



‘A Rights-Based Approach to Care’: How will proposed National Care Services impact the elderly care market in Scotland and Wales?

In light of recent proposals for two different National Care Services in Scotland and Wales, Connell Consulting examines the key differences between the two proposals, and the potential impact of social care reforms on the elderly care market.

The challenges facing social care are broadly shared across England and the devolved nations. Growing pressures on services due to high demand and increasingly stretched budgets are resulting in high staff vacancies, long waiting times for assessment, and a quality of care that is not supporting service users to lead fulfilled lives. 2022 saw Wales and Scotland drive forward ambitious proposals for social care reform; both countries share the ambition of a National Care Service that can improve accessibility of social care, and in differing ways, achieve parity with existing NHS models. However, delays to social care reform in England following the Autumn Statement in 2022 reflect the difficulty of implementing reform, particularly in light of political instability. It remains

to be seen whether large-scale transformation of social care policy will bring tangible improvements to social care delivery in both nations.

The National Care Service Bill in Scotland

The Scottish Government introduced a Bill to Parliament in June 2022 outlining its new National Care Service. Following the recommendations made by the Feeley report, the aim of the bill is to improve the consistency, quality, and accessibility of social care services across Scotland. Unlike the proposed service in Wales, the current Bill does not represent a new care service that is free at the point of use. Rather, the new National Care Service resembles NHS Scotland; it will report to a centralised body, with local authorities no longer responsible for allocating social care spend. The Bill proposes to reallocate local authority budgets to fall under the remit of Scottish ministers, who will be responsible for developing and maintaining a new distribution formula to assess relative funding needs of councils across the country. At a local level, newly formed Care Boards will take over responsibility for planning and commissioning.

One of the Bill's central aims is to resolve the challenge posed by inconsistent service delivery across local authority areas. This would end the so called 'postcode lottery' in social care, whereby differences in geography, local assets and local priorities mean that the quality of care received is dependent on your council body. The Bill also hopes to make care and support more portable, reducing bureaucratic reassessment processes when someone moves to another area. Under the National Care Service, when an individual moves area, they should be able to take their care and support package with them.

Loss of local accountability

However, the reallocation of the council's social work budget – roughly a third of council's overall spending – entails the loss of local discretion over social care spend. Currently, councils are able to shift council tax and social care spend in accordance with local care needs. Connell Consulting analysis reveals that annual spend on care per older person in the population varies significantly across local authority areas, ranging from £67 in the Highlands, to £263 in Stirling in 2021/22. The proportion of social work budgets allocated to adult social care also varied from 66% in the Highlands to 41% in North Ayrshire. Council tax rates differed by as much as 17% across local authority areas this year, allowing councils to grow their funding as local needs develop. A system that sees care standardised to a national average runs the risk of lowering the relative quality of care in some places, potentially leaving residents paying a higher council tax but missing out on the respective higher quality of social care. Population ageing, a key driver of growth in adult social care spending, is also likely to progress at different paces across local authority areas. If funding allocations via the Scottish National Care Service do not match local needs, a centralised approach to social care funding could exacerbate rather than reduce variations in service quality. While structural reforms are unlikely to have a significant impact on demand for elderly residential care, given there are no changes proposed in eligibility criteria, some areas may see increased private-pay proportions if an area's funding needs are underestimated. A needs assessment formula, likely

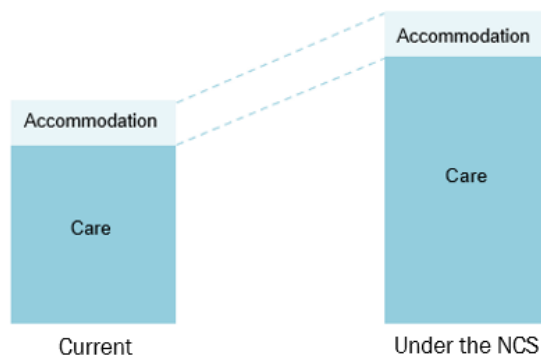
to rely upon socioeconomic characteristics and past spending, would need to be robust if the Scottish National Care Service is going to achieve its aim of greater consistency across the country.

The Scottish National Care Service has been widely criticised by stakeholders. In their response to the Bill, COSLA, the national association for Scottish councils, responded that centralisation of social care responsibility would hinder councils' ability to deliver a joined-up approach across health and care services, impeding integration of social care services that has characterised Scottish social care policy, following the establishment of Integrated Authorities in 2016. The Institute for Fiscal Studies has also argued that the Scottish Budget for 2023-24 has miscalculated the fall in local authority budgets by understating the impact of inflation on the cost of services. Whilst the budget suggested that local government funding will be cut by 0.2% in real terms, the group predicts it will fall by substantially more. Pushing ahead with the structural overhaul of social care at an estimated cost of £1.2bn whilst authorities are facing significant cuts has led to calls to pause the plans, in order to direct funding to frontline services. Disruptions to planned implementation have been compounded by political instability, and following Nicola Sturgeon's resignation there have been renewed calls from Scottish Labour and the Liberal Democrats to drop the Bill. The law to pave the way for the National Care Service has been delayed until after the SNP leadership contest, and the three candidates in the race to succeed Sturgeon have all said they want to revisit the current proposal, suggesting that plans will be delayed further, if not scrapped altogether.

'Towards a National Care Service in Wales'

On 10th November 2022, the Welsh government published a report entitled 'Towards a National Care and Support Service for Wales'. In the report, an expert group outlined its own proposal for a National Care Service which, unlike in Scotland, would provide free social care at the point of delivery for service users of all ages in Wales. In the wake of Westminster announcing delays in elderly social care reforms in September 2022, the Welsh government, partnered with Plaid Cymru, is keen to start implementing the

Local authority fees



Private pay fees

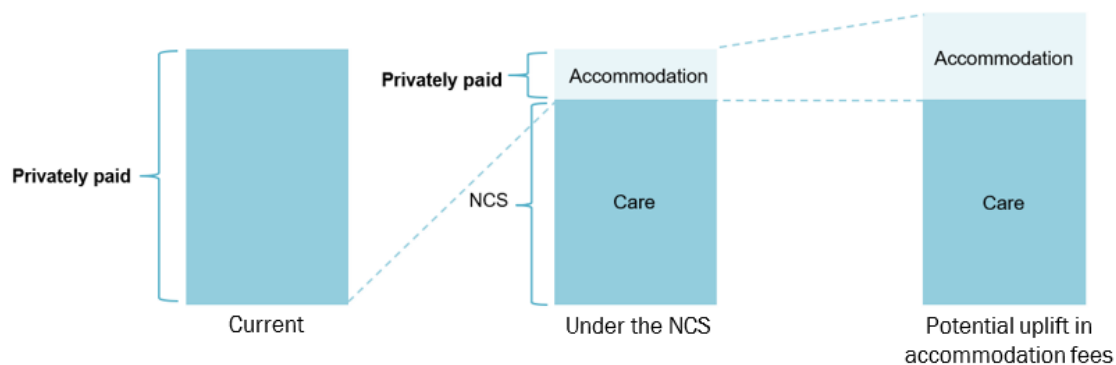


Figure 1- Possible changes to care home fees under the Welsh National Care Service

National Care Service by the end of 2023, although the full phased delivery plan is expected to take at least 10 years to complete.

The Welsh National Care Service proposes to make the care element of fees, excluding accommodation costs, free at the point of delivery. The expert advisory group offered suggestions for a charging regime that would allow care costs to be delivered free of charge in residential homes; these include the state either offering a fixed weekly contribution to all residents or covering all care costs minus accommodation costs. In order to implement the plan, it is acknowledged that a definition of 'personal care' and a defined cost of care must be agreed upon. As evidenced by the recently published Fair Cost of Care exercises in England, calculating the true cost of care can reveal the extent to which local authorities are underfunding their elderly care placements, with Fair Cost of Care fees that are as much as 30% higher than current fees paid by councils. Connell Consulting fee analysis indicates that the average weekly fee in Wales in 2021/22 was £735 for residential care. If we assume that the same gap exists between Welsh local authority fees and an agreed cost of the delivery of care, as is the case in England, the National Care Service could see the

introduction of an agreed cost of personal care of up to £956. Increased care home income from local authority fees would allow providers to keep pace with Real Living Wage increases, in turn improving staff retention in care homes, and the quality of care provided in residential and nursing settings.

If the Welsh National Care Service pays for the care element of self-funders' fees, current private payers will be responsible for paying a small fraction of their previous fees. As such, there may be greater demand for more premium care offerings, with less price sensitivity from private payers given the significant reduction on their current fees. This may result in providers uplifting accommodation fees, particularly for higher-end services with greater en-suite capacity, as illustrated in Figure 1. As residents have more choice in terms of their care accommodation, we may also see providers upgrading their older, converted care home stock that is characteristic of the Welsh care home market, with more purpose-built homes entering the market.

Funding Reforms

A range of pay tariffs are being explored to fund reforms. The Welsh expert group proposes a devolved income tax hike of 1-3% to finance the service, which is a relatively large commitment when compared to the now reversed 1.25% increase in National Insurance contributions in the UK, intended to support the NHS as well as health and social care. Connell Consulting's primary research reveals that while stakeholders view the prospect of a Care Service positively, implementation is expected to be slow, given that current local authority budgets would be unable to absorb the cost of the initiative. As one commissioner states, *"The government would need to look at it on a national basis. A significant amount of money is going to need to be put behind it."* Raising funds on a national level would offer the opportunity to raise significant revenues, but this would require the Welsh government and taxpayer to support significant investment in social care over other services. If the Welsh Government is able to raise revenues to fund the reforms, the Welsh National Care Service offers the opportunity to improve the quality of elderly care services in Wales, potentially increasing investment in the market, bringing improved fees for providers, and offering substantial benefits to care home residents.

Whilst the Scottish government initially committed to establishing a functioning service by the end of this parliamentary term in 2026, implementation has seen successive delays due to stretched budgets and political uncertainty. If Wales follows suit, it is unlikely that their National Care Service will be implemented in proposed timelines, especially given high inflation rates, and with NHS pay deals increasing pressure on available budgets. The exact shape of both social care bodies is uncertain; further legislation remains to be seen from both Care Services, and whether the financial backing for both projects is large enough to deliver sustainable transformation is unclear. Both nations have stated the intention of placing service users and the social care workforce at the heart of social care policy. If a 'rights-based' approach to social care is driving reforms, both countries will need to ensure that structural overhaul will not destabilise the delivery of social care services, and that investment in reforms will offer tangible benefits for service users and care workers.



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