

Response to the consultation on a Bill to Abolish Charges for Non-Residential Social Care
from David Manion, author of the report to Labour's Social Justice Sounding Board on Social Care Charging.

1 Introduction

The report on Social Care charging submitted to the Scottish Labour Party's Social Justice Sounding Board is appended. This report answers many of the questions raised by the consultation. This submission focuses on one key aspect of abolishing social care charging-how to finance and introduce new measures while maintaining control of costs.

The policy has been adopted by the Labour Party Conference (unanimously) and is therefore, formally, Scottish Labour Party policy. It seems appropriate in this context to focus on the 'how and when' not the 'if'- that debate is over.

In some media reports, and in responses to questions around the consultation, there has been speculation that introducing the Bill may cost as much as £100m. The suggestion is categorically refuted. Using a tapering mechanism to refund local councils for costs incurred, direct and indirect costs can be controlled while achieving greater equality for disabled people. The policy can be implemented without delay.

2 Current costs

The breakdown of income from charging for 2012/13 is:

- Home care £25m
- Day Care £6m
- Direct Payments £11m
- Supported employment £.6m
- Equipment/adaptations £2m
- Others £5m

Allowing for a (generous) uplift of 10% it puts the current cost at circa' £60m.

3 Costs of collection and impact of abolition-the economics of social care charging

3.1 The Audit Commission puts the average cost of collection at 20% about £12m across the piece. The OECD report the costs of collecting income tax, VAT and other national levies averages 4%. We are wasting millions of pounds collecting an inefficient and discriminatory levy.

3.2 It is not unreasonable to assume that ending charging would result in some cash releasing efficiency savings from council budgets. The requirement for detailed assessments, the charging regime bureaucracy, billing etc would cease. A reasonable assumption would put the savings at between 10% and 20% although this would very much depend on how each council's services are configured. A saving of 15%, as a crude basis would generate circa' £10m by the time any new system were established. Admittedly, a 15% up front saving (i.e. in year one) would be hard to achieve, but it would not be unreasonable to assume 15% could be achieved over the lifetime of a parliament. This would put the national cost at closer to £50m.

3.3 The experience of the introduction of FPNC, and the subsequent increase in costs is sometimes cited as an example that abolishing care charging would lead to a demand-fed cost pressures. This is not a tenable argument. The rise in FPNC costs is almost solely attributable to the growth of the older people's population and complexity of clinical and care presentations. The population cohort being levied care charges (particularly adult disabled) is static, and if anything, clinical and care advances will lead to a lesser demand for these services.

3.4 Whatever system is adopted there will always be an element of assessment, which a current requirement of the Social Work act 1968 and the Social Care SDS Act 2013. Assessment processes can, through eligibility criteria, control demand. The issue, as with FPNC, is ensuring there are nationally recognised minimum criteria.

3.5 Some have argued removing charges would *per se* lead to a dramatic increase in demand. The arguments above (3.3 & 3.4) notwithstanding, it takes a leap of the imagination to envisage such a scenario. The services currently covered by care charging are those unlikely to be suddenly attractive to the population at large. Home care, day services, supply of equipment and adaptations are only really focused on a very specific group of clients and would be highly unlikely to increase demand because their needs will continue to be assessed. Apocryphally, the author is aware of

some support among experts for retaining flat charges for services such as community alarms, which would be a further brake on increase in demand.

3.6 A secondary argument around removing charges and subsequent (feared) increase in demand relates to the idea that a subsidy would arise to the relatively better off. Such evidence as exists (see **Appendix 3 & 4** of the main report) points to the opposite. Relatively small numbers of better-off people use charged for services. There is simply no evidence to back the claim that demand would increase because of droves of 'middle-class' people suddenly wishing to avail themselves of, for example, day care services.

3.7 There are potential, though difficult to quantify, beneficial effects of removing social care charges. There is firm evidence, for example, of reduced demand for acute services through better care in the community, and telecare services. For the younger disabled adult, not having to pay a significant proportion of their income on care charges will release many from an economic burden which acts as a brake on them seeking paid employment. The current system of charging effectively moves people in the opposite direction to all the widely held consensus that maximising independent living in the community is desirable. Sadly, there is too much focus on the cost and not enough on the benefit of removing charges.

3.5 Finally, it is beyond doubt that further pressures on local council finances will accelerate the inaccessibility of existing services as charges inevitably rise. Fewer people will access services that keep them out of hospital, costs will rise and eventually income receipts from charging will fall - a vicious, uneconomic cycle to be avoided.

4 The way forward to remove charges safely and economically

4.1 A significant problem for councils and the Scottish Government would be how to replace the income currently derived from charging. If the Scottish Government were to simply replace lost income this would have the effect of rewarding those councils who have maximised income from charging, and penalise those councils who have sought to minimise the impact of charging on clients.

4.2 It is argued that a system of tapered withdrawal of 'replacement charging income' is a cautious and sensible approach. Over a parliamentary cycle 'replacement of charging income' could start at 100% and be reduced by, say, 25% annually while detailed discussions take place with COSLA about a formulaic approach to take account of demand, population growth,

past charging income etc. The incentive would be upon achieving a formula lest ministers decide removal of charging income is another cost pressure local councils can bear. It would allow both government and local councils to monitor changes in demand, eligibility criteria and funding flows over-time and enable control absent in some aspects of FPNC.

4.3 Proper academic study could be funded to assess the positive side (un-costed benefits) in terms of gained employment opportunities, admission avoidance, well-being of greater independence in the community of ending charging.

4.4 The process would need a clear timetable and a genuine commitment from all concerned to produce a better system.

5 Conclusion

It cannot be beyond the capacity of central and local government to devise an end to charging in a phased manner through constructive dialogue and negotiations. Such an approach would allow councils to be fairly recompensed and disabled people and other disadvantaged groups to have the burden of charging lifted rapidly.

What appears to be lacking at the moment is the political will to effect change.

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