

FREE PERSONAL CARE FOR THE ELDERLY: THE MONITORING OF THE COSTS OF THE POLICY

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INTRODUCTION

The policy of free personal care for the elderly was introduced in Scotland in July 2002. This article is primarily concerned with issues relating to the monitoring of the costs of the policy, but, as we shall show, monitoring the free personal care policy is not straightforward: no relevant baseline was ever established against which outturn costs could be measured. The article, therefore, begins with the estimation of such a baseline, and then examines the data collated by the Scottish Executive on the running of the policy. There are endemic problems with the quality of this data, which go beyond teething problems. The overall conclusion which we draw is that the Scotland aggregates produced by the Scottish Executive are not fit for purpose. Nevertheless, while the evidence is difficult to interpret, it appears that costs are higher than expected.

The policy of free personal care for the elderly is a key flagship policy. It was one of the first pieces of major social legislation enacted by the new Scottish Parliament. Moreover, the Westminster Parliament had specifically decided not to implement free personal care for the elderly in England, despite the recommendations of the Royal Commission on Long Term Care for the Elderly (1999): the decision by the Scottish Parliament to implement free personal care therefore represented a high profile statement that Scotland was indeed prepared to pursue distinctive policies under devolution.

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It is a matter of concern that there were shortcomings in both the initial costings of the policy and in the arrangements for its monitoring. This article therefore also considers what lessons should be learned from the introduction and monitoring of this policy to ensure that proper systems are introduced in the consideration and implementation of future policies by devolved government in Scotland.

This article was written in May 2006, and reflects the published monitoring information available at that time: as of the date of submitting the final version for publication (21st February 2007) no further monitoring information has been produced by the Scottish Executive. This is in itself of interest, given that we alerted the Executive in March 2006 to the errors and data quality issues we identify in this article.

DIFFICULTIES IN MONITORING COSTS

The aim of this section is to clarify some of the conceptual problems which have bedevilled discussions about how the actual costs of the policy are turning out in relation to what was expected.

The Care Development Group (CDG) was set up by the Executive in January 2001 to 'bring forward proposals for the implementation of free personal care for all, along with an analysis of the costs and implications of so doing'. The CDG reported its findings in September 2001 (CDG 2001). These costs were considered as personal and nursing care costs for self funders in care homes; the cost to local authorities of extending free personal care services to those elderly in their own homes who were not already receiving such services free of charge from local authorities; and the start-up costs of the introduction of the policy – namely, training and data systems.

There are two types of intervention under the policy: first, for residents in care homes, and second for those receiving care in their own home. For both groups, there were always recipients of free personal care before the introduction of the current policy: those receiving such care were means tested, and, particularly for those receiving care in their own home, the proportion varied substantially among local authorities. For both groups, the CDG estimates were of the additional cost of extending free personal care provision to all elderly who qualified in terms of 'need'. Conceptually, their estimation method was perfectly satisfactory, although their estimation methods produced serious underestimates of the numbers who were likely to want to make use of

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the policy, as shown by us in earlier papers (Cuthbert and Cuthbert 2002 2005).

In monitoring the policy, however, while the Scottish Executive collected information for those in care homes on the same basis as the costings undertaken by the CDG (that is, the additional cost of extending free provision to all elderly in care homes), the monitoring system it implemented for personal care in the community is very different. Here, the information collected was of the total cost of personal care provision by local authorities, that is, the cost of those who received it anyway plus the cost of those who receive it in light of the new policy. The additional cost of the policy is not monitored.

Thus, the outturn data published by the Scottish Executive on the operation of the free personal care policy cannot be compared with the CDG estimates of costs. This is a situation which has given rise to a great deal of confusion, with some commentators making wrong comparisons of estimates of additional costs with total costs. To make proper use of the Scottish Executive free care totals we need to have a base case estimate of the total cost of all recipients of personal care in the home in the first year of the new policy, consistent with the CDG's estimates of additional costs in the first year. The next Section below estimates such a baseline. This estimate is added to the CDG estimates of personal and nursing care costs and also of start-up costs to give a baseline for the first year of the policy against which outturns can be measured.

ESTIMATE OF A BASELINE FOR THE POLICY

The CDG did not estimate a base line for the total cost of providing personal care in the home: rather they estimated the additional cost of extending existing provision. Their starting point was the assumption that 45% of total home care hours were on personal care. This percentage was applied to their estimate of the total fee income to local authorities for home care for the elderly, to give an estimate of £10m for the amount of fee income which local authorities would forego when they could no longer charge for personal care. Amounts were added to cover the expected cost of providing personal care that was being paid for privately to private providers (£10m), increased demand (£8m), and a move from informal to formal care (£8m), to give a total of £36 million in the first year.

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We have made major criticisms of the overall CDG approach (Cuthbert and Cuthbert 2002, 2005). In particular, there are a number of issues concerning the 45% assumption: given the limited sources of information available, this was based on sample information collected by a single local authority: moreover, the sample results for that authority were misinterpreted: the figure for that authority should have been 55%. In the light of the substantial variation between authorities in their practices as regards the provision of home care, basing a national estimate on a single authority figure is suspect. Thirdly, and possibly most importantly, home care data from 1998 to 2002 indicates that there was a continuing fall over this period in the number of home care clients and an increase in the number of hours of care given. As it is unlikely that authorities had been increasing the amount of domestic care per client, these shifts are likely to be indicative of a substantial shift from the provision of domestic to personal care, and an increase in the number of personal care hours per client. That this is indeed the case has been confirmed directly in discussion with a number of local authorities. Given this, whatever the appropriate percentage was in 1999 (when the sample survey in the local authority was carried out), there are strong grounds for expecting that the figure would have increased substantially by 2002 when the policy was introduced.

The CDG did provide figures for the base line total costs of services to elderly people, as shown in Table 1.

Table 1
Base Line Costs of Services to Elderly

		2001	
	£m	Publicly funded %	Privately funded %
Long-stay hospitals	137	100	0
Geriatric psychiatry	147	100	0
Nursing homes	324	75	25
Residential homes	227	83	17
Homecare costs	155	78	22
Other Community Care	217	96	4

Source: CDG: 2001, Table 3.1.

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A base estimate of the total cost of personal care provision in the home in the first year of the new policy can therefore be determined if we apply the CDG's own methods to the CDG's base line figure for homecare costs in the above table. This would give a total expected cost in year 1 for personal care in the home as the sum of

- (a) the cost of those provided for through local authorities, that is 45% of £155m, equal to £69.75m, plus
- (b) the CDG estimate of personal care which had been provided privately, that is £10m, plus
- (c) the CDG estimates for increased demand (£8m), and its estimate of the move from informal to formal care (£8m);

that is, in total, £95.75m.

It is to be noted that this is not a figure actually produced by the CDG: but it does follow their logic and figuring, and therefore seems to us to be the most reasonable attempt that can be made to determine an imputed 'CDG baseline' for the expected total cost of personal care in the home in the first year of the policy. It is, of course, a matter of regret that the CDG did not itself produce a base line figure. Further, this imputed CDG base line figure is subject to the reservations about the CDG methods noted above and in Cuthbert and Cuthbert (2002 and 2005).

Using this estimated baseline for the total cost of provision of personal care in the home, we can now estimate a baseline for the policy by adding on care home personal and nursing care costs arising from the policy and the initial fixed costs of introducing the policy

Assuming an estimate of personal care cost at £145 per week and that of nursing care costs at £65 per week, the CDG's initial estimate of care home costs to meet self-funders' personal and nursing care was £50.9m in year 1. Note that our paper (2002) identified significant doubts about the £145 per week and £65 per week estimates.

These initial calculations by the CDG were based on the assumption that Attendance Allowance and Disability Allowance payments would still be received from the Department for Work and Pensions (DWP), so that the burden on the Scottish budget would be only £90 per week for personal care. In fact the DWP stood firm and refused to make this resource available. At the level of the individual self-funder who had been receiving attendance

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allowance, the effect was that receipt of £55 per week Attendance Allowance was replaced by £145 per week free personal care, amounting to an uplift of £90 per week. Thus, in order to give an uplift of £90 per week to self-funders in care homes the cost to the Scottish Budget was actually £145. The effect of this was that the cost to the Scottish Executive was well over £20m per annum greater than originally estimated by the CDG.

The expected cost to the Scottish budget, therefore, for care in care homes, rose to around £73m for year 1.

The non-recurring investment in community care services in the first year as a result of the introduction of the free personal care policy was expected to be £37m. The total expected cost of the policy, based on the CDG methods, but including all personal care provided by the local authorities in order to align with the subsequent monitoring system, was therefore the sum of £95.75 million for personal care in the elderly person's own home, £37 million for non-recurring costs, and £50.9 million for self funders in care homes (a sum which, as noted above, was subsequently adjusted to £73million to cover the shortfall from loss of receipt of Attendance Allowance): on this basis, the total expected cost of the policy in the first year (that is 2002), would have been initially £183.65m, or £205.75m after allowing for Attendance Allowance.

ESTIMATES OF OUTTURN FIGURES ON EXPENDITURE ON FREE PERSONAL CARE IN THE FIRST YEAR OF THE POLICY

Having established the baseline, what does the monitoring system tell us about the implementation of the policy? We begin with an examination of expenditure data on personal care for the elderly in their own home, highlighting the problems with the data and then using what appears to be the most robust information to compare outturn with the CDG estimates. We then carry out a similar exercise for outturn figures on care costs in care homes.

Personal care for the elderly in their own home

There are two possible sources of data which can be accessed for monitoring costs: first are the Statistics Releases produced by the Scottish Executive: these include information on costs and on the numbers and hours of those receiving personal care in their own home. The second source is the Local Financial Returns, which give annual figures on expenditure on home care, and, from 2004-05, on personal care. We consider these two sources in turn.

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At the time of writing (May 2006), the Scottish Executive has produced two Statistics Releases (Scottish Executive 2004, 2006), giving figures on free personal care: we denote these as SR2004 and SR2006 respectively. SR2004, published in September 2004, gave information on costs for the first nine months of the policy, and on numbers up to June 2004. SR2006, published in March 2006, provides revised information going back to the start of the policy, and covers up to March 2005 on expenditure and up to September 2005 on numbers. In setting outturn against the baseline, we concentrate mainly on the revised figures published in SR2006, since these should, in principle, be more reliable. However, since the figures from the 2004 release have been quoted frequently as evidence of the initial costs of the policy, it is worth listing here some of the problems with the data in that release

The 2004 Statistics Release

Problems with the data in the release include:

- Much of the data was estimated, including that for Glasgow, the largest authority. In total, estimates by the Scottish Executive were used for 19 out of the 32 local authorities. It is not clear how the Scottish Executive estimates were constructed.
- For 9 local authorities, the estimates show no variation in hours per client throughout the period covered.
- For 3 authorities in 2004, the numbers of personal care elderly clients exceeded the number of home care clients, although in principle this should be impossible.
- A zero spend was recorded for Shetland for the first nine months of the policy. Leaving this aside, there was an implausible range of variation between authorities in the spend per thousand population aged 65 plus, from a low of £2,700 in West Dunbartonshire to a high of £150,000 in West Lothian.

Several authorities commented to us, when we contacted them querying aspects of the data, that there had been problems with information systems which affected the initial quality of the data.

Overall, SR2004 estimated that expenditure on personal care for the elderly in their own homes was £71.883 million for the first nine months of the policy (£95.84m for the year). So at first sight, the correspondence between the

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reported (and by and large estimated) outcome and the CDG base line (£95.75m – see above), appears extremely good. However, it is clear from the data problems listed above, and the large amount of estimation, that limited reliance can actually be placed on the 2004 Statistics Release data.

The 2006 Statistics Release

In the light of the problems with the 2004 release data, the Scottish Executive carried out an extended exercise with local authorities to update the original data, and, where necessary, revise that data, for the 2006 release.

To check the reliability of the data, the approach we adopted was to consider the overall cost of personal care in the home per thousand elderly persons in each local authority, in terms of its three constituent components, that is: client numbers per 1,000 elderly population, average hours per client, and average costs per hour. (A detailed note describing the derivation of the components, and our analysis, can be found at Cuthbert and Cuthbert (2007)). Examination of these components shows that there are a number of features indicative of significant problems in the data. These include:

- Values of average cost per hour are implausibly high for some authorities, and implausibly low for others. In particular, several authorities, including Glasgow, recorded costs per hour in the range £4 to £6 in one or more years. Such values appear questionable, particularly since the trained staff will be paid above the minimum wage, and since the guidance associated with the return states that all oncosts should be included (CIPFA Scotland et al 2002). Conversely, the rate per hour in Dundee is estimated at £26.70 in 2003-04.
- For several authorities, hours per client are constant for long periods, or indeed, in some cases, over all 14 quarters. This suggests a substantial amount of estimation in the data, rather than client numbers and hours being recorded directly.
- In some cases there are fluctuations in hours and costs which are of a magnitude, and in some cases, direction, which look implausible.

The conclusion which we draw is that the total Scotland aggregates produced by the Scottish Executive are not fit for purpose. Note that the problematic features we have observed with the data are not restricted to the initial quarters

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only: it appears that there are endemic problems with the quality of these data, not just teething problems.

Overall, subject to the above caveats, the SR2006 indicates that total cost of personal care in the home in the first year was £92.6 million, which is slightly less than our imputed CDG estimate.

Local Financial Returns

Turning now to the Local Financial Return data on home care, the position is as shown in Table 2.

Table 2
Gross Expenditure on Home Care for Older People

<i>£000s</i>	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Gross expenditure	131,951	152,713	196,782	261,686	325,457	364,582

Source: Scottish Executive, private communication.

Using the CDG method of assuming that personal care costs represent 45% of home care costs, the estimate of personal care costs for the year 2002-03 would be 45% of £261.686m, that is, £117.76m: this is £25.19m more than the recorded Scottish Executive estimate in SR2006, and £22.01m more than the imputed CDG estimate. In addition, as we have noted above, there are grounds for expecting that the figure of 45% under-estimates the percentage of home care hours which would be personal care. If so, the outturn figure for the cost of personal care in the home is likely to have been somewhat more than £117.76m.

Free personal and nursing care in care homes

The SR2006 estimates the outturn for the first year of the policy for personal care and nursing care as £72.4million, compared with the initial £50.9m estimated by the CDG. The difference between the two figures is almost exactly accounted for by the Attendance Allowance contribution which the CDG had originally assumed would be available.

Overall comparison of outturn costs with projections

To summarise, therefore, the ‘CDG initial estimates’ and two of the three different estimates of outturn for the first year of the policy can be brought together as in Table 3.

Table 3
Projected and Outturn Figures for Free Personal Care in First Year of Policy

<i>£m</i>	CDG estimate	CDG estimate plus Attendance Allowance	SR2006 Outturn	LFR based Estimate of Outturn (2)
Total Cost of Personal Care in the Home	95.75 (1)	95.75	92.6	117.8
Care Homes: self-funders	50.9	73.0	72.4	72.4
Non-recurring Costs	37	37	37	37

(1) imputed CDG baseline figure (2) there was no separate LFR estimate for care homes.

Note that, for the reasons described earlier, the first row of this table represents the total cost of personal care for the elderly in their own home (including those who would already have been receiving free personal care anyway), while the second row in the table represents the incremental cost of the policy in relation to care homes (that is, excluding the costs of those who would have received free personal and nursing care anyway because of their limited means). Adding up the figures in the table to give a total figure therefore involves adding up unlike entities – which is why we have not included a ‘total’ row in this table.

Recalling, from the above discussion, that the Scottish Executive outturn figures for the total cost of personal care in the home are flawed, and that the LFR-based figure is probably also an underestimate, it follows from the first row of Table 3 that the cost of providing free personal care in the home probably exceeded the original CDG estimate by £22m or more in the first year of the policy. From the second row of Table 3, it follows that the cost of implementing the policy in care homes probably exceeded the original CDG

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estimate by £21.5m. Overall, this implies that the actual cost in the first year was some £43.5m or more above the cost originally estimated by the CDG.

TRENDS IN NUMBERS AND EXPENDITURE SINCE THE INTRODUCTION OF THE POLICY

SR2006 provides data on the operation of the policy over the first 14 quarters of the policy. We have already emphasised the problems with the data, and the difficulties for monitoring which these have caused. We attempt here to identify what can be said about trends in take-up of the policy in these first few years and whether these trends are in line with predictions. The section begins by setting out the projections of the CDG for the first three years: it then examines actual outturn and compares outturn with the CDG projections, first for personal care in the home, and secondly for personal and nursing care in care homes.

CDG Projections

The CDG expected that the costs of free personal care provision in the community (net of non-recurrent costs) would rise by £33m over the first three years of the policy as more people became aware of the policy and moved from informal to formal care, and as demand increased. As regards care home costs, they foresaw no increase in overall costs to the Scottish Executive over the first three years (CDG, Table 5.11).

Recorded outcomes: personal care in the home

The data published in SR2006 show the numbers of elderly receiving free personal care rising from 24,161 in July 2002 to 39,105 in the first quarter of 2005. The numbers of hours provided rose by 52%. The costs rose from an estimated £92.6 million in the first full year of the policy 2002-03, to £135.7 million in 2004-05: that is, by £43.15 million. Our note (Cuthbert and Cuthbert 2007) gives more detail on the analysis of these data. The pattern of expenditure per hour on personal care is still, in 2004-05, highly suspect across local authorities, with three significant authorities showing costs per hour of less than £6. There is also an unusual pattern through time within some local authorities. On a specific point, the entry for West Lothian in 2004-05, which is recorded as zero, is clearly wrong. Overall, there are major difficulties with the data throughout the period covered: the most likely assessment is that the total expenditure for Scotland in 2004-05 is an under-estimate.

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The second potential source of outturn information is the LFR data on gross expenditure on home care for the elderly (SR2006, Table 11). Here the data indicate that there was an increase of £100 million in this category of expenditure between 2002-03 and 2004-05. (However, as East Renfrewshire records the same amount of gross home care costs as the Orkney Islands – a considerably smaller authority – there are also doubts with these data.) Applying the CDG assumption that 45% of this expenditure relates to personal care, this would imply that the increase in expenditure on personal care in the home could have been £45 million over the two-year period. However, as already noted, the percentage of personal care within home care is likely to have been rising: so the implication of the LFR data is that the increase in expenditure is likely to have been more than £45 million.

On the basis, therefore, of these two sources, it would appear that the CDG short-term projection has been too low, and has under-estimated the growth over the period from 2002-03 to 2004-05 by at least £12 million.

Recorded outcomes: care homes

The source of outturn information is SR2006. This shows that the numbers of self-funders receiving free personal care increased from 6,900 to 8,659 (25.5%) and that the number of self-funders receiving free nursing care increased by 1,127 (24.3%) between July 2002 and March 2005. Annual expenditure increased in total over the period by 16.5%.

Given that the amounts allowed under the policy are £145 per week for self-funders receiving personal care and £65 per week for self-funders receiving nursing care, we would expect that the average amount paid out for personal and nursing care per week would be close to these figures.¹ It is therefore worth calculating the average weekly payments for each local authority as a check on the quality of the data. The detailed calculations may be found in Cuthbert and Cuthbert (2007).

The amounts estimated per recipient per week in 2003-04 vary from £268.66 for personal care in Perth and Kinross to £114.60 in East Lothian: and from £256.58 in Perth and Kinross to £96.36 per week in East Lothian in 2004-05. Further, using the data to examine variation in nursing care expenditure, we

¹ *The actual figures may be slightly less as some residents will have been partly assisted by local authorities before the policy was implemented and the help they receive under the policy will therefore be less than the full amount under the policy*

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determined that the lowest estimates for nursing care per recipient in both 2003-04 and 2004-05 are from West Dunbartonshire at around £42.50, and, at the other end of the scale, East Renfrewshire has expenditure of £91.35 per week.

It is of great concern that the variation in the data is as large as it is, and that so many authorities are recording spending average values above the limits defined in the policy. Despite the fact that the overall average figures for Scotland at £145.60 for personal care and £63.20 for nursing care appear to be what one might expect on *a priori* grounds, nevertheless, it is clear from the more detailed analysis that there are very significant problems with these data. It is surprising that the Executive does not appear to have pursued the anomalous figures with authorities.

Overall, we cannot place too much reliance on the data for care homes. However, both numbers and expenditure, as recorded in SR2006, are rising: despite the imperfections in the data, this is not consistent with the CDG projection of no increase over the period. We are unwilling to be more precise, for, as shown in the analysis above, the data presented to monitor the policy are not fit for purpose.

THE LONGER TERM

There is, of course, as yet no outturn evidence on the longer term. In our earlier papers, we showed that the potential pool of elderly disabled who could benefit from the policy had been very substantially underestimated, by a factor of more than two, in the work underlying the original CDG costings. This will have long-term implications for the cost of the policy. The outturn estimates for the first two years are not inconsistent with these findings.

Increase through Time in Care Home Costs: burden on individuals

The Scottish Executive's contribution to personal care and nursing care in care homes has not changed since the policy was introduced. In fact, the estimates of £145 per week for free personal care and £65 for nursing care appear in the original CDG report in 2001.

Over time, the charge to the Scottish Executive has remained fixed per person, but the cost of a care home place has risen substantially. Scottish Executive data given in Table 4 below show their estimates of a care home place in

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Scotland. (Unfortunately, the Scottish Executive data does not allow the costs to those receiving different categories of care to be distinguished separately.)

Table 4
Average Gross Weekly Charges in Care Homes

<i>£ per week</i>	2001	2002	March 2003	March 2004	March 2005
Local Authority Homes	374	395	433	453	496
Independent Homes	288	305	390	418	438
Total	322	340	397	424	446

Source: Scottish Executive, SR2006

On average, the cost of a care home has risen by 31% since 2002. If the costs of personal care and nursing care rose in line with the increase in total costs, then an estimate of what should be being paid in 2006 to cover personal care is £190 per week, and to cover nursing care £85.26. Putting this another way, this implies that those recipients who do not satisfy the means test requirements, and who therefore have to pay out of their own pocket the difference between the Scottish Executive contribution and the care home charge, are having to pay a sharply increasing amount.

Further, the Scottish Executive data indicate that charges vary very significantly across Scotland: this variation means that the assistance per place paid by the Scottish Executive is of proportionately more worth in some areas than others. In other words, despite the introduction of a national policy nominally called 'free personal care', the constant sum per head provided under the policy covers a widely varying proportion of the total cost to the individual, depending on the particular area.

EXAMPLES OF CONFUSION OVER MONITORING

In this brief section we give two examples where lack of clarity about the type of conceptual issue identified in this paper has led to potential confusion. The examples relate to evidence given to the Audit Committee of the Scottish

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Parliament by the Scottish Executive, and to the publication of a recent report by the Joseph Rowntree Foundation.

Scottish Executive Evidence to the Audit Committee

In Autumn 2004, the Audit Committee of the Scottish Parliament questioned the Scottish Executive on the costs of the free personal care policy: how the policy was initially costed, what the costs are, and what the long-term costs would be (Audit Committee 2004). It asked what information was being collected from councils on free personal care, probing what information was considered to be essential and what was desirable to collect. In addition, the Committee probed ‘In order to effectively monitor the implementation of policy at a local level, how does the Executive ensure that the information collected at a local level is accurate and robust? For example how does it avoid collecting estimated data which the Committee notes is still being used by some councils for assessing the number of people in receipt of free personal care?’.

Ian Gordon, Head of Scottish Executive Health Department, gave a written reply (Gordon 2004). With regard to how the policy was initially costed, he gave the CDG estimates: that is, as noted above, additional costs of provision plus initial non-recurring costs. With regard to the outturn costs, he listed the information collected from local authorities and included in SR2004. He noted ‘All of this information is considered to be essential information.’ However, he did not explain that while it may be essential, the information could not be directly compared with the cost estimates given by the CDG.

In reply to the last question cited above, Ian Gordon stated that ‘In order to ensure that the information is as accurate and robust as possible, the Executive carries out a number of data quality checks e.g: ... for care at home, the number of people receiving free personal care was compared with the total number of people receiving home care services in each local authority; the numbers and expenditure figures were compared for each local authority to ensure compatibility; and expenditure on free personal care was compared with total expenditure on care homes and home care services (using local government finance data – LFR3). Where any of these data checks threw up inconsistencies, the data was queried with local authorities. Where local authorities were unable to provide numbers of people receiving free personal care, this was estimated by the Executive, using the expenditure data provided and agreed with the local authorities concerned.’

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Despite this assurance on checks having been carried out, we have shown in this paper that there are very serious concerns about the quality of the data in the Statistics Releases.

Overall, the Audit Committee could have been left feeling unduly reassured about the state of play on monitoring the policy. It was only in response to oral probing from the Audit Committee that the Scottish Executive made it clear that the monitoring information was indeed on a different basis from the CDG estimate.

The estimates in the Joseph Rowntree Foundation Report on free personal care

In February 2006, the Joseph Rowntree Foundation (JRF) carried out an evaluation of free personal care in Scotland. The objective was to determine how the provision of free personal care worked out in Scotland and what the lessons were for the rest of the UK. (Bell and Bowes 2006).

In the Foreword, it states ‘expenditure has proved rather greater than expected – £107m was set aside for 2002/03 – actual expenditure was £127m. But the extra costs have not been frightening and have stayed within a global figure of around 0.2% of Scottish GDP.’ Further, ‘The report ... provides a case study of the provision of free personal care, which has implications for other parts of the UK.’

We have clarified the derivation of the figures. The figure of £107m, taken from Scottish Executive evidence to the Audit Committee, is calculated on the basis of the CDG’s initial costing, and therefore relates to the additional cost of introducing the policy (in both care homes and care in the community), and also includes an allowance for one-off costs (Scottish Executive Health Department 2004). However, the £127m figure, which is based on SR2004, is on a different basis, relating to the additional cost in care homes, the total cost of personal care in the community, and excluding one-off costs (SR2004). The data problems with SR2004 identified above also apply to the £127m figure.

Given that the £107m and £127m figures are on a different basis, and further, that there were major errors, easily identifiable in the SR2004 data, it is therefore clear that no inferences should be drawn from the cost figures quoted in the foreword to the JRF report: it is unfortunate that the conclusions that were drawn from these figures were given widespread publicity by the Joseph Rowntree Foundation.

CONCLUSIONS

This article has highlighted various difficulties in monitoring the policy of free personal care. In particular:

- When a policy like this is being initially costed, it is necessary to establish a baseline which is both capable of being monitored, and consistent with the assumptions made in the original costings. This was not done in the case of free personal care.
- Great care must be taken to set up a system to collect credible outturn data, with adequate quality control.
- Subject to the difficulties with the data, it nevertheless appears that the initial costings of the project were low.
- Cost increases over the first two years of the policy have also been higher than expected.

While the primary focus of this paper has been on monitoring rather than on specific policy implications, nevertheless there are a number of policy implications which will have to be addressed, many of which have been touched on above. These policy implications include:

- The failure to increase the contributions made to self-funders in care homes in line with the increase in costs which has taken place.
- The variability around Scotland in the relative worth of the contribution to care made to self-funders.
- The implications of the increasing proportion of residents in care homes who are self-funders rather than local authority maintained. For example, are local authority places being squeezed out because of the greater profitability of self-funder places and the potential increased demand for subsidised places?
- There are issues around the potential effect on care home charges of subsidising self-funders. Part of the benefit may be taken by the care home owners; part may cross-subsidise local authority maintained places.

As regards care in the community, there are issues surrounding what appears to be a substantial shift in provision away from domestic care support by local

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authorities to personal care. For example, to what extent are clients being deprived of, or now having to pay for, domestic care which may meet real need? One authority made the comment that it is difficult to judge whether a half hour of domestic care for one elderly person might be just as life saving and important as several hours personal care for another.

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