

Adult Social Care Expenditure

Introduction and Purpose

This note provides an overview of adult social care expenditure in Scotland and replaces the earlier briefing note dated 1st September.

Although the focus is on social care expenditure, this represents only about one third of Integration Authority (IA) budgets, with the balance being for healthcare.

Unless stated otherwise expenditure data is from the Local Government Finance statistics and population data from NRS mid-year estimates.

The latest year for which expenditure data is currently available is 2018/19.

Terminology

Gross service expenditure is total expenditure on services.

Service income is total income authorities receive from services, such as service specific grants or income generated through charging etc.

Net revenue expenditure is gross service expenditure minus service income. It reflects the amount of service expenditure funded by general funding or reserves.

Local Authority Funding

In 2018/19 Scottish Local Authorities had total income of £18bn as shown in figure 1.

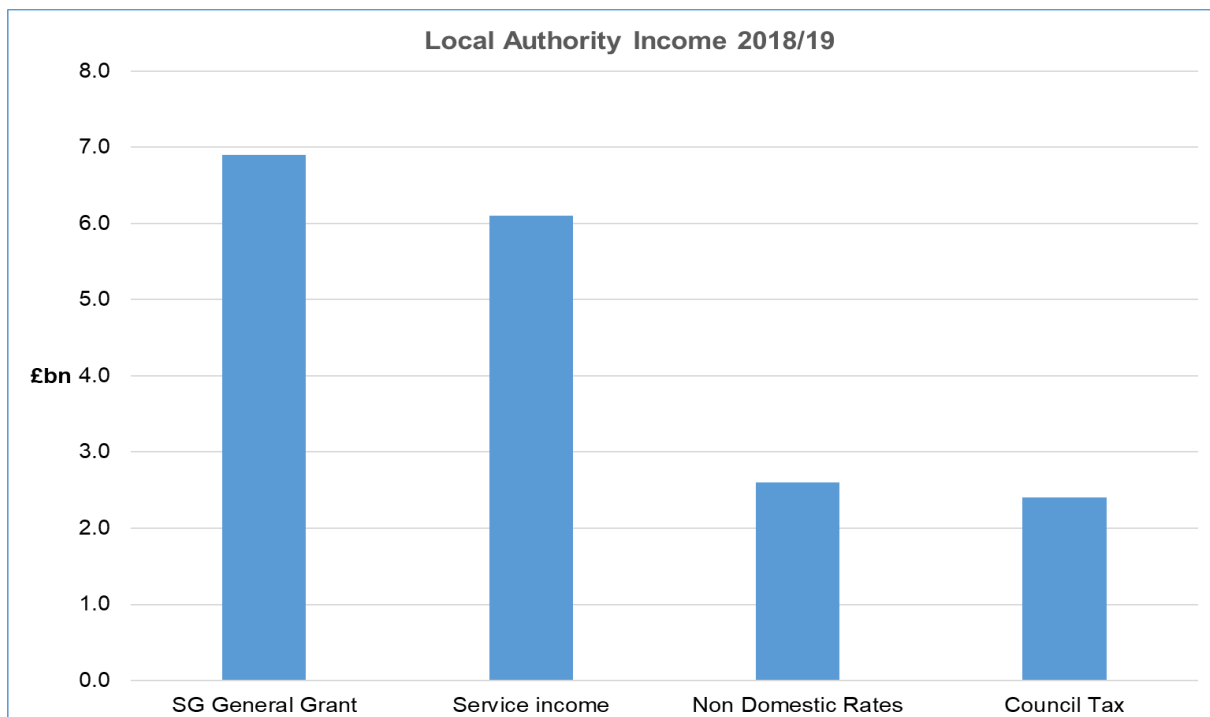


Figure 1: Local Authority Income 2018/19

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Local Authority Expenditure

Total gross service expenditure was £16.3bn allocated across the programmes shown in figure 2. The balance of £1.7bn was on non-service expenditure.

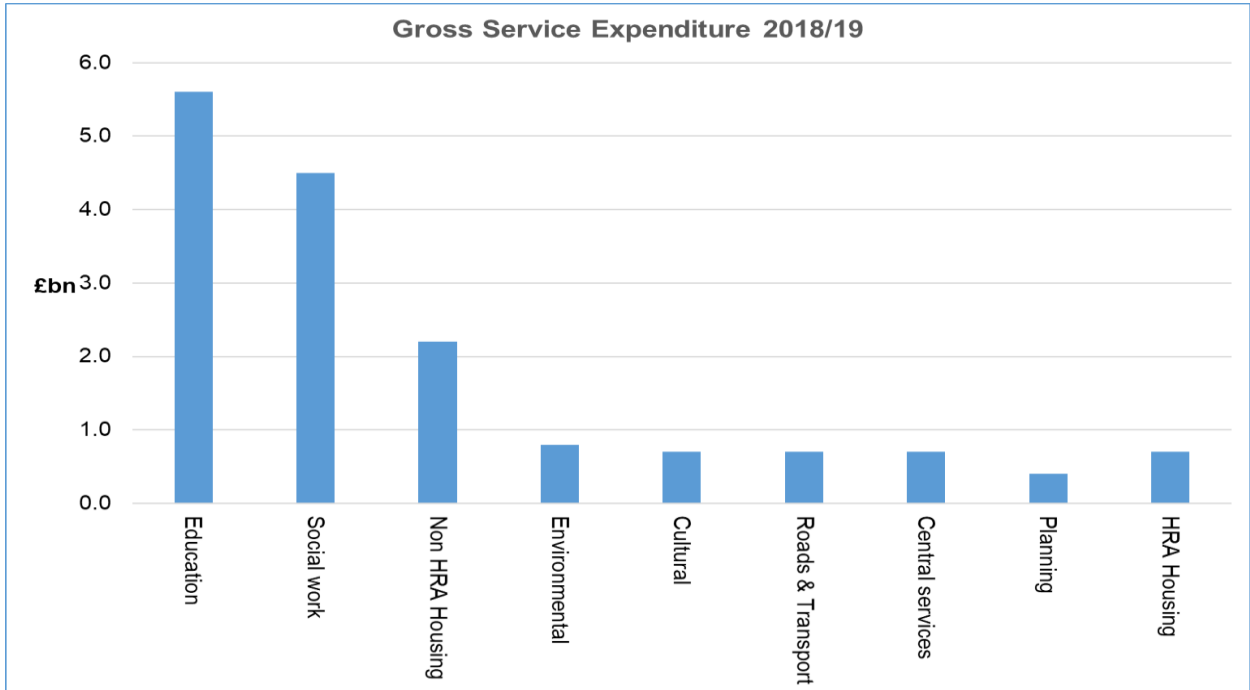


Figure 2: Local Authority gross service expenditure 2018/19

Education and social care make up 34% and 28% of gross service expenditure respectively.

Of the £4.5bn of expenditure on social care, three quarters (£3.4bn) was on adult social care.

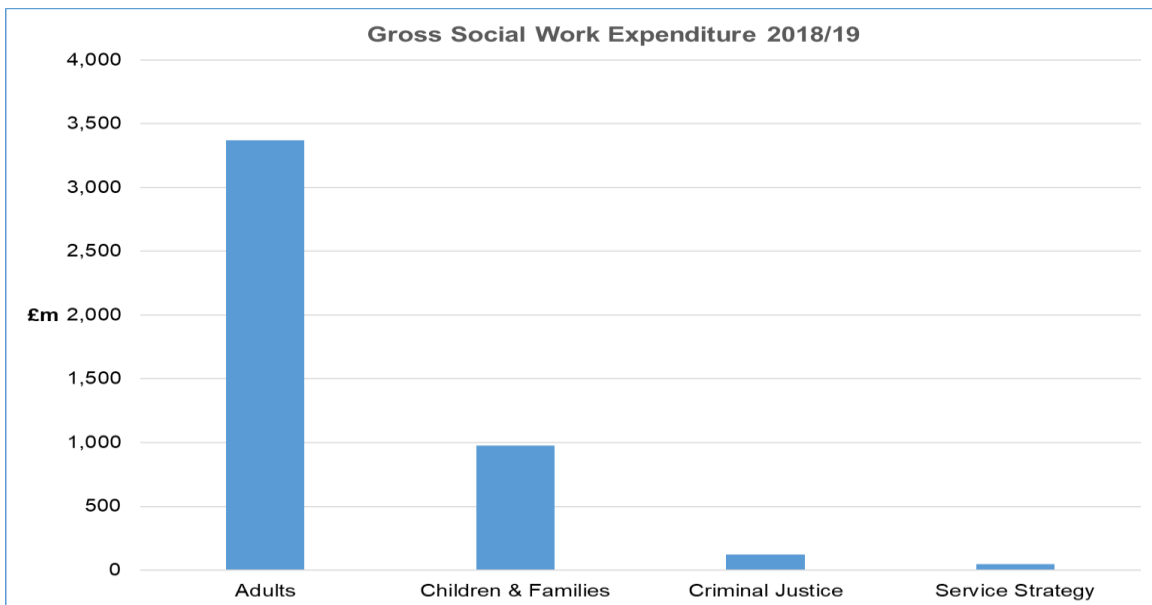


Figure 3: Gross expenditure on social care 2018/19

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Service income for social care was £1.3bn (£277m from charges to service users) giving net expenditure of £3.2bn, of which £2.3bn was for adult services.

Funding Mechanism

For brevity, this will refer to the process for Integration Joint Boards (IJBs), but the key features are the same for the lead agency arrangement in Highland.

Local Authorities (LAs) decide how much of their budget to spend on social care and determine the proportions spent on various care groups (children and families, older people etc). This is funded from a combination of the general fund (Scottish Government grant, council tax, non-domestic rates) and service income. In recent years the annual budget settlement agreed with Scottish Government has included transfers from the health portfolio to fund social care, conditional on a minimum uplift being provided to social care budgets; these have been routed through the SG grant to LAs, except in 2016/17 when the funding was provided by health boards (HBs) to IJBs.

Adult social care budgets are delegated to IJBs where they are combined with sums delegated from HB to form a single pooled budget. Some IJBs also receive budgets for children's services and criminal justice where these functions have been delegated. For most IJBs, budgets for those hospital services that are part of the integrated arrangement (broadly speaking, those most associated with unplanned inpatient care of adults such as geriatric medicine, general medicine, general psychiatry and psychiatry of old age, etc.) are delegated through a set aside mechanism which is explained at annex B.

An IJB determines how to spend its pooled budget and in principal the source of funding (whether from LA or HB) has no bearing on that decision. The IJB then issues directions to the HB and LA for the provision of services and makes payments to them from the pooled budget. This process results in a payment from the LA to the IJB and then a payment from the IJB back to the LA and it is possible that the sum paid by the LA to the IJB will be different to the sum received from the IJB (similarly for the HB).

In 2018/19 one third of IJB expenditure was on social care, 52% on primary and community healthcare and 14% on hospital services. Adult social care expenditure was £3.4bn.

Adult Social Care

2018/19 expenditure on adult social care by service type and care group is shown at annex A. The care group categories are reproduced from the LFR03 publication.

A material proportion of expenditure (12%) is recorded under 'assessment and care management'. This includes the process of receiving referrals, assessing need, undertaking reviews, arranging packages of care and all fieldwork costs (including hospital social workers, occupational therapy and out of hours services).

60% of the total (£2bn) was spent on services for older people, 25% (£850m) on services for adults with learning disabilities, £268m (8%) for adults with physical or sensory disabilities, 6% (£187m) for adults with mental health needs and the balance on services for adults with other needs.

£239m was raised from charges to service users.

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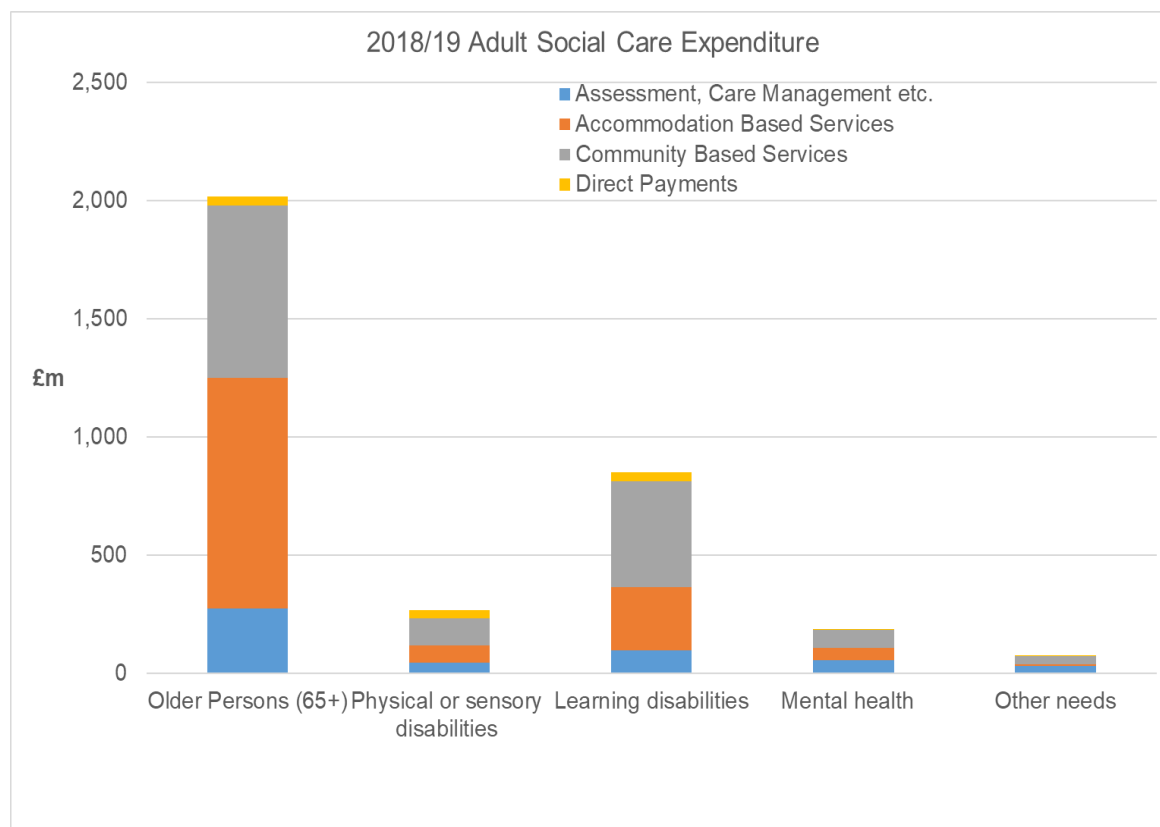


Figure 4: 2018/19 adult social care by care group and service

Expenditure on care homes was £1.2bn; note that this is just for publicly funded services so it excludes the cost of places for self-funders (other than the free personal and nursing care element). Self-funders make up about a third of long stay care home residents and tend to pay a higher rate than publicly funded residents; a detailed briefing on the care home sector will follow.

Expenditure on care at home services was £923m and self-directed support direct payments cost £113m.

Expenditure on care home and care at home services is for a combination of contracted out services to the third and independent sector and in-house local authority provision.

Expenditure on free personal and nursing care (FPNC) for all care groups was £621m.

Older People's Services

This captures all expenditure on social care services for people aged 65 and over, but in practice the majority of service users in this group are aged 75+.

Total care home expenditure was £938m, with £151m (16%) being for FPNC. 71% of care at home expenditure was on free personal care and total expenditure on FPNC in both settings was £551m.

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Excluding expenditure on care management, 56% of expenditure was on accommodation based services, 49% on community and 2% direct payments.

Income from service users was £199m.

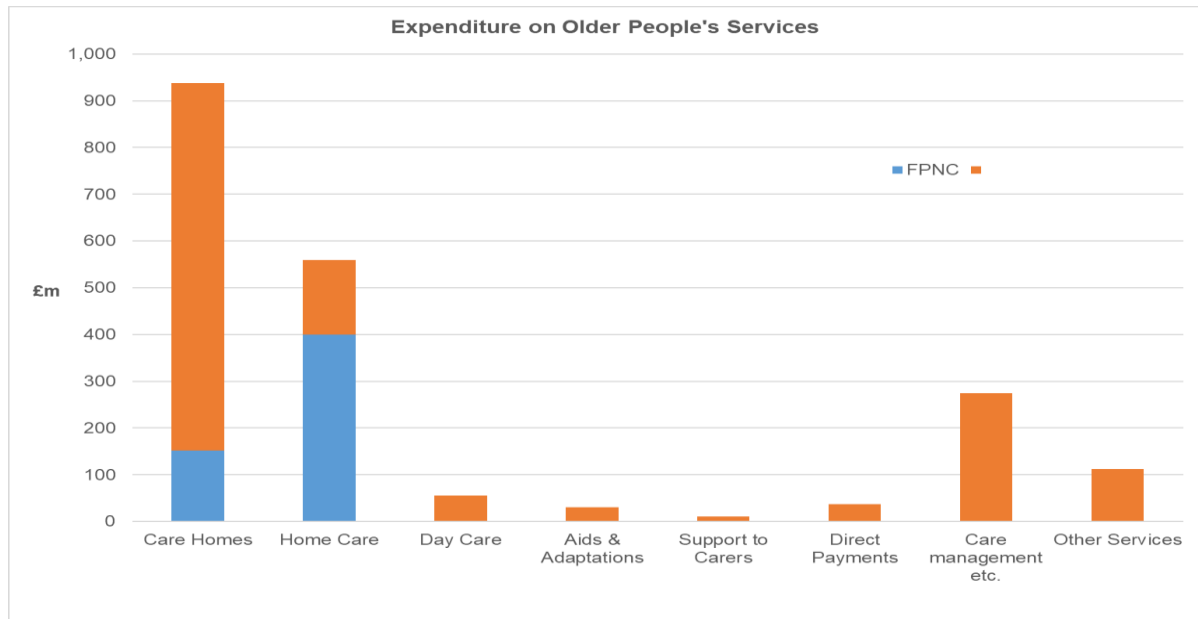


Figure 5: 2018/19 expenditure on older people's services

Services for Adults with Learning Disabilities

Excluding care management, one third of expenditure was on accommodation based services and 60% on community based services. Direct payments made up a larger but still small proportion of expenditure than with older people (5%).

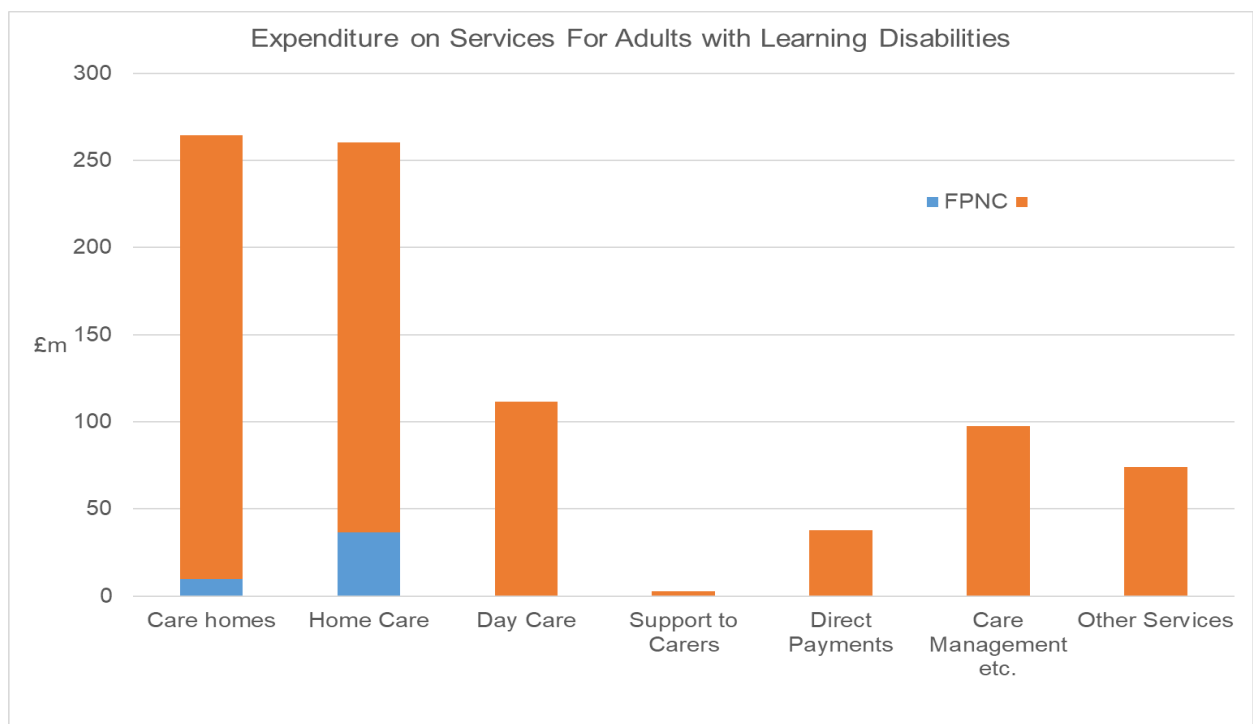


Figure 6: Expenditure on Services For Adults with Learning Disabilities

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Income from service users was £20m

Services for Adults with Physical or Sensory Disabilities

Excluding care management, half of expenditure was on community services and one third on accommodation based services; Direct payments were 16%, the highest proportion of any care group. Income from service users was £11m.

Services for Adults with Mental Health Needs

Excluding care management, a 59% of expenditure was on community services and 39% on accommodation based services with direct payments being 2%. Income from service users was £6m.

Per Capita Expenditure

In 2018/19, adult social care expenditure was equivalent to £764 per person (18+), but it varied across IJB populations, from £909 in Dundee City to £616 in Perth and Kinross. The populations in figure 7 have been weighted to control for differences in demography and deprivation but the rates should be treated as indicative at this stage. A more detailed analysis covering all care groups will follow.

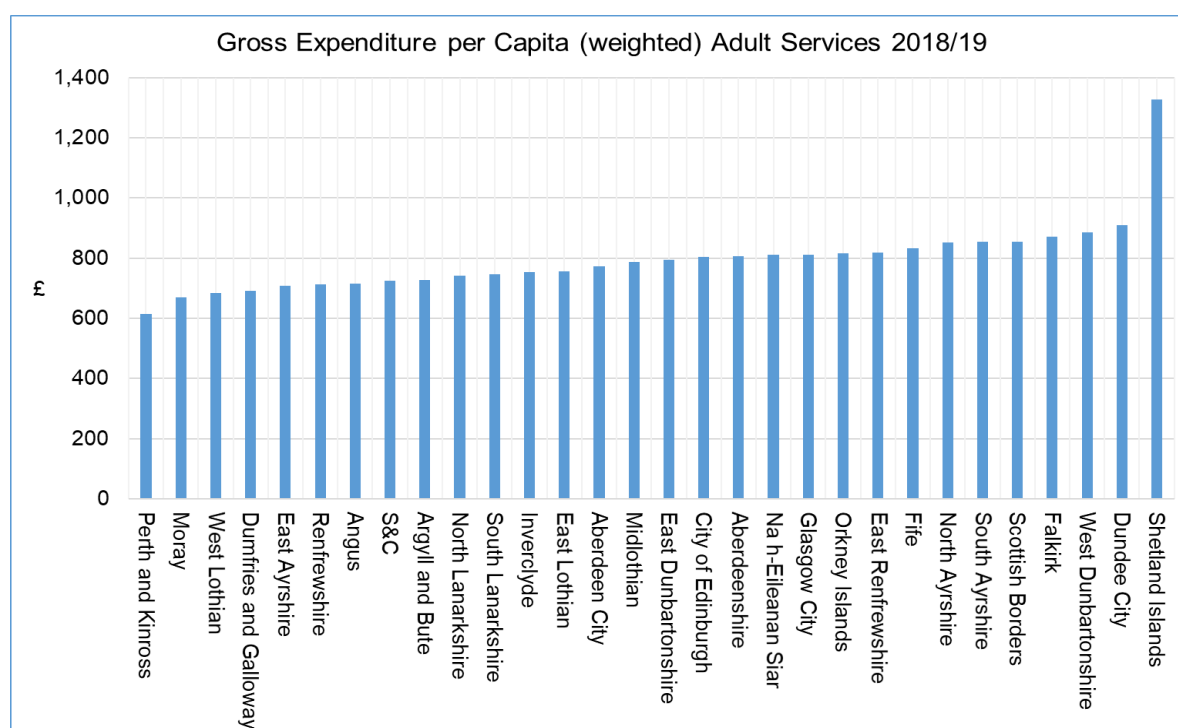


Figure 7: Per capita expenditure on adult services 2018/19 (weighted)

Past Trends

In 2018/19, gross expenditure on adult social care was 30% higher than in 2008/09, an average increase of 2.7% p.a. In real terms (at 2018/19 prices) the increase was 10% over the period, at an average of 1% p.a. and expenditure per capita on adult services increased by £32 (4%) in real terms.

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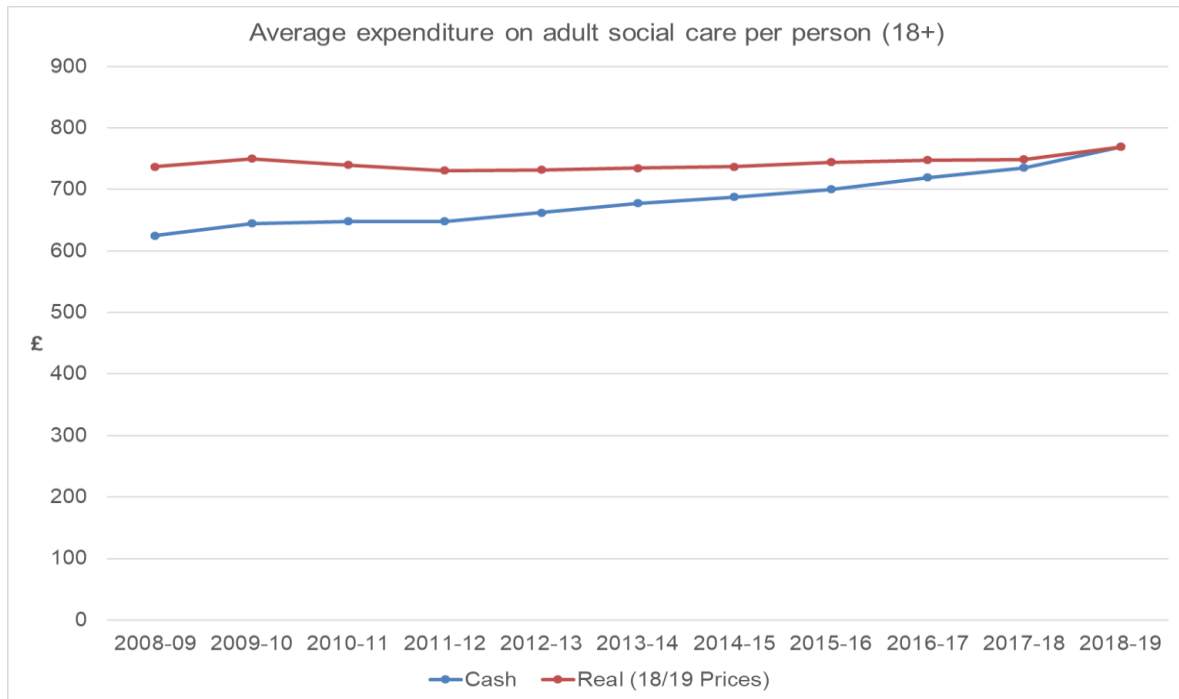


Figure 8: Per capita expenditure on adult social care 2008/09 to 2018/19 (Source table 1A expenditure on adult social care services. Figures for 17-18 & 18-19 provisional).

For older people’s services, expenditure over the period increased by 28% in cash terms and 9% in real terms, but expenditure per capita (75+) fell by £304 (6%) in real terms.

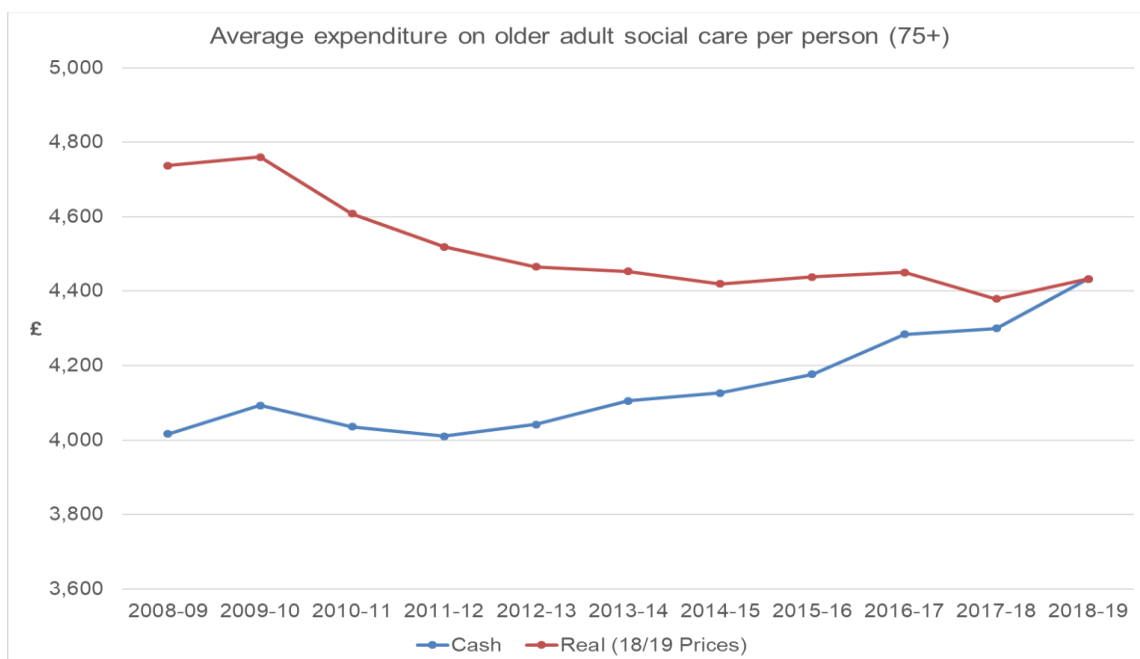


Figure 8: Per capita Expenditure (75+) on older people’s services 2008/09 to 2018/19 (Source table 1A expenditure on adult social care services. Figures for 17-18 & 18-19 provisional).

A more detailed analysis for all care groups and for differences between IJBs will follow.

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Projections

The Scottish Government health and social care medium term financial framework (MTFF) (<https://www.gov.scot/publications/scottish-government-medium-term-health-social-care-financial-framework/>) assumes an average increase in social care expenditure of 4% p.a. (cash terms) to 2023/24. This is net of efficiencies of 1% p.a. This rate is materially higher than the actual increase in recent years noted above of 2.7% p.a.

In addition, the MTFF also includes an assumption that savings will be made in set aside budgets by reducing the variation in hospitalisation rates across IJBs.

The medium term financial framework is consistent with calculations by the Personal Social Services Research Unit (PSSRU) at LSE; this analysis, which was published in 2015, includes projections for adult social care expenditure by care group to 2035 and its results have been used in most of the recent publications on social care funding.

A more detailed briefing on projections for health and social care expenditure, by care group, will follow.

PAUL LEAK

14 September 2020

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Annex A Gross Expenditure on Adult Social Care

	Older Persons (65+)	Adults with physical or sensory disabilities	Adults with learning disabilities	Adults with mental health needs	Adults with other needs	Total
	£m	£m	£m	£m	£m	£m
Support Services	61.9	9.0	24.4	5.9	2.6	103.7
Assessment, Casework, Care Management etc.	212.3	33.6	73.0	49.6	26.3	394.9
Direct Payments (SDS1)	36.6	35.7	37.9	2.8	0.1	113.1
Subtotal	311	78	135	58	29	612
Accommodation-Based Services						
Care Homes - FPNC 65+	103.1	0.0	0.0	0.0	0.0	103
Care Homes - FPC 65+	48.2	0.3	2.5	0.0	0.0	51
Care Homes - FNC 18-64	0.0	2.3	7.2	1.2	0.1	11
Care Homes - Other	786.8	49.6	152.5	31.1	3.8	1,024
Other Accommodation-Based Services	36.5	20.8	102.4	19.6	5.4	185
Subtotal Accommodation Based Services	975	73	265	52	9	1,373
Community Based Services						
Home Care - Personal Care	399.9	14.0	36.7	4.2	1.5	456
Home Care - Other	159.1	42.5	223.7	39.2	2.5	467
Day Care	54.9	13.3	111.8	11.1	5.3	196
Equipment and Adaptations	30.2	21.9	0.7	0.2	0.3	53
Services to Support Carers	10.6	1.0	2.8	0.7	0.3	15
Supported Employment	0.0	4.2	3.2	2.0	0.0	9
Other Community-Based Services	75.6	19.7	70.9	19.7	22.5	208
Subtotal Community Based Services	730	117	450	77	32	1,406
Total Adult Social Care	2,016	268	850	187	71	3,391

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Annex B: Set Aside

Background

Under the legislation for integration – the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation – Integration Authorities are responsible for the planning and delivery of, at least, social care, primary and community healthcare and unscheduled hospital care for adults. The objective of this approach, which for the first time brought together responsibility for the entire care journey of adults with multi-morbidities, is to create a coherent, single cross-sector system through which our longstanding ambition to shift the balance of care from institutions to communities can be achieved. By creating a single point of responsibility for complex care pathways, Ministers' intention is to remove the old stumbling blocks of shunting costs and responsibility around the system and instead focus attention on improving outcomes and sustainability.

The legislation for integration lists which functions and services must be integrated. It also requires considerable direct engagement with local professionals and localities during the strategic commissioning process. By including aspects of hospital care, the intention with integration is to go well beyond merely bringing together services that have always been delivered in communities.

Two extracts, below, from the statutory guidance capture what's expected. The first of these emphasises the importance of collaboration and joined up leadership. The second addresses the responsibility on Integration Authorities and Health Boards to ensure local planning adds up to a manageable and sustainable ask of hospitals.

- *It is recommended that [local plans] are developed . . . by a group comprising the hospital sector director (or similar postholder) and the Chief Officers of the Integration Authorities whose populations use the hospital services. (Guidance on Financial Planning for Large Hospital Services and Hosted Services)*
- *Where more than one partnership exists within a Health Board area, the change programme for hospital services will have to be coherent across individual strategic plans (under S30 (3) of the Act). Consequently, there should be an overarching strategic plan for the hospital services delegated to Integration Authorities that is a consolidation of the individual partnership plans and this should be coordinated and held by the Health Board hospital sector. . . The strategic plans produced by the Integration Authority/ies must in turn be consistent with the strategic context set by the Health Board and Local Authority. The hospital capacity and hosted services included in the strategic plan should evolve from the existing capacity and plans for those services. Strategic plans will reflect locality planning in due course. (Integrated Resources Advisory Group Finance Guidance)*
- Within this collaborative framework, Integration Authorities are responsible for planning their population's use of unscheduled hospital care.

Set aside budgets

Budgets for social care and primary and community healthcare are paid across to Integration Authorities by the Local Authority and Health Board. During consultation on the legislation, Health Boards raised concerns that including the budget for delegated functions provided in large hospitals in the payment to the Integration Authority would be administratively difficult.

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In response to this concern, the legislation makes provision for an alternative arrangement, as follows: the budget for unscheduled inpatient care in these hospitals can be identified and “set aside” – ring-fenced – by the Health Board, for direction on its use by the Integration Authority.

Where the set aside approach is used, no physical payment is required and the powers of the Integration Authority are unaltered: hospital functions are delegated to the same extent as the other non-hospital functions, and the Integration Authority’s control of the sum set aside is the same as for the sums included in the payment. A practical manifestation of the Integration Authority’s responsibilities can be seen in the fact that both the amounts paid over and any sum set aside must be included in the Integration Authority’s audited annual accounts.