TOWARDS A TRANSFORMATIVE UNIVERSAL ADULT SOCIAL CARE SUPPORT SERVICE FOR SCOTLAND

Briefing by the
Scottish Women's Budget Group

Scottish
Women's
Budget
Group

This report is published by the Scottish Women's Budget Group, January 2023.

Contact: info@swbg.org.uk

This report was written by Dr Jerome De Henau* and Sara Cowan.**

Calculations were conducted by Dr Jerome De Henau with
additional calculations from Professor Susan Himmelweit.

Data Research was conducted by Anna Chrysopoulou.

ABOUT SWBG

The Scottish Women's Budget Group (SWBG) is an independent analysis and campaign group that aims to promote gender analysis in public policy and public finance decisions through budgetary processes. SWBG brings together a wide range of women from across Scotland who have an interest in women's equality and want to achieve better gender equality in our society and has focused on encouraging active gender analysis in the Scottish Budget process since 2000.

www.swbg.org.uk

ACKNOWLEDGEMENTS

SWBG would like to thank Susan Himmleweit and Anna Chrysopoulou for their support of this research project and the work of SWBG. We would also like to thank Angela O'Hagan, Jamie Livingstone, Naveed Hakeem, Oxfam Scotland for funds to support this research and Esmee Fairbairn Foundation for core funding to support all the work of SWBG.

This research was supported by Oxfam Scotland.

* Dr Jerome De Henau is Senior Lecturer at the Open University, jerome.de-henau@open.ac.uk
** Sara Cowan is Coordinator of the Scottish Women's Budget Group

SUMMARY

This briefing sets out two scenarios for greater investment in Scotland's adult social care support services. These scenarios are based on data of current adult social care usage and projections of how this would need to be expanded to meet wider care needs and to reach a greater number of people. The scenarios also model the costs of increased rates of pay for social care staff, as well as the costs of the larger workforce which would be needed to meet the expanded care needs.

WHY INVEST MORE? Scotland's social care sector is in a critical state and needs urgent investment: services are understaffed,[1] with recruitment and staff retention difficult at current pay levels;[2] people are unable to receive the care packages they need; and wider unmet needs are likely to be extensive, resulting in additional caring pressures being pushed towards unpaid carers. Investing in care as critical social infrastructure is central to securing Scotland's goal of a wellbeing, caring economy.

WHAT IS NEEDED? SWBG has long called for greater investment in social care. This briefing outlines how much extra investment is needed, the number of additional jobs this would create, and the return on investment in terms of additional tax revenues, under two scenarios: 'core' and 'transformative'.

A CORE SCENARIO FOR CHANGE. This scenario covers current substantial needs, but increases coverage by about 20% to meet currently unmet needs while extending free provision to all types of care, and raising pay rates to the more competitive wage of £12.50 an hour. The estimated cost would be £5,094m per year, which is £1,561m above the current (budgeted) level of public spending on adult social care.

TRANSFORMATIVE CHANGE. We believe greater investment is needed to drive transformative change. This scenario includes paying care workers an average of £15.21 per hour (that is equivalent to 75% of nurses' wages, in line with Nordic levels) while increasing access to free care by those with moderate needs to relieve informal care burdens on unpaid carers and eliminate unmet needs. This requires investment of £6,822m per year, almost double the current level of investment.

CREATING LOCAL JOBS. In the transformative scenario, modelling suggests that about 43,000 new jobs would be directly generated by the increase in care workers. In addition, 8,000 jobs would be generated through indirect jobs in industries supplying the care sector, as well as over 24,000 jobs through induced employment due to newly employed workers spending in the Scottish economy. Overall, the transformative model suggests 75,000 new jobs would be created. In comparison, the modelling for the core scenario suggests that would create 20,000 new jobs. As the care sector is a highly gendered sector, many of these new jobs will be better paying jobs for women.

RETURN ON INVESTMENT. It is estimated that additional direct and indirect tax revenue would yield an estimated additional £1.5bn annually, which is about 46% of the estimated additional investment required in the transformative scenario. In comparison, the core scenario would return £500m in tax revenue, which is about 34% of the gross additional investment.

SUPPORTING PEOPLE WHEN THEY NEED IT. Critically, the transformative scenario widens access to care, reaching people whose care needs are currently unmet and therefore who are being left without provision, and seeks to provide early interventions to all those with care needs.

FUNDING TRANSFORMATIVE CHANGE. Funding this change will require political decisions that place care at the forefront of Scotland's economic recovery from both the pandemic and the cost of living crises. New sources of finance will need to be explored by the Scottish Government, as well as opportunities to increase borrowing powers as the Fiscal Framework is reviewed. Within this process investment in social infrastructure should be given at least the same weight as investment in physical infrastructure.

INTRODUCTION

The need for change in Scotland's social care sector is widely recognised. After years of underfunding and undervaluation, varying levels of delivery, and the Covid-19 pandemic, the foundations of our care services are cracking. The pandemic has had a catastrophic impact on disabled people and unpaid carers. Many people who use social care support were left abandoned and without access to even the most basic of human rights.[3] On top of this, the cost-of-living crisis is not impacting everyone equally.[4]

In September 2020, the Scottish Government commissioned an independent review into adult social care. Since its publication, the government has committed to the delivery of a National Care Service as recommended by the Independent Review into Adult Social Care (IRASC).[5] The creation of the National Care Service (NCS) offers an opportunity for change. An important opportunity to invest in care as social infrastructure as part of economic and social recovery.

The Scottish Government states that the NCS is "an opportunity to change the way we deliver support and services – to place human rights at the centre of our decision making; shift our emphasis to prevention; empower people to engage positively with their own care; embed fair work and ethical commissioning; and strengthen our commitment to integrating social care with community healthcare, which we last legislated for in 2014."[6] The focus on adult social care support and the NCS often appears to rest on the structures and mechanisms for delivery. However, transformative change will only come when care is properly valued and invested in with people's human rights at the forefront of the new model. At present the Scottish Government has committed to a 25% increase in social care investment in cash terms within the Resource Spending Review over the course of the Parliament, equivalent to more than £840 million[7] by 2026/27. If delivered, this increase should take spending on social care from about £3.5bn to around £4.3bn by 2026. While this rise may sound relatively large, the value of it risks being substantially undermined by inflation, and demand on the system is also projected to increase. On top of these pressures, significantly greater investment will be needed to bring transformative change to adult social care support in Scotland.

This briefing illustrates the cost and return on investment – including the effects on employment and tax revenues – under two scenarios of increased investment in adult social care support in Scotland beyond the current plans established in the National Care Service Bill (Scotland) 2022.[8] By using a modelling framework to establish the costs for care, this briefing sets out how priorities around care needs, scope and working conditions need to be funded to create a high quality, universal and accessible adult social care system in Scotland. With the right level of support, people will be better able to meaningfully take part in their community; and realise their rights to citizenship along with a range of other human rights; earlier support will prevent more serious interventions and reduce long-stay health inputs; and through an expanded labour force, better qualified and well-paid staff will not only improve the quality of care but also provide higher tax returns to the economy. The Scottish Government have recognised care as an investment in Scotland's economy and society,[9] therefore, the SWBG calculations should help with planning revenue raising and resource allocation in order to meet that investment commitment.

This briefing simulates the total annual costs in public investment on adult social care support by expanding the following elements:

- **Better pay for care workers and better working conditions, based on competitive pay rates estimated by the Homecare Association;**
- **Better training over time to reach levels of qualification on a par with Nordic countries such as Denmark and Sweden, where care workers are paid about 75% of nurses' wages (compared to about half in Scotland at present), commensurate with their higher qualifications;**[i]
- **Better coverage of free care, by including household and domestic tasks such as cleaning and shopping to prevent limitations in these respects from increasing care needs, while at the same time relieving some informal care work;**
- **Reducing the de facto rationing of care to the most substantial and critical needs and improving access to care for those with more moderate care needs;**
- **Improving take-up rates of free social care support to enable informal care to become complementary to, rather than, as currently, a substitute for formal provision.**

The method followed in these calculations is very similar to that used for the modelling of costs for England, as detailed in the recent UK Women's Budget Group joint report with the New Economic Foundation published in February 2022.[10]

In summary, modelling requires the following steps:

1. **Estimating the population in need of adult social care support (distinguishing between the over 65s and those aged 18-64, and between those at home and in residential care) and the intensity of their needs (moderate versus substantial or critical);**
2. **Estimating the number of hours per week of care provision required to meet these needs, which will determine the workforce required;**
3. **Estimating the hourly cost of care, including overheads and non-care time (for travel, holiday, sickness or training), where base salary can vary according to different policy scenarios;**
4. **Estimating the total annual public investment needed as the aggregate of the previous elements, projected in real-terms over ten years, to be compared with current plans;**
5. **Estimating the employment creation and fiscal revenue that this investment would produce, to budget for the net funding required to be raised over time.**

Additional funds will be needed, especially in the early stages of transforming the care service. At the end of this report we provide calculations for fiscal revenue generated by increasing employment in care and propose some options for revenue raising to invest in quality social care support.

While additional funding is essential to driving transformative change, measuring the change flowing from this increased investment will also be critical. SWBG supports the call for a new National Outcome on Care to be added to the National Performance Framework in Scotland to provide a mechanism to scrutinise investment in care and drive forward change.[11]

i. Data on earnings by occupation from StatBank Denmark (https://www.statbank.dk/statbank5a/default.asp?w=1280) and Statistics Sweden (https://www.scb.se/en/)

CHALLENGING ECONOMIC TIMES AND THE UNDERVALUATION OF CARE

Scotland's economy has experienced multiple crises over the last few years due to various factors such as the UK's exit from the EU, the Covid-19 pandemic and, most recently, the rising cost of living. With inflation at a 40-year high[12] and a recession predicted[13] there is much economic uncertainty. As with all crises, the increase in the cost of living will not be felt equally. Disabled people, low-paid women, unpaid carers, ethnic minority households, and other structurally oppressed groups will once again be at the hard end of the crisis. A survey conducted by Inclusion Scotland found that 75% of their members were cutting back on necessities for their health and wellbeing.[14] According to Carers Scotland, 40% of carers on Carers' Allowance are struggling to make ends meet.[15] Therefore, the need for government investment in a caring recovery that recognises the contribution of social infrastructure to the Scottish economy, such as the social care sector, is urgent and should not be underestimated in budgetary decisions.

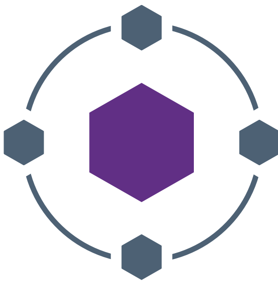
According to the National Care Service (NCS) financial memorandum, the social care sector has a crucial role in supporting regional economies across the country through local employment, investment, and procurement of goods and services with significant local benefits.[ii] In 2021, approximately 130,000 people were directly employed in adult social care support, which is approximately 5% of the Scottish workforce.[16]

Despite its significant share of employment, employing more than three times as many workers as agriculture, forestry, and fishing combined, the social care sector is often underpaid, and undervalued, in part due to a gender bias as the sector is female-dominated.[17] 83% of the social care workforce are women.[18]

This undervaluation of care has consequences for individuals and society, as well as the state. It impacts stubborn poverty rates, entrenches gender inequality, leads to greater spending on emergency medical interventions that could be prevented, and it holds people back from living flourishing lives. Over a quarter of the people in receipt of social care support live in the most deprived areas and unpaid carers in these areas are more likely to care for longer periods of time.[19] Nearly half (49%) of all those living in poverty in the UK, are either disabled people or live in a household containing a disabled person.[20] Carers are consistently over-burdened, losing income and seeing their own health undermined. The reliance on unpaid carers has repeatedly been demonstrated to represent a significant saving to public funds. The Scottish Government's own figures suggest unpaid care is currently saving £13.1billion per year,[21] while the toll on unpaid carers' economic and health situation is overlooked and unrewarded.

ii. The NCS financial memorandum highlights the significant role of the social care sector especially in areas of economic disadvantage as it can be a critical employer, particularly in areas with high youth unemployment. It is also stated that the sector can direct spending towards local small businesses, voluntary and community organisations, and lead through setting importance on quality non-financial standards in procurement processes. https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-finance-and-public-administration-committee/business-items/scrutiny-of-financial-memorandums/national-care-service-scotland-bill-financial-memorandum

For those paid to work in the system, the undervaluation of care makes the job more difficult. Scotland's Fairwork Convention has stated that 'fair work is not consistently delivered in social care.' As the Fair Work Convention has highlighted, a combination of low pay (an average £9.79 an hour), job precarity and insecurity (one in five care workers are not on permanent contracts) and high stress levels (13% work more than 50 hours a week) is contributing to a crisis of recruitment and retention in care work.[22] Care workers themselves report the impact this has on the support provided. A lack of time and being spread too thinly between service users was recently highlighted in a survey of care workers as contributing to high levels of stress,[23] a problem that is even more challenging for those in remote and rural areas.



MODELLING A NEW FUNDING SETTLEMENT

In modelling the cost of care in Scotland this briefing focuses on several key areas: who needs care, the intensity and type of care provision, and how much care costs – including care workers' wages. By looking at these areas, we identify a core investment scenario that SWBG believes is the minimum Scotland needs to invest to improve the quality of care provision and the quality of care support received. However, the modelling goes further to presenting a transformative investment scenario as required to re-envision and reconfigure the provision of care and care work in Scotland. As plans develop for the National Care Service, understanding how spending will support the developments laid out in the transformative scenario is crucial: this transformative scenario needs to be the ambition of Scotland.

Both scenarios build on the current commitment to free personal care embedded in public policy in Scotland since devolution

Both scenarios build on the current commitment to free personal care embedded in public policy in Scotland since devolution. As well as more recent commitments to end non-residential care charges within this parliamentary term. The scenarios seek to secure this commitment in the context of increased pressures and demands, and the changing character of Scotland's finances. With clarity on funding needs to meet these commitments and our recommendations beyond them, these scenarios offer support to plan necessary revenue raising and resource allocation. In this way, Scotland's public finances could be allocated to progressively meet care needs in line with taking steps to secure the realisation of rights as set out in the Scottish Government's commitments to incorporate international human rights frameworks, including the Convention on Economic, Social and Cultural Rights.

A detailed breakdown of the methodology of this modelling is contained in the appendix.

Funding scenarios

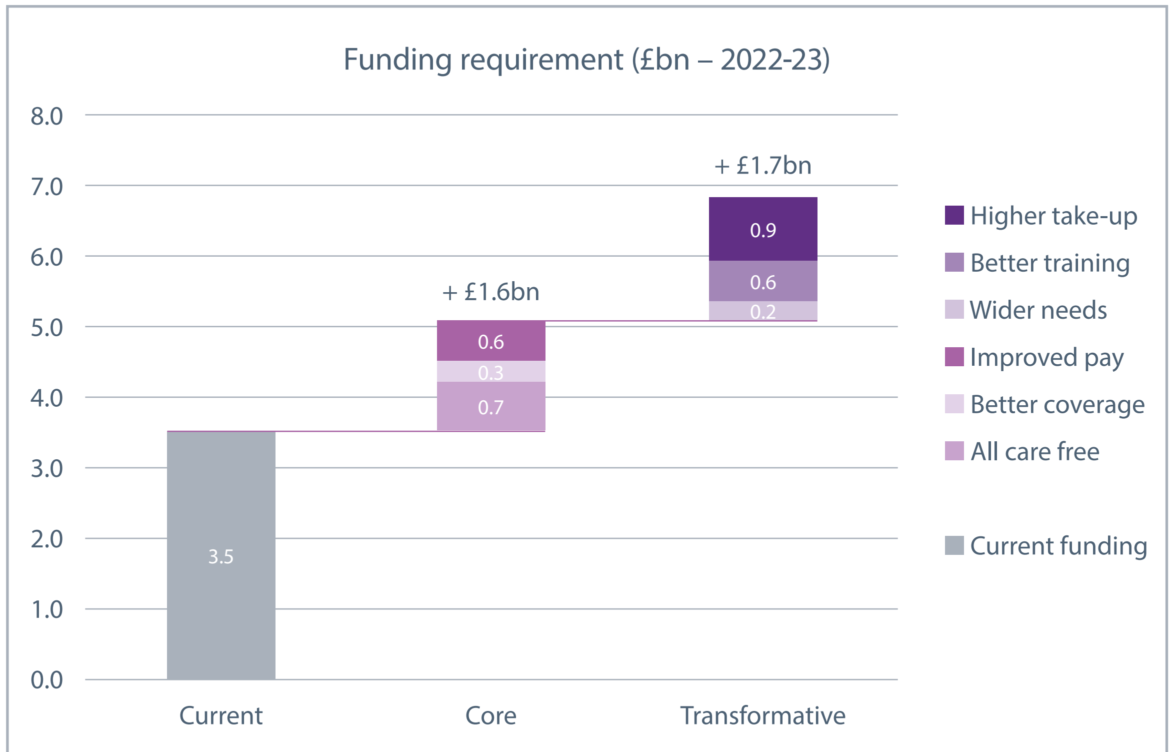
A **core scenario** focuses on ensuring current substantial needs are covered, by increasing the number of care recipients by about 20% to meet current unmet needs and extend free provision to all types of care (i.e. including household tasks). The core scenario also aims to increase pay rates to the more competitive wage of £12.50 an hour. The model estimated this would cost £5,094m in 2022-23 prices, which is £1,561m above the current (budgeted) level of net public spending on adult social care (ASC).[iii] This would be 2.8% of Scotland's GDP,[iv] that is 0.9 percentage points above the current level of net spending of 1.9% of GDP.

A **transformative scenario** focuses on increasing access to free care to those with moderate needs, as well as increasing qualifications and pay to Nordic levels, with care workers paid an average of £15.21 per hour. In this scenario higher take-up rates are assumed that would relieve informal care needs further and eliminate unmet needs. This would require £6,822m in annual public investment or 3.7% of GDP, a 1.8% increase on the current budget: that is a nearly doubling of public investment in care.

Both scenarios include the costing of preventative visits by nurses twice a year to all those aged 75 and over, following Denmark's model.

Figure 1 below provides a summary of the elements added to each scenario in £bn.

Figure 1: Annual investment in adult social care – core and transformative scenarios (2022-23 prices)



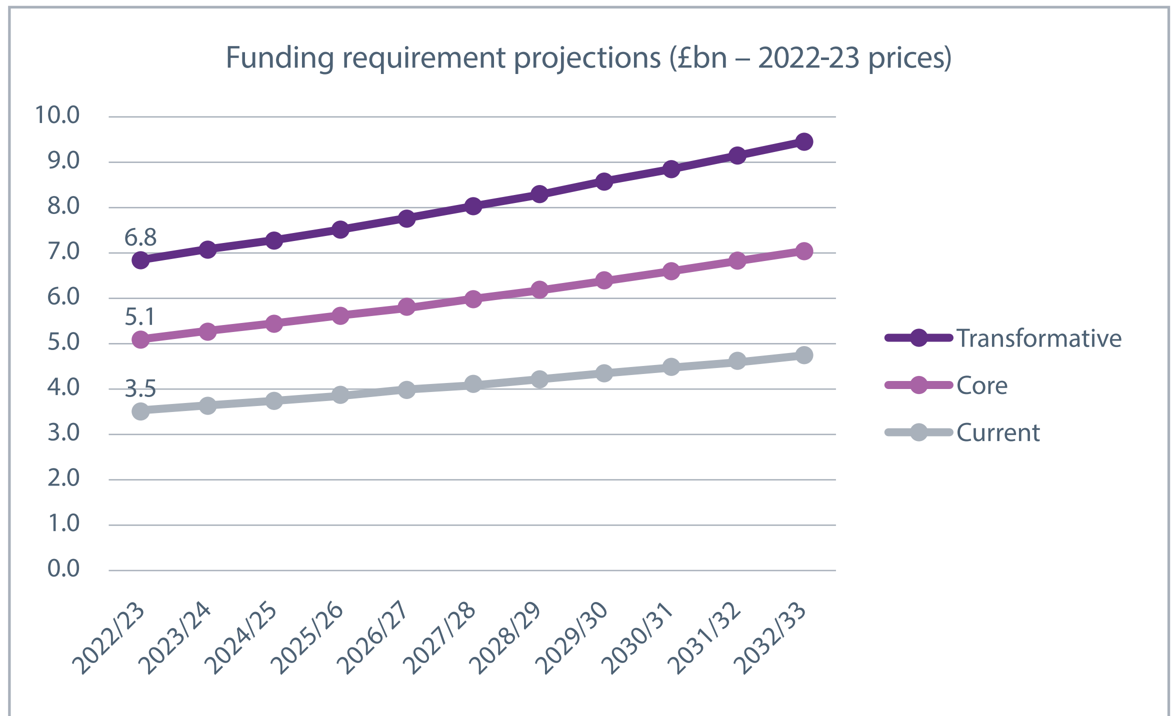
Source: Author's calculations. Note that the £0.3bn from expanded coverage in the core scenario includes £129m of funding for adding the preventative nurses' visits to all those aged 75+.

iii. 'Net' in the sense of gross spending minus user charges.

iv. Which is estimated to stand at £185,331m based on the latest figures, extrapolated for the whole of 2022-23 from the 2022 Q2 figure, using Quarterly NA 2022 Q2 supplementary tables of the quarterly national accounts (https://www.gov.scot/publications/gdp-quarterly-national-accounts-2022-q2/)

While these scenarios are set in 2022-23 prices it is expected that the funding commitments would be met progressively and that these costs would not be expected to be implemented immediately. Therefore, Figure 2 below shows the progression in real-terms of spending commitments over the next ten years, taking account of the increase in needs and costs, estimated to be about 3% per year in real-terms by the Scottish government[24] and 3.3% by the Health Foundation as used in the NEF/WBG report.[25]

Figure 2: Projections of annual funding requirements to 2032-33



Source: Author's calculations.

By 2033, annual spending requirements are likely to increase to about £9.4bn in the transformative scenario, twice as much as the amount currently budgeted of £4.7bn (extrapolated from the last projections in the National Care Service (Scotland) Bill in 2026-27 and using the same annual growth rate). Depending on assumptions on real GDP growth, the transformative scenario would entail a spending commitment in proportion to the size of the Scottish economy of between 4.2% (with a GDP growth rate of 2%) and 4.6% (with a GDP growth rate of 1%).

Understanding these scenarios

In order to construct these scenarios, the first step was to understand who needs care and calibrate ambitions for a quality care support service to expand the free provision of care. In the transformative scenario, SWBG proposes expanding access to care beyond those with substantial and critical needs to also include those with moderate needs. By expanding provision, care is provided at an earlier stage and evidence suggests that this preventative spend can support people to live independently for longer and reduce the need for lengthy hospital stays.[26]

Data gaps mean it is not possible to calculate unmet care needs in Scotland.[27] The model takes this into account by proposing differing take up rates with the expectation that in both the core and the transformative scenarios improved quality and access to care will increase the uptake.

Delivering fair work and increasing the value placed on care workers is a critical element of both scenarios in this briefing

Delivering fair work and increasing the value placed on care workers is a critical element of both scenarios in this briefing. The Scottish Government has previously shown commitment to raising wages in social care, for example with the move to establish £10.50 as a minimum hourly rate in adult social care at a time when the real living wage was £9.90. However, this has been outstripped with rising inflation and the most recent Scottish Budget only committed to maintaining the real living wage for care workers rather than go a step above it.[28] Care workers' wages need to be moving towards the transformative scenario of £15.21 per hour. Alongside this, increased opportunities for training and qualifications would help deliver better care, while improving the recruitment and retention of care workers.

Employment generation and fiscal revenue

In recent publications related to the National Care Service, including the Financial Memorandum published with the Bill, the Scottish Government has taken on recommendations to view care as an investment rather than a cost. This is a significant and vital recognition of the role care plays in our economy and society – but should be reflected within budget decision-making.

In the transformative scenario, about 43,000 FTE jobs would be directly generated, a 52% increase in care workers. If the current gender breakdown is used to estimate the likely gender composition of the sector, then 83% of these jobs will go to women.

Estimations by Professor Susan Himmelweit for SWBG of the multiplier effects of the direct job creation and increased wages in the care sector using Scottish input-output tables for 2018[v] shows that the transformative scenario would also generate just over 8,000 indirect jobs in industries supplying the care sector.[vi] In the core scenario these indirect jobs would be just under 2000 to complement an increase in care workers of 10,000.[vii]

As wages are increased in care (for both new and current workers) and more jobs are created, incomes will rise. Much of this increased income will be spent in the economy, creating induced jobs from increased demand. This so-called induced employment effect is calculated to be just under 25,000 new jobs in the transformative scenario, and over 8,000 new jobs in the core scenario.

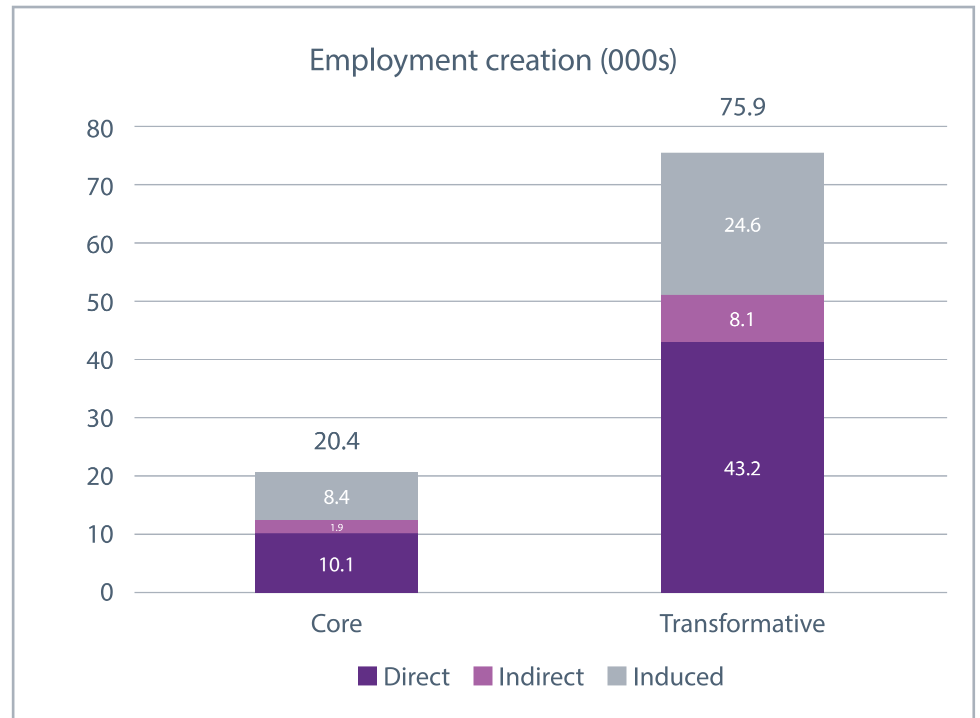
In addition to jobs created, workers' spending power is potentially increased bringing further benefit to local economies.

v. Multiplier effects due to employment creation are given directly in the Scottish input-output tables. These multipliers have been modified to account for increased wages on the assumption that all price effects are paid for by the government, thus neither firms' nor households' spending patterns are impacted.

vi. See Himmelweit et al. for similar calculations – for example De Henau. J & Himmelweit. S (2020) A Care-Led Recovery from Coronavirus

vii. The 10,000 care workers figure in the core scenario and the 43,000 care workers figure in the transformative scenario both include the 2600 visiting nurses providing preventative visits to all those aged 75 and over.

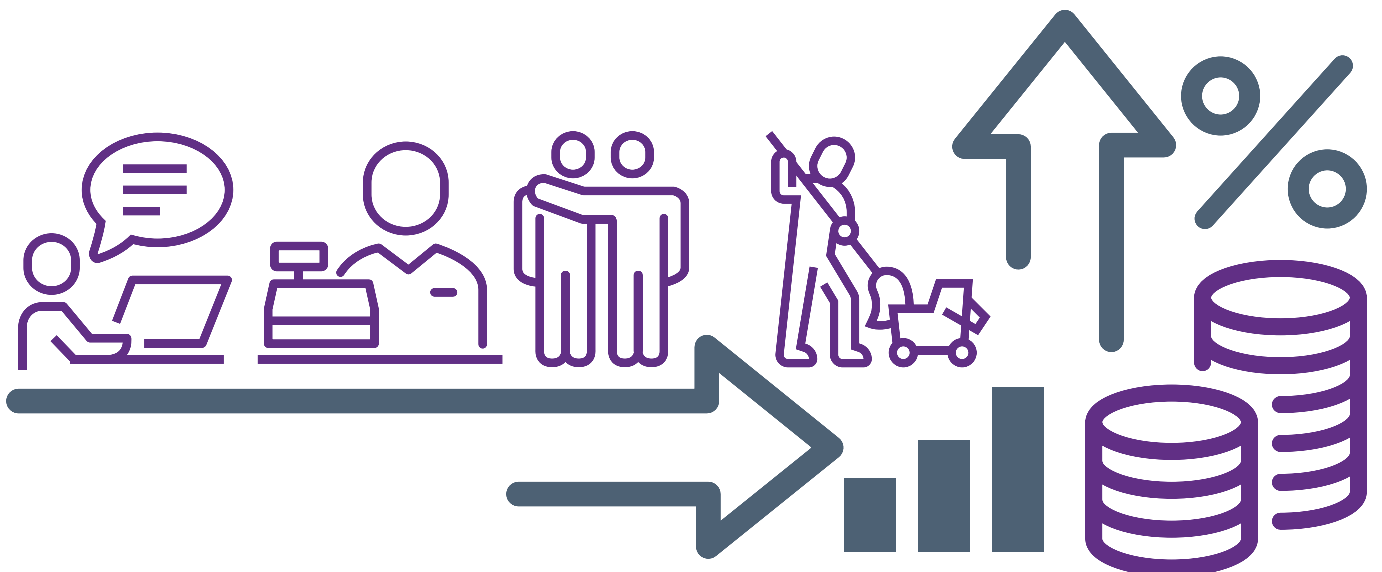
Figure 3: Employment generation in care and other sectors



Source: Author's calculations.

Moreover these new jobs and higher incomes generate direct and indirect tax revenue estimated to yield about £1.5bn annually in 2022-23 prices, which is about 46% of the estimated additional investment in the transformative scenario. The tax revenue from increased employment and income in the core scenario is estimated to be about £500m, which is 34% of the gross additional investment.

This would mean that the net funding requirement is reduced to about £5.3bn, which is 2.9% of GDP in the transformative scenario, and to about £4.6bn, or 2.5% of GDP in the core scenario.



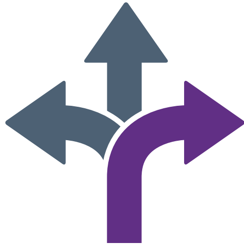
FURTHER REVENUE RAISING AND MAXIMISING AVAILABLE FUNDS

In Scotland, as across the UK, the unequal taxation of income from wealth compared to the taxation of income from work represents a tax break for wealthy men.[29] In order to reach a progressive fiscal settlement to support Scotland's economic recovery, governments at Holyrood and Westminster should overhaul wealth taxes, including considering a reform of Council Tax that could be administered at the local government level across Scotland. Such taxes would be consistent with the Scottish Government's commitment to a progressive income tax regime by ensuring those that can afford to contribute more do so through the recovery. Scotland should consider what options for Wealth Tax and other new taxes could be implemented in the devolved context, including at local level. The Scottish Trade Union Congress's (STUC) recent publication, Options for increasing tax in Scotland, outlines a range of tax change measures that could be put in place to generate taxes to invest in Scotland's public services. Including modelling of a wealth tax that could generate around £1.4bn.[30] Increasing revenue raised through tax would support greater investment in public services including the needs set out in this briefing to transform adult social care in Scotland.

Increasing revenue raised through tax would support greater investment in public services including the needs set out in this briefing to transform adult social care support in Scotland

The Government has an obligation under Article 2(1) of the International Convention on Economic, Social and Cultural Rights,[31] in ensuring first, that it has generated the "maximum of its available resources" to fund the realisation of rights through its policy agenda. Transforming social care support is a core policy in this parliamentary term and is a long overdue vital investment.

Alongside raising further revenue to invest in social care the Scottish Government should consider how current models of care deliver best for people in need of support and on public spending. Research conducted by the STUC found that leakage of money from the largest for-profit care companies amounts to an estimated £100m per year. While not of all this would be eliminated in a care system that focuses on public and not for profit ownership, the STUC highlights that the amount of money leaving the system would dramatically reduce,[32] and even more importantly, the quality of care would improve.[33] Reliance in the current system on use of agency staff is another example of increased costs to delivery that a quality, well invested, care support system would make minimum use of.



CONCLUSION

Scotland stands at a pivotal point for change in social care support services. The National Care Service is set to overhaul how care services are run across Scotland, although much of the detail of which will be discussed and developed over the coming years. Above all else, investment is needed to ensure these services can reach more people, pay staff well and reduce unpaid care needs, thereby properly valuing the role care plays in our society.

This modelling conducted for SWBG outlines what level of investment is needed to reach certain ambitions. It provides a set of clear options towards transformative change with a core scenario which should be seen as the minimum investment needed in Scotland's adult social care support services, and securing the floor of minimum core obligations. Our transformative scenario makes clear that to value care significant investment is needed, but this in turn brings significant returns for society and the economy, and moves towards securing the realisation of rights and the improved wellbeing of those receiving and giving care. There are political choices to be made about how care is valued. Scotland's political leaders have an opportunity to create change that must be grasped.

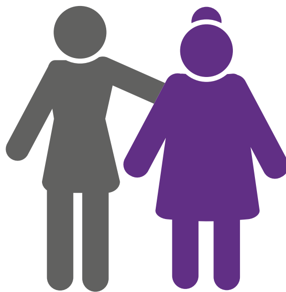
Appendix

The appendix explains the detailed methodology used in order to model the scenarios set out in the briefing. Where data is not available in Scotland assumptions have been made based on best available options. This methodology is based on work to model care costs for England conducted by the New Economics Foundation and the Women's Budget Group.[34]

1.

WHO NEEDS CARE?

The first step in modelling the cost is to identify the beneficiary population. Ideally one would use a population survey that provides information on the types of daily limitations and for which activities, along with the long-term limiting conditions the person has, as used in the England model. Data on long-term conditions a person has is available for Scotland in the UK Families Resources Survey and can be compared with England's figures from the same source. However, limitations in daily activities by type, are not provided in the Scottish Health Survey (SHeS), the Scottish equivalent of the Health Survey for England. Instead, Public Health Scotland only produces statistics about the number of recipients of care support for different tasks, coming from informal and formal sources, which is likely to be an underestimate of care needs.



As such, we use the Health Survey for England data on care needs and a definition of moderate versus substantial or critical needs appropriate to the Scottish current context of offering free personal care to people with "more substantial needs in priority" to determine the analytical categories for Scotland, namely:

- **MODERATE NEEDS: those with one limitation in activities of daily living (ADL), i.e. personal care tasks and basic mobility, or with limitations in instrumental activities of daily living only (IADL), i.e. household tasks and outdoor activities;**
- **SUBSTANTIAL AND CRITICAL NEEDS: those with more than one ADL limitation.**

We term the latter 'Local Authority scope (LA)' to illustrate the current focus of Scottish councils on people with substantial and critical needs. Note that this distinction can be done for the over 65 age group only as data from the Health Survey England is only available for them.

We impute the care support needs prevalence by disability intensity (i.e. intensity of limiting long-term condition) derived from the Health Survey for England to data on disability from the Family Resources Survey (available for both England and Scotland). For example, in England, 52% of the 65+ who are limited a lot by a long-term health condition report having more than one ADL limitation (identified in the Health Survey for England). If this proportion is applied to the FRS data on those who are limited a lot, this would yield 11% of the English 65+ population having more than one ADL limitation (which is 52% of the 21% of the 65+ English population reporting being limited a lot) and 13.6% of the Scottish 65+ population, given the higher prevalence of more severe limitations (25%) as shown in Table 1 (52% of the 25.4% who are limited a lot is 13.6%). These are the people we classify as having substantial and critical care or 'LA' needs. These imputed care support needs by degree of disability can then be compared with data on current receipt or need for care, from informal or formal sources as well as with the current receipt of formal help, more specifically, using different data sources (Table 1).

Table 1: Prevalence of care needs by age group (2019-20; % of age group population)

	Scotland		England	
	16-64	65+	16-64	65+
No limiting long-term condition	76.6%	50.5%	81.7%	55.2%
Long-term condition limiting a little	13.2%	24.1%	10.9%	23.6%
Long-term condition limiting a lot	10.2%	25.4%	7.4%	21.2%
Limited a little + 1ADL need	n/a	1.7%	n/a	1.5%
Limited a little + IADL need only	n/a	3.4%	n/a	2.9%
Limited a little + 2ADL+ needs	n/a	2.6%	n/a	2.3%
Limited a lot + 1ADL need	n/a	2.8%	n/a	2.3%
Limited a lot + IADL need only	n/a	2.7%	n/a	2.2%
Limited a lot + 2ADL+ needs	n/a	13.4%	n/a	11.0%
Received home help for personal care (formal/informal)	5.4%	11.0%	n/a	n/a
No help but need some	2.7%	1.9%	n/a	n/a
Received formal funded home care help	0.35%	4.5%	0.64%	2.3%

Source: Data on needs are from Family Resources Survey 2019-20, on those receiving informal/formal help from Scotland's Health and Care Experience Survey (HACE) 2019-20 and data on formal help from Public Health Scotland's social care statistics. Data on daily limitations among the over-65s are from Health Survey England (2016-2019), imputed for Scotland. 'ADL' Stands for activities of daily living (personal care). 'IADL' stands for instrumental activities of daily living (household tasks).

As Table 1 shows, we do not have data for the working-age adult group on daily activity limitations, so we use a similar imputation route as in the WBG/NEF report for England, which is that only those with severe limitations (those limited a lot) are assumed to have care support needs and about a quarter of those are deemed to have substantial needs. This is broadly matching the proportion of adults with learning difficulties – those most likely in need of personal care (24% in both Scotland and England according to the Family Resources Survey).

Table 2 shows the proportions of those with moderate and 'LA' needs. That is those who would be the potential beneficiaries of expanded provision of domiciliary care (home help), taking into account, for substantial needs, those with less limiting conditions but still with more than one daily activity limitation (i.e. adding the 2.6% of those limited a little but with 2+ ADLs needs in Table 1 to the 13.4% of those limited a lot with 2+ ADLs). This would entail an expansion of coverage by about 20%. The model assumes that the same relative expansion would apply to the 16-64 age group.

Table 2 also shows the proportions of the population of each age group who currently receive residential care. Together these constitute the target population for expanded care provision.

Table 2: Estimated care needs by age group (in % of the age group population)

	Scotland		England	
	16-64	65+	16-64	65+
Moderate needs	7.5%	10.5%	5.5%	6.7%
Substantial 'LA' needs	2.6%	16.0%	1.9%	16.5%
Residential	0.084%	2.840%	0.149%	2.458%

Source: Moderate needs for 65+ are estimated from Table 1 as those with only 1 ADL limitation or IADL limitations only across those who are limited a little or a lot. Substantial 'LA' needs are those with more than one ADL limitation also across both categories of limitation intensity. For those aged 18-64, 26% of those with severe limitations are deemed to have substantial care needs and the rest of those with severe limitations to have moderate needs. Data for residential care population is taken from Public Health Scotland social care statistics for Scotland and from ONS for England (as cited in the NEF/WBG report).[35]

2. WHAT INTENSITY AND TYPE OF CARE PROVISION?

The model assumes that the current number of care hours provided to those receiving formal support at home is a good proxy for the hours needed by the target population of those with substantial needs. Because of current rationing, using the current amount of hours per week provided formally will underestimate the real intensity of care support needs of those currently receiving formal support, but because these are assumed to be the people with greater needs, extending provision to those with substantial needs who do not currently receive such support (by enabling increased take-up rates) should reduce this underestimate. We also use it as a proxy for the requirements of good care support enabling more than just the basic tasks. Note that the data on average hours provided include both the free personal care hours and the hours provided for household tasks and outdoor activities, as long as they were commissioned or provided by the local authorities, even if currently charged to the recipient. This means that to account for these other tasks the modelling does not need to increase the number of hours, only to cost them fully as part of the extended free provision.

Data on average hours received can directly be derived from statistics on social care provided by Public Health Scotland: about 24 hours per week in 2020-21 for the younger age group and 9 hours for the over 65s. The hours are slightly less for the over 65s, compared to those in England (12 hours), but this is expected given the greater rationing likely to occur in England with its lower take-up rates among those eligible (as a result of differences in financial restrictions between the two countries). See discussions in the appendix to the NEF/WBG report.[36]

In order to estimate how these hours of care support translate into full-time equivalent (FTE) care workers, we need to know the share of a full-time worker's time that is direct care time (contact time), taking into account provision for sickness, holiday, training, as well as travel time for home care workers. Using information on the composition of costs estimated by the Homecare Association, the proportion of direct care time in a full-time week of 37.5 hours is about 56%, with 20% travel time and 24% other non-contact time, thereby making 21 hours of care per week for one FTE home care worker.

For residential care workers, as travel time between recipients does not exist, we account for just 24% of non-care time in their working week. Taking the population of FTE care workers in residential care, this means that about 34 hours per week of care is provided on average with a recipient-to-carer ratio of 0.84, derived from statistics by Public Health Scotland and Scottish Social Services Council on current care home residents and care workers in care homes.[37] Table 3 shows the hours of care per week and resulting recipient-to-carer ratios of these estimates. For moderate needs, we assume 2 hours of care per week, mostly preventative care visits, in line with the assumption for the NEF/WBG report.

Table 3: Care intensity by age group and type of needs (estimates)

	16-64	65+
Care hours per week		
Moderate needs	2	2
Substantial needs	24	9
Residential	34	34
Recipient-to-care ratio		
Moderate needs	10.4	10.4
Substantial needs	0.9	2.2
Residential	0.8	0.8

Source: Public Health Scotland social care statistics dashboard, Scotland Social Services Council and author's calculations using Homecare Association minimum price for care.[viii]

To this provision of care workers we add preventative 3-hour visits twice a year to all 75+ residents performed by professional nurses as per the Danish system (also applied in the modelling for England). This would entail an additional contingent of about 2,600 nurses.

viii. See Homecare Association minimum price for care 2022-23 (https://www.homecareassociation.org.uk/resource/homecare-association-minimum-price-for-homecare-2022-2023.html)

3.

HOW MUCH FOR ONE HOUR OF CARE?

Besides coverage, the hourly cost of care is another main determinant of total spending, and its main component is the carer's wage. A range of scenarios is needed here, given current political discussions about what are adequate levels of training and pay.

The Homecare Association (HCA) has requested a minimum price for care of about £10.50, above the current level of funding by the Scottish Government in practice. Despite a Scottish Government commitment to pay a minimum price at the level recommended by the HCA, in practice, councils paid about 87% of this, according to the HCA homecare deficit report 2019.[38]

There is no more recent data to judge whether the price paid by councils has increased, so one way to estimate a plausible baseline current level of pay is to calibrate the current hours provided at a unit cost that would add up to the budgetary line for 2022-23 in the Scottish Government's National Care Service Bill plan, accounting for the other types of spending on adult social care (see next section). This was budgeted at about £4,205m in 2022-23, which would imply an hourly cost of care of £25.13, corresponding to a wage level of around £10.50 per hour, using the cost structure 2022-23 from the HCA.[ix] This is in line with the Government's pay commitments.

The model takes a step further in modelling higher wages for care workers, based on the HCA recommendation of a more competitive wage of £12.50, which is based on pay rates in other sectors that seem to attract care workers (such as supermarkets and hospitality venues).

This £12.50 pay rate would correspond to £30.61 in hourly care costs, with a change in the cost structure compared to HCA as follows: profits are abolished as the aim is to provide a public system, and pension contributions by the employer are increased to match average contributions in the public sector of about 20% (compared to the current 3.33% costed by HCA). This pay rate is about 62% of nurses' wages.[x]

This pay rate remains below calls for much higher wages to be on a par with Nordic levels relative to nurses' wages. Over time, a more transformative option would be to train care workers to higher formal qualifications and pay them a commensurate wage to about 75% of nurses' wages. This would take the pay rate to £15.21 and a corresponding hourly cost of care to £35.79 (inclusive of a 1%-point markup for additional training compared to the previous scenario).

ix. Note that the HCA reports a minimum price for home care in Scotland of £24.35 based on the Scottish minimum pay rate of £10.02 for care workers announced in Autumn 2021. We simply took their costing elements for on-costs and non-contact time costs to a revised minimum pay rate of £10.50 to arrive at the hourly cost of £25.13 (keeping the mileage and overheads constant in £)

x. Using 2021 ASHE figures (Annual Survey of Hours and Earnings) on professional nurses' hourly pay rate, uprated by 5% as per the NHS announcement of the 2022 increase.

4. TOTAL ANNUAL FUNDING REQUIREMENTS

From the hourly cost of care to the annual spending requirement, the simple step is to aggregate the number of care hours estimated per type of need and multiply them by the hourly cost of care, to which we add the total annual cost of visiting nurses.

As this would only give the total of care hours to meet estimated personal and household tasks needs, to be able to compare this with current spending we also need to add in the current funding by councils of residential care hotel costs (accommodation and food paid to those with low assets) and admin costs for assessment and management of the system as well as other support provided in the community (day care etc.).

Current spending in adult social care support was estimated to be about £4,205m in 2022-23, according to the National Care Service Bill 2022 and about 84% of this is estimated to be net spending as per the Independent Review of Adult Social Care in Scotland.[39] Therefore the scenarios are benchmarked on a current level of public funding of £3,532m.

Table 4 shows the total spending required on different scenarios retaining 12 illustrative scenarios and pathways with:

- **Two types of needs (SUBSTANTIAL for the expanded coverage of those with substantial needs even if with less limiting conditions, and those in residential care, and WIDER when including moderate needs as well);**
- **Three pay levels as described above;**
- **Two levels of take-up rates as explained below.**

One possibility is that take-up rates of care are in line with current take-up rates (about 33% of the 65+ home care recipients and 15% of the 16-64 home care recipients).[xi] This is expected to increase as the system improves its reach and quality so that a second take-up rate scenario is based on all those over 65 currently receiving personal care formally or informally or not receiving care but needing some taking it up, which is about 49% of the age group.[xii] For the 16-64's, the model simply applies the same relative increase in take-up as for those 65+, which gives a take-up rate of 21%.

xi. These were calculated by comparing the number of current recipients of home care (by age group, per quarter), using Public Health Scotland data (dashboard on adult social care) and the estimated number of people with substantial care needs according to Table 2.

xii. Table 1 shows that 11% of all 65+ received home help for personal care (informally or formally) and 1.9% needed some but did not receive any, the sum of which is 12.9%, which is 49% of the 26.5% with any care needs at home (from Table 2: 10.5% of 65+ with moderate needs and 16% with substantial needs).

Table 4: Total annual public funding requirement (£m in 2022-23 prices)

Scenario	Needs level	Hourly wage rate (£)	Hourly cost of one hour of care (£)	Take-up home care 16-64 / 65y+	
				15% / 33%	23% / 49%
1	Substantial	10.50	25.13	4,515	5,044
2	Wider	10.50	25.13	4,720	5,344
3	Substantial	12.50	30.61	**5,094**	5,738
4	Wider	12.50	30.61	5,343	6,103
5	Substantial	15.21	35.79	5,641	6,395
6	Wider	15.21	35.79	5,933	**6,822**

Source: author's calculations. Amounts in bold represent the total investment costs for the core (£5094m) and transformative (£6822m) scenarios, inclusive of current public spending.

Table 5: Employment and fiscal effects

	Core	Transformative
Employment creation (000s)		
Direct	10.1	43.2
Indirect	1.9	8.1
Induced	8.4	24.6
Total	20.4	75.9
Fiscal effects		
Net tax revenue (£m)	533	1,525
in % of additional investment	34%	46%
Net spending requirements (£m)	4,561	5,297
in % of GDP	2.5%	2.9%

Source: author's calculations.

ENDNOTES

[1] Scottish Social Services Council (2022) Staff vacancies in care services 2021

[2] Fair Work Convention (2019) Fair Work in Scotland's Care Sector 2019

[3] Inclusion Scotland (2021 n.p.) "We have been completely abandoned": Experiences of social care support during the 2020 lockdown

[4] Engender (2022) Women and the cost of living: A crisis of deepening inequality

[5] Scottish Government (2021) Independent Review of Adult Social Care

[6] Scottish Government (2022) National Care Service: Consultation analysis

[7] Scottish Government (2022) Investing in Scotland's Future: Resource Spending Review

[8] Scottish Government (2022) National Care Service Bill 2022

[9] Scottish Government (2022) National Care Service Bill Financial Memorandum

[10] Bedford, S. & Button, D. (2022). Universal quality social care: Transforming adult social care in England. New Economics Foundation and Women's Budget Group

[11] A Scotland that Cares Campaign

[12] Geo-economics (2022) UK inflation hits 40year high

[13] Fraser of Allander (2022) Scotland likely to enter recession as costs continue to rise

[14] Health and Care (2022) Cost of living 'catastrophic' for disabled people

[15] Carers Scotland (2022) State of Caring-a cost-of-living crisis for unpaid carers in Scotland

[16] Scottish Social Service Council (2021) Scottish Social Service Sector: Report on workforce data

[17] Scottish Care (2021) Manifesto 2021

[18] Scottish Social Service Council (2021) Scottish Social Service Sector: Report on workforce data

[19] Scottish Government (2022) National Care service Fairer Scotland Duty Assessment

[20] Joseph Rowntree Foundation (2021) Poverty in Scotland 2021

[21] Scottish Government (2022) National Care Service Bill Financial Memorandum

[22] Scottish Centre for Employment Research (2018). 'Fair, Innovative and Transformative Work in Social Care'. Fair Work Convention

[23] Donaghy, E. and Fisher, M. (2021). 'Show you care - Voices from the frontline of Scotland's broken social care system'. GMB

[24] Scottish Government (2022) National Care Service Bill 2022

[25] Bedford, S. & Button, D. (2022). Universal quality social care: Transforming adult social care in England. New Economics Foundation and Women's Budget Group.

[26] Scottish Government (2021) Independent Review of Adult Social Care

[27] Audit Scotland (2022) Social care briefing

[28] Scottish Government (2022) Scottish Budget: 2023-24

[29] Women's Budget Group (2020) Creating a Caring Economy a Call to Action

[30] Howard, R. (2022) Options for increasing taxes in Scotland to fund investment in public services. Scottish Trade Union Congress

[31] See https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx

[32] Sara Mahmoud, Christine Berry, Mike Lewis (2022) Profiting from care. Scottish Trade Union Congress

[33] Andrew Street (2022) "For-profit health care might be damaging population health", The Lancet, 7(7), e576-e577; Ronald, L.A., McGregor, M.J., Harrington, C., Pollock, A. and Lexchin, J., (2016) "Observational evidence of for-profit delivery and inferior nursing home care: When is there enough evidence for policy change?", PLoS Medicine, 13(4), p.e1001995: p8/12

[34] Bedford, S. & Button, D. (2022). Universal quality social care: Transforming adult social care in England. New Economics Foundation and Women's Budget Group.

[35] Ibid.

[36] Ibid.

[37] Scottish Social Services Council (2021) Adult Service workforce table and Public Health Scotland (2021) Care home census for adults in Scotland

[38] Home Care Association (2021) The Home Care Deficit 2021 See p.129 of report

[39] Scottish Government (2021) Independent Review of Adult Social Care