400	29.188	40.098	68.662	88.521

Note: the year 4 figure has been updated to correct an error in the original FM, kindly identified by SWS. The SG notified the Scottish Parliament Finance Committee of this error both orally and in writing. The error did not affect the total figures at year 5.

A breakdown of the Local Authorities' direct costs is outlined below:

Local Authorities direct costs	**Yr1**	**Yr2**	**Yr3**	**Yr4**	**Yr5**
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
	£m	**£m**	**£m**	**£m**	**£m**
Provision of ACSP's	1.820	5.750	8.370	16.240	18.860
Provision of YCS's	0.210	0.430	0.800	1.160	1.530
Information and Advice	3.300	3.040	3.040	3.040	3.040
Duty to support adult carers	3.721	9.935	17.079	36.288	51.218
Duty to support young carers	0.732	1.465	2.930	4.395	6.493
Additional short breaks support	2.360	2.360	2.360	2.360	2.360
Local carer strategies	0.320	0.000	0.000	0.160	0.000
	12.463	**22.980**	**34.579**	**63.643**	**83.501**

11. Concerns about possible under-funding of the Carers Bill were expressed in submissions to the Scottish Parliament Finance Committee in 2015, by COSLA, Social Work Scotland, some individual local authorities and partnerships, and by leading carers' organisations. The position of the Scottish Government has been that the sums set out in the Financial Memorandum - represent significant additional funding to assist carers, recognising the immense contribution carers make to the health and wellbeing of Scotland's people. The additional demand over the five years following the implementation of the Act from April 2018 has been very difficult to predict with certainty, and the calculations in the Finance Memorandum have necessarily been based on many assumptions.

12. Public expenditure as a whole continues to be under considerable pressure and the Scottish Government plans to consider any funding shortfall if and when that is evidenced following implementation of the new Act. For this reason, the Scottish Government and COSLA have agreed to jointly monitor the implementation of the Carers Act, both in terms of the improved outcomes for carers, and also in terms of the cost to local and integration authorities. This places great importance on robust collection of the new data required to trigger any future funding discussions and negotiations between the Scottish Government and COSLA.

Baseline Position

13. This first objective of the group relates to the establishment of a baseline position on costs and activity albeit the group also recognised the importance of collecting relevant data on outcomes. It was established that there is currently data produced on outcomes via the Health and Care Experience Survey 2013-14 and 2015-16 (including % of carers who feel supported to continue caring and % of carers who have good balance between caring and other things in their life). It was acknowledged that Health and Social Care Partnerships may also have their own local indicators but that these would not necessarily be consistent across geographic areas. It was agreed that separate discussions would take place outwith the group between SG and COSLA and other key stakeholders on monitoring and evaluation of the outcomes achieved for carers and impact of implementation of the Act. Separate work has just commenced on this.

14. After discussion, it was agreed that a baseline in respect of current spend and activity could not be established on a consistent basis from existing data on support to carers for all areas of Scotland. This is for a number of reasons discussed further below. Instead, it was agreed the group should focus on establishing new baseline data for financial years 2017-18 and 2018-19 in order to establish a baseline going forward which would help to monitor implementation of the Act. It was recognised that any request for baseline data would need to be proportionate and manageable and agreed with COSLA. To this end, a proposal on the minimum data set was taken to a Social Care Survey meeting of LA representatives in February 2016 and a short-life working group chaired by Social Work Scotland was set up to develop the data specification. The first meeting of the group took place on 29th June 2016. The group developed a data specification over the Summer 2016 and consulted with all LA's in November/December 2016 with a view to piloting the data collection in 2017.

15. Consultation responses confirmed that data on the assessment and support of carers is difficult to collect, and is often not clearly separated from data collected about the cared-for person. A number of issues were identified about the definition of short breaks and replacement care. The important role of Third Sector agencies in supporting carers also poses challenges to data collection by local authorities. It was likely that significant changes to IT systems and to practitioner recording would need to be identified and implemented. Nevertheless, the Finance Group agreed that the monitoring of the Carers Act implementation, including the financial impacts, would not be possible unless data was collected on carers assessment activity and support provided, including short breaks and replacement care. Without such data, future negotiations on funding would not be meaningful.

16. Work is now underway to issue the final data specification and commence the collection of this data which will be critical in providing evidence of demand and associated costs of implementing the Act and any re-opening of any negotiations around funding from SG. The intention is to gather data on a quarterly basis in the first instance in order to assess the quality of the data and to refine guidance as necessary, before moving annual data collection.

Conclusion/Recommendation

17. The group acknowledge the lack of baseline data on assessments and support for carers and recognises that this underpins much of the risk and uncertainty around costs as set out in the Financial Memorandum. The group agrees on the need to focus on establishing reliable baseline data for 2017-18, so that the impact of the Carers Act can be measured from 2018-19 and beyond. However, it may take some time for authorities to be able to collect the new data, and the results for 2017-18 are likely to be patchy.

18. The group recognise that this is a key risk area and that there are serious practical difficulties facing the collection of robust baseline data from 2017, including implications for IT systems and work on recording processes. A business case is currently being prepared by SG officials setting out the need for pre-implementation funding to cover these areas.

Review of cost estimates and assumptions

19. It was agreed that this work should focus on the unit cost of an Adult Carer Support Plan, Young Carer Statement and support to carers.

Adult Carer Support Plan

20. The Financial Memorandum presented three example unit costs for the Adult Carer Support Plan: £72, £110 and £176. COSLA was concerned that the £176 unit cost is an average for local authorities but that some local authorities presented higher unit costs than £176. COSLA wanted the lower figures to be ruled out of the considerations.

21. A questionnaire was sent to local authorities in December 2014 to help inform the Financial Memorandum. The Finance Advisory Group agreed that a further questionnaire should be sent to local authorities to seek up-to date information on unit costs. On the basis of the returns received, it is clear that unit costs vary considerably across local authorities. It is also not straightforward to establish a unit cost with complete confidence due to

incomplete and inconsistent data and lack of clarity about what is included in the costs provided. However, based on the data received, an average unit cost of £176 appears reasonable.

22. There are clearly a number of factors influencing the variability in unit costs of assessments including staff skill mix, length and method of assessment, rurality, and complexity of case. It will be important therefore that the Scottish Government works with local authorities in the pre-implementation phase so that information can be captured in the right way. This would then help ensure that we have the appropriate management data as we move forward to monitor costs and the implications of the costs.

23. When the Health and Social Care Analysis team looked at the data on the time taken to carry out assessments, while this is still incomplete, the question is more precisely targeted, and appears to have resulted in more consistent responses from local authorities.

24. Using this method to estimate the unit cost per assessment gives a range of £150 - £187 for a full assessment and £100 - £125 for a review. These estimates do not include overheads or other costs not related to the time taken, and also exclude any price inflation since 2013-14. This work validated the original work on unit costs for the ACSP in the Financial Memorandum.

25. **The Finance Advisory Group agreed that an average unit cost of £176 as set out in the Financial Memorandum is a reasonable estimate.** It was further agreed that the lower figures of £72 and £110 would not be used as averages. Nevertheless, it is also agreed that local authorities should endeavour to achieve efficiencies in the carrying out of the ACSP, albeit that the average unit cost figure is at 2013-14 prices.

Young Carer Statement

26. The Financial Memorandum presented three example unit costs of £106, £125 and £167. Based on a similar further analysis to that of the ACSP**, the Finance Advisory Group agreed the average unit cost of £167 as set out in the Financial Memorandum is reasonable.** The supplementary returns show that the average time required for a young carer assessments is similar to that for an adult carer - around 7.5 hours for full assessments and 5 hours for reviews. The two lower costs will be discounted.

Unit Cost of Support

27. The Financial Memorandum presented a unit cost of £333 per carer per annum for direct support. The rationale for the unit cost of support (excluding

information and advice and general services in the community) is set out in paragraph 78 of the Financial Memorandum.

28. In addition, in relation to short breaks, the Financial Memorandum provides for an extra £2.36 million per year in recognition of the extra costs of providing short breaks. This funding was provided to recognise the Act's provisions which place specific emphasis on short breaks and to therefore supplement existing funding. Funding for short breaks was already provided for within the 'Duty to Support' funding in the Financial Memorandum. However, an additional amount was provided to emphasise the importance of short breaks and encourage additional investment. Adding the two amounts together gives a total funding for the duty to provide support, including short breaks, of £60 million by Year 5.

29. The second survey of local authorities sought information on the unit cost of support. Only 8 local authorities were able to provide the unit cost of support. Most stated that the £333 was an underestimate, even significantly so. One local authority said explicitly that they used the voluntary short breaks fund for the provision of short breaks. Another local authority said that costs per carer will vary a lot and that carers will benefit from services in place to the cared-for person.

30. The group agreed to keep unit costs of support under review.

Conclusion/Recommendation:

31. The SG believes the £333 average annual unit cost of providing support estimated in the FM is reasonable. Other group members believe this could be higher, particularly in relation to the costs of short breaks and replacement care when this is necessary for the carer to have a short break. However, the SG is keen to emphasise the potential flexibility within the overall level of funding available to LA's by year 5 (£83.5m, including the ACSP and YCS funding), in addition to any existing funding on Carer's, to help provide support. SG is also keen to emphasis the requirement for efficiency savings wherever possible (especially in relation to the ACSP and YCS) as it is clear that there is scope to consider and pursue these further. The SG and wider group emphasised the need to establish how variations in unit costs would be handled – this is discussed further under the key financial risks analysis.

Demand profile

32. The Financial Memorandum sets out the basis for the estimated demand for the ACSP/YCS and support – both build-up of demand and peak level. The group considered the demand profile for assessment and support in more detail recognising that a number of factors will influence final demand and are very difficult to predict. These factors include the impact of carer behaviour,

publicity, word of mouth from carer to carer, local authority actions, etc. The group recognises that reviews of the ACSP/YCS, rather than a full assessment, and the frequency of reviews and/or full assessments will affect the demand profile. The Carers Reference Group members[1] had various views about reviews including reviews being linked to a material change in caring circumstance and reviews being a form of preventative support in themselves.

33. The group concluded that it was very difficult to accurately forecast demand given the range of factors at play. Given this difficulty, the group therefore focussed on a sensitivity analysis[2] on how different demand profiles could impact on the overall cost profile.

34. The group noted that the demand profile might be dependent on the vigour with which the provisions of the Act are promoted locally. Demand could be high from the outset although this is by no means assured. The group also reflected that demand in England under the Care Act had been slow despite a national campaign, albeit that social care services are understood to have faced greater austerity in England than Scotland.

35. The sensitivity analysis focused on whether the year 5 position of 34% of total adult carers receiving an assessment by year 5 appeared realistic and although the group recognised the difficulty in ascertaining this it was generally agreed that this represented a reasonable best estimate. The sensitivity analysis therefore highlighted the potential variation in costs if demand was steeper, higher in earlier years or more evenly distributed and concluded that costs appeared to plateau in years 4 and 5 at close to the FM figures. The key risk would therefore appear to be the earlier years and whether take-up is much higher than originally predicted.

36. The group considered whether there may be any evidence available in England regarding demand for assessment/support further to implementation of the Care Act 2014 (from April 2015). It was thought to be too early for substantial evidence to be available and it was agreed to keep a watching brief on developments in England, bearing in mind differences in carers' rights to assessment and support to those that will apply in Scotland under the Carers Act and the different financial context for social care in England.

Conclusion/recommendation

37. The group did not find any significant new evidence to suggest a change to the current demand profile as set out in the Financial Memorandum but agreed it was very difficult to predict and therefore carried a high degree of

[1] The SG met with the Carers Reference Group on 12 January 2016 to discuss the financial implications of the

[2] The sensitivity analysis looked at 8 different scenarios based on differing uptake levels over the first 5 years (e.g. higher demand in year 1, more even increase over first 5 years) and differing assumptions around proportion of full assessments against reviews (assuming the latter may be less onerous than an initial assessment and could therefore potentially be provided at a lower cost). Each scenario looked at costs over 10 years recognising that demand was unlikely to continue growing at same level as initial 5 years.

risk. The group carried out some sensitivity analysis on a range of different demand scenarios and concluded that the risk of demand varying to the Financial Memorandum was generally higher in the early years. The group agreed it would be appropriate to focus on how variation in demand would be dealt with given the level of uncertainty in providing realistic forecasts. This is further discussed in the key financial risks section.

Waiving of charges and replacement care

Waiving of Charges

38. Under the 2014 Regulations for the Self Directed Support Act, LA's are required to waive charges for support to carers including short breaks and replacement care provided on the basis of the assessed needs of the carer, as determined by a Carer's Assessment. The relatively low current take up rates for Carer's Assessments suggests that the majority of carers currently receiving respite, do so without a Carers Assessment; however, this may change following commencement of the Act. . LA's have interpreted the WOC guidance in different ways due to challeges in how to categorise replacement care as meeting the needs of the carer or the cared-for person or both. For example, it is understood that a least one LA has waived charging for all respite services and others are levying a flat rate. Consequently, the extent to which the expected levels of charging under the current regime will be being levied at present is not well known.

39. Further to publication of the Financial Memorandum, discussions took place between the SG and COSLA with regard to the waiving of charges (the costs associated with *existing* replacement care and other support provided mainly to a cared-for person as part of the support which is provided to a carer in order to give a break from caring, i.e. in order to meet the carer's needs). As set out in the January letter to the Finance Committee, the estimated cost of such replacement care was deemed to be a maximum of £16m per annum based on Scottish Government Official Statistics data on current respite care provision and Local Financial Return (LFR) 03 data on current level of social care charging (and effectively represents income currently generated form charges for care in 2013-14). It is broken down as £10m for overnight care, £5m for daytime care and £1m for direct payments. Overall, It is assumed that the cost of respite care is £1,000 per week on average based on data collated by ASD and SWS.

40. The LFR03 returns do not distinguish between respite for the cared-for person and respite meeting the needs of the carer. Most will however be provided under the community care assessment. The respite will benefit the carer indirectly but in most cases will not be provided through the carer's assessment route. The SG therefore considers that the £16 million is a maximum to meet the cost of the waiving of charges.[3] By contrast, COSLA and SWS believe that the true figure is very close the £16m because in their view the vast majority of "respite care" is provided to benefit the carer, in line

[3] Link to WOC paper

with the definitions for the relevant statistical returns, and the question of whether it is provided following a community care assessment of the cared-for person, or under a carer's assessment (as is now increasingly the case) has hitherto been a matter of practice, and does not provide evidence that the respite care is being provided for other reasons than to benefit the carer. The SG accepts that a lot of respite care will benefit the carer but this is not the same as meeting the carer's assessed needs. Some respite will be put in place specifically to meet the cared-for person's needs. Under the Carers Act, respite for carer's assessed needs must be recorded under the ACSP or YCS.

41. The SG originally envisaged that there could be flexibility in the overall cost envelope as set in the Financial Memorandum to contribute to these costs. Although the group recognise that unit costs of assessment are now likely to be at the maximum range set out in the Financial Memorandum, SG believes there is still potential scope for differences in demand levels for both assessments and support which could lead to flexibility in the overall cost envelope to support Waiving of Charges. It should be noted that COSLA and SWS believe that the total potential underfunding in the FM is much greater than any scope for flexibilities or efficiencies. This is further discussed later in the report.

Conclusion/recommendation

42. The SG believe that the Waiving of Charges is currently costing LA's up to an estimated maximum of £16m per annum – this cost was not included in the Financial Memorandum due to consultation which had to take place before finalising the policy position on the waiving of charges – whether charges should be waived, or whether the cared-for person should be charged for support meeting the carer's needs. It should be noted that this is not a new cost arising from the Carers Act but a consequence of the previous SDS Act and the 2014 Regulations on waiving charges for support to carers. The previous Minister for Sport, Health Improvement and Mental Health has advised that there should be some flexibility in the overall financial envelope set out in the Financial Memorandum. COSLA and SWS make the counter-argument that Waiving of Charges is currently un-funded and there is a significant risk it will continue to be so in future years.

43. The group recognises that future demand for care for the cared-for-person to provide the carer with a break from caring is difficult to predict and therefore recognise the need to monitor the demand so that the full implications of managing either more or less demand than resourced for can be assessed and the financial impact fully considered.

Replacement Care

44. In discussing Waiving of Charges within the group, the issue of future replacement care arising from increased provision of ACSPs/YCSs and/or short breaks were raised. The FM does not make specific reference as such

to replacement care (outwith discussion on Waiving of Charges). COSLA, SWS, and carer organisations are concerned that no additional funding for replacement care is provided for within the FM. They support the policy intention to increase access to short breaks, but argue that while there is some funding for that in the FM, there is not funding for the replacement care that many carers will require for the person they care for, in order to be able to take a short break.

45. The SG acknowledge that specific calculations were not made in respect of replacement care within the FM and believe there is potential flexibility within the overall cost envelope and, more specifically, the duty to support costs (£57.7m by year 5) to provide for some replacement care.

46. It is estimated that LA's currently spend c£200m per annum on respite care, and that almost all of this will be replacement care to enable carers to take a short break. The SG's expectation is that replacement care arising from additional assessments and requiring replacement care in addition to any existing care would be relatively modest albeit we recognise there is a high level of risk around this given the high unit cost associated with replacement care (i.e. £1,000 per week). COSLA, SWS and the carer organisations represented on the group do not agree with this assumption, and believe many additional breaks will require additional replacement care which will require funding. The £200m is being spent on replacement care needed for the *current* levels of support to carers, before the new Act provides new rights to assessment and to support for all carers with assessed eligible need.

Conclusion/recommendation

47. It is recognised that there is a significant difference in opinion between SG and other group members on the scale of potential new costs of replacement care. SG does not believe there is sufficient evidence to increase funding in respect of replacement care albeit we recognise there is significant risk given the current £200m baseline level of spend, high unit cost and link to volume of demand. The final position will ultimately be dependent on demand and as such we would recommend that we closely monitor demand and review funding if there is evidence that demand is significantly higher than estimated in the FM.

48. SG recognises separate provision has not been made for replacement care but would suggest there could be flexibility within the overall funding for providing support and would emphasise the total £88.52m investment against the existing £200m we currently invest in respite care in Scotland and encourage LA's to consider the total funding available and how best this might be utilised. There will be other existing support to carers over and above respite care which could arguably be used to compare new expenditure against.

Establishment and management of key financial risks

49. The group recognised that the most significant financial risks were as follows:
    - Inability to build capacity prior to commencement date resulting in LA's being unable to cope with potential demand in year 1.
    - Insufficient funding as outlined in FM to cover full costs of implementation, in particular for the earlier financial years;
    - Unit cost of providing an ACSP/YCS or duty to support (including replacement care) is higher than estimated in the FM (which is at 2013-14 prices);
    - Demand, for assessments and/or support, is significantly higher than outlined in FM;
    - Insufficient funding to cover full cost of Waiving of Charges as estimated at £16m per annum.
    - Insufficient funding to cover replacement care.

50. It will be important to manage the financial risks whilst recognising at the same time the on-going pressures on local authority funding more generally and difficulties with recruiting staff. The group also acknowledged the existing funding supporting carers either directly or indirectly which is already in the system.

51. Overall, the key financial risk is that if demand is very high, especially in the early years, then a key issue for decision will be whether the Scottish Government makes available additional resources or whether demand is managed with carers perhaps having slower access to assessment and support. Within this context, we would also need to know if local authorities are carrying out their duties efficiently and effectively and whether they are making legitimate efficiency savings. We intend to monitor this and the work on collecting baseline data will be fundamental in assisting with this.

52. It should also be recognised that the costs of implementing the Act could potentially be less than set out in the Financial Memorandum. In this event, discussions would need to take place between the SG and COSLA.

Conclusion/recommendation

53. It is imperative that baseline and on-going data is established as soon as possible in order that any financial risks can be raised and evidenced at the earliest opportunity.

54. It is recommended that, in addition to ongoing quarterly monitoring, a full review of costs and activity are carried out after years 1 and 3 of implementation by SG in partnership with COSLA. If costs are found to be significantly different to those outlined in the FM (and allocated to LA's), a report will be taken to the Health and Social Care Management Board (HSCMB) outlining the scale of the issue and recommendations for action. HSCMB will subsequently advise Ministers of the position in order that any funding negotiations can take place in the context of the Budget Bill/Spending

Review cycles. If evidence is available before the end of years 1 and 3 on significant financial risks, these will be dealt with in a similar manner.

55. Risk in year 1 could be mitigated by part-year implementation allowing LA's to build capacity and gather intelligence on likely demand.

Distribution of funding

56. Scottish Government officials will work with COSLA to develop an appropriate method of distributing funding to LA's during the first financial year, for recommendation to the joint SG/COSLA Settlement and Distribution Group as appropriate. It is anticipated this will be based on GAE but this is subject to discussion with COSLA.

57. Funding for the implementation of the Act sits within the Health Budget and there are 3 potential ways in which funding could be distributed to LA's
    - Direct to LA's (via budget transfer from Health to LA at SG level)
    - Via NHS Boards
    - Via Integrated Joint Boards.

58. Recommendations will need to take into account the fact that many LAs have not delegated to Integration Authorities their responsibilities for young carers and carers of disabled children and young people.

Conclusion/recommendation

59. The group have agreed that a Short Life Working Group (SLWG) should be set up to consider the appropriate method of distributing funding to and across LA's. This should consist of SG, COSLA, SWS and Carers Groups. Its remit will be to review distribution formula options in order to make recommendations to the joint SG/COSLA Settlement and Distribution Group as appropriate.

Conclusions

60. COSLA has advised us that they have welcomed the opportunity to be involved in the working group but have fundamental concerns over the financial assumptions included in the FM and the implications of this for the funding of the Carers Act. They are particularly concerned that the cost and demand estimates, especially for support for carers, are significantly understated. COSLA accept the more realistic unit costs for carrying out assessments and the correction of the error within the original FM, but have particular concerns around the lack of funding for replacement care and waiving of charges as well as short breaks. COSLA has strong concerns, as do other stakeholders on the group (namely SWS and Shared Care Scotland), over the assumptions made by SG on replacement care costs and demand profiles, and the lack of recognition that existing waiving of charges is unfunded.

61. The SG believes there has been a robust debate around the current assumptions as set out in the Financial Memorandum and recognise the associated financial risks. They have reached the following conclusions:

- There is a lack of robust baseline data within LA's on supporting carers which underpins the need for estimates within the Financial Memorandum and increases the level of risk around these cost estimates;
- Reliable baseline data for 2017-18 should be established on supporting carers as a matter of priority in order to facilitate monitoring implementation of the Act and highlighting any financial risks at the earliest opportunity;
- The appropriate average unit cost of the ACSP and YCS is likely to be about £176 and £167 respectively, i.e. the maximum costs set out in the FM, and that the average unit cost of providing support is £333;
- It is inherently difficult to estimate future demand with any degree of certainty and the focus should be on how to manage any significant increase in demand over and above that forecast in the Financial Memorandum rather than trying to refine current estimates.
- The Financial Memorandum included an error which has now been corrected and communicated to the Parliament's Finance Committee. The figure of £24.808m for the cost of support to adult carers in 2020-21 in the table under paragraph 79 has been changed to £36.288m. This did not impact on the final figures as presented for year 5.
- Further to publication of the Financial Memorandum, the estimated cost of Waiving of Charges has been established as a maximum of £16m – the previous Minister for Public Health has indicated there should be flexibility in the financial envelope as set out in the Financial Memorandum to contribute to this cost but COSLA believe this will present a significant cost pressure.
- The group did not reach a consensus on an estimated cost of additional replacement care. This is highlighted as the highest financial risk associated with implementation of the Act. The Minister for Public Health and Sport may wish to consider further in light of forthcoming Spending Reviews.
- There are a number of key risks associated with implementation of the Act as outlined in this paper; it is recommended that a review of costs is carried out after years 1 and 3 but that any evidence of financial risks arising in the intervening period will be considered by the SG.
- A SLWG will be set up to consider the method of distributing total funding available to and across each of the 32 LA/s, for recommendation to the joint SG/COSLA Settlement and Distribution Group as appropriate

62. It has recently been agreed with group members that a new Finance Group will be established to take forward outstanding issues relating to the financing of the Carer's Act. The new group will focus on establishing and collecting monitoring data, the identification and monitoring of key financial risks, and the formal process for addressing any significant financial gaps arising from the implementation of the Act.

Annex A – Membership of Carers Finance Advisory Group

Fiona Collie	Carers Scotland
Beth Hall	COSLA
Jonathan Sharma	COSLA
Alexis Chappell	Dundee City Council
Alison White	Midlothian Council
Pauline Knox	Moray Council
Roslyn Rafferty	NHS Lanarkshire
John Symon	Perth and Kinross Council
Maureen Bruce	Scottish Government
Amy Ross	Scottish Government, Carers Policy
Lynn Lavery	Scottish Government, Carers Policy
Moira Oliphant	Scottish Government, Carers Policy
Fiona Hodgkiss	Scottish Government, Health & Social Care Analysis
Julie Rintoul	Scottish Government, Health & Social Care Analysis
Tom Russon	Scottish Government, Health & Social Care Analysis
Christine McLaughlin	Scottish Government, Health Finance
Julie McKinney	Scottish Government, Health Finance
Graham Owenson	Scottish Government, Local Government and Analytical Services Division
Don Williamson	Shared Care Scotland
Mike Brown	Social Work Scotland
Robert Emmott	Western Isles Council