

# Economic Case for Local Investment in Carer Support



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## Introduction

This document aims to provide a practical economic case for investing in carers, based on a sample analysis from the London Borough of Newham and from Surrey County Council, which should be indicative for local authorities generally.

The focus is on the financial balance within a typical adult social services department – there are of course further benefits arising from carer support, in terms of improved quality of life for carers and those they care for, savings to other bodies such as the NHS, and increased economic contribution from carers.

The Care Act creates increased responsibilities for councils to address carers' needs: both through preventive services and by meeting carers' eligible needs. The local studies outlined in this paper create a powerful case for investing in support for carers; particularly when viewed alongside other national studies.

The Care Act replicates local authorities' previous power to charge carers for the services they receive, but clearly stipulates local authorities are **NOT** required to charge a carer for support. Careful consideration needs to be given when deciding whether to charge, and in determining what an appropriate charge is. The Care Act statutory guidance states that:

*A local authority should consider how it wishes to express the way it values carers within its local community as partners in care, and recognise the significant contribution carers make in helping to maintain the health and wellbeing of the person they care for, enabling them to stay independent and in their own homes for longer.<sup>1</sup>*

Carers may refuse services that come with charges for their own support, mostly on the basis of affordability. If services are refused, then this reduced support is highly likely to lead to increased “carer breakdown” where carers are unable or unwilling to continue caring, resulting in a potentially significant increase in costs to the Local Authority.

The analysis within this document is intended to help authorities understand and potentially quantify the financial impact of carers not taking up services if charged and the subsequent lack of support leading to carer breakdown. This includes the potential increased local

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<sup>1</sup> Care Act statutory guidance paragraph 8.50 (<https://www.gov.uk/government/publications/care-act-2014-statutory-guidance-for-implementation> )

authority cost in meeting the needs previously addressed by the carer. The sample demonstrates that the potential increase in local authority responsibilities could vastly outweigh the investment in carer services and shows that any potential charge to a carer is unlikely to represent value for money.

The Care Act statutory guidance (Charging for Support to Carers section 8.50) however does state there may be circumstances where a nominal charge may be appropriate, for example to ensure sufficient numbers participate in an activity specifically arranged for a group of carers, for example a relaxation class. Ultimately, a local authority should ensure that any charges do not negatively impact on a carer's ability to look after their own health and wellbeing and to care effectively and safely.

It is important to set out the services that are chargeable and to whom under the Care Act.

- Carers cannot be charged for services provided to those they care for. This means that any services which the cared-for person receives (e.g. respite care or any other form of replacement care) cannot be included as a service for the carer when considering a charging policy for carers.
- Respite care or any other form of replacement care can however be taken into consideration as part of the cared-for person's chargeable services.

For nominal carer charges, a proportionate approach needs to be considered. However, any charge which is not considered nominal is likely to require a full financial assessment of the carer, the cost of which would need to be taken into consideration when determining the financial viability overall. A general policy of charging carers would lead to a significant level of additional costs relating to the financial assessment of all carers approaching a local authority for help.

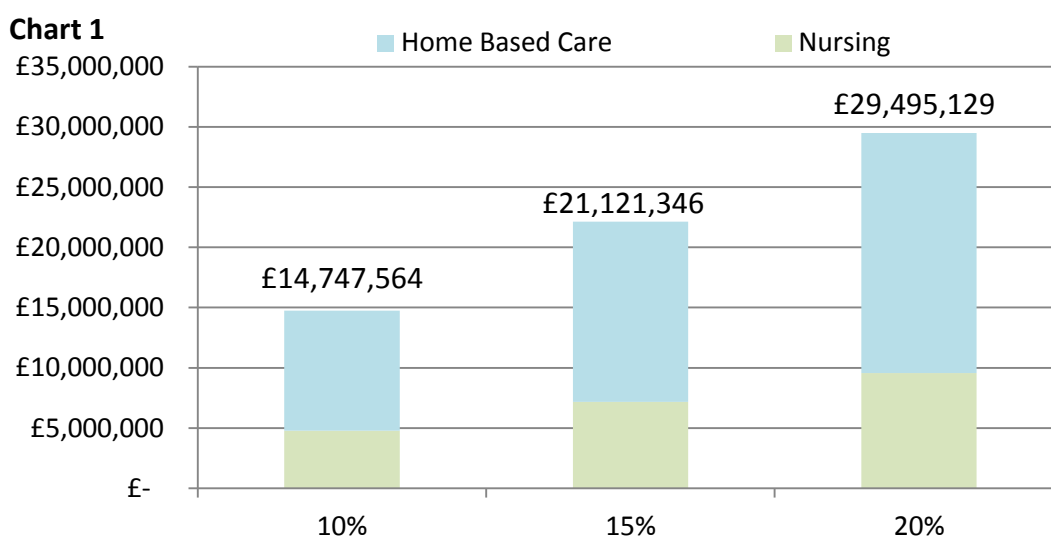
## The Financial Impact of Carers:

### The Surrey example

Surrey County Council Adult Social Care provides support to just over 25,000 people on any given day. It also funds services to over 13,000 carers a year, funded via a Joint Carers Commissioning Group at a cost of just over £5 million per year. In around 10,000 of these cases, neither the adult service user or carer receive any direct support from Adult Social Care. A cost modeling exercise has been undertaken to look at the impact of ceasing carers' support and the financial consequence.<sup>2</sup>

The model estimates that, if these carers' services were withdrawn, 10,000 of these carers would be left unsupported, and up to 40% could break down within a few months. Not all cared for people would necessarily seek help from the Council and not everyone eligible for help would take up services. However, if just 10% were eligible and took up publicly funded services, the model suggests a whole-year cost of over £14.7 million a year for replacing the care provided.

As illustrated in Chart 1 below, a range of other assumptions might be made that all suggest an even higher cost. If the demand for services were 15% of carers, the cost could be around £22 million and at 20% as much as £29.5 million.



The rationale behind the financial example at 10% is based on<sup>3</sup>:

- 2% needing nursing care (200 people) - costing £4.8 million a year based on an average nursing placement of around £23,889 a year;
- 8% needing home-based care (800 people) - costing £9.9million a year based on an average care package (for older people) of around £12,462 a year.

<sup>2</sup> This cost modeling exercise did not include funding from CCGs of £2.4 million that is to be incorporated in to the Better Care Fund for April 2015).

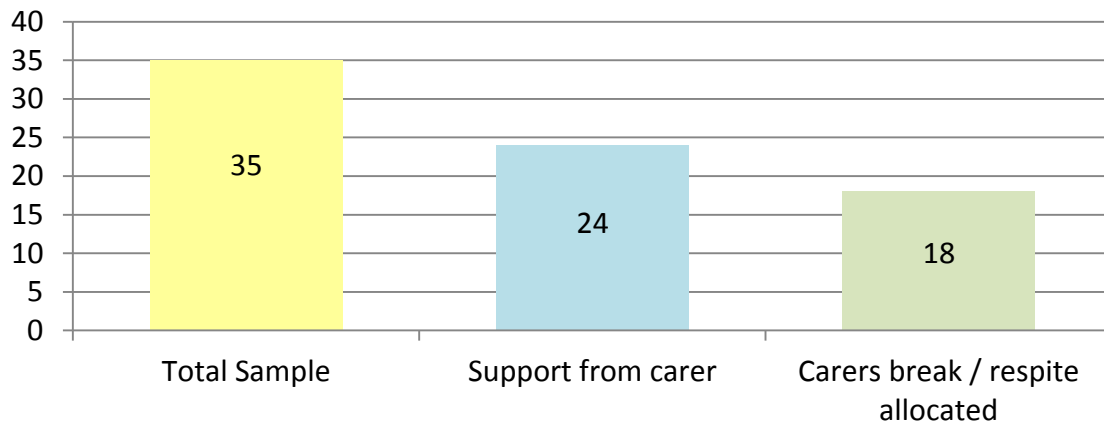
<sup>3</sup> These costs do not take into account the additional cost of care managing the extra 1000 cases.

## The Financial Impact of Carers:

### The Newham Example

The Newham sample identified a random selection of 35 service users of which there were 24 with identified carers (63%) meeting an element of the care needs across substantial and critical. Of those, there were 18 where the identified carer was allocated a budget for carers services (for example carer's break). This proportion is shown in chart 2 below:

Chart 2



For the purpose of analysis, the overall needs being met were matched with an equivalent number of FACS eligible hours to provide a more comparable example of activity. Chart 3 below shows the number of FACS eligible hours being provided, broken down by both the local authority and the carer.

Chart 3 - Total hours per week

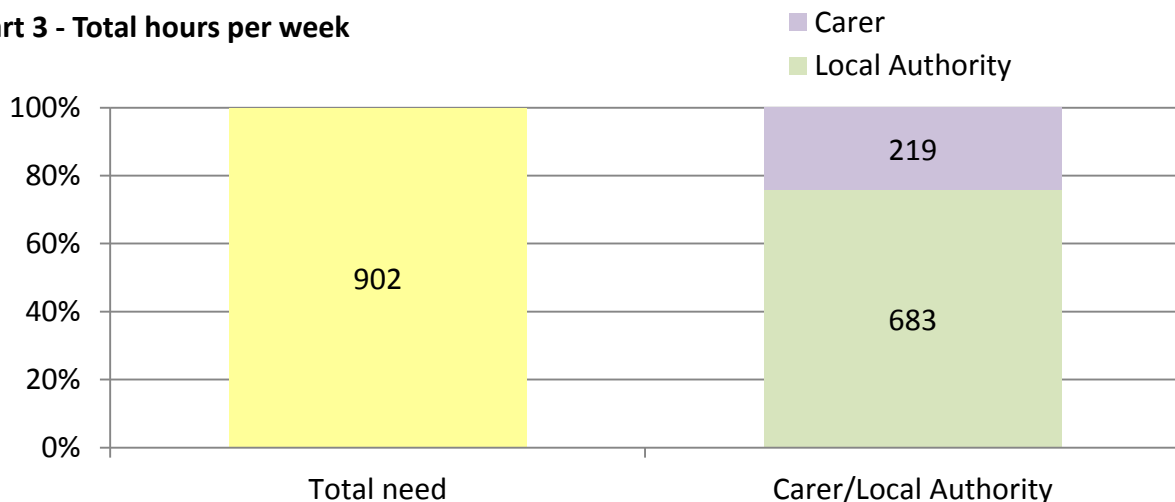
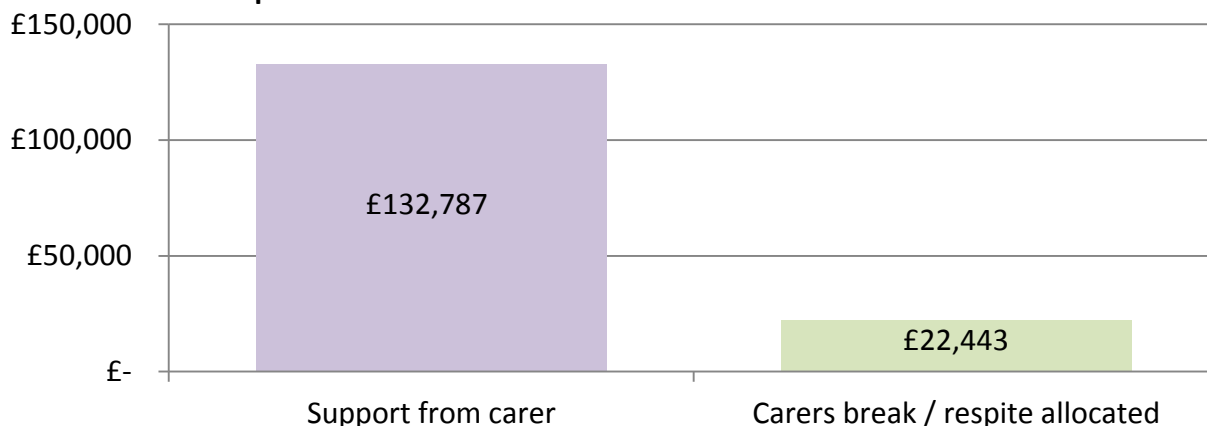


Chart 3 shows the equivalent of 902 hours across substantial and critical being provided across the complete sample of 35. This is then categorised by those hours provided by the carer (219) and Local Authority funded hours (683). The sample indicates that 24% of the total activity is being met by carers before the local authority intervention. This proportion takes into account the full sample, even those where no carer has been identified.

Chart 4 below is a financial representation of the carer’s contribution towards meeting the needs. This is based on the equivalent Local Authority cost to deliver the interventions provided by carers in the sample. This would result in an additional equivalent annual cost of £132,787 based on the average local homecare rate.

**Chart 4 - Annual equivalent cost**



The annual carers allocation to support the continuation of this unpaid care (including respite) is £22,443. This therefore demonstrates, from the sample of 35, a £110,344 reduction in cost because of the need being met by the carer. This shows that, for every £1.00 invested in carers, there is a potential equivalent reduction in local authority cost of £5.90 (£4.90 net reduction), therefore illustrating the importance of carers and their role in supporting social care.

The total Local Authority cost relating to the 35-person sample is £418,298, which excludes the carers break / respite allocation element. If we represented the full cost of care, including replacement care, then the cost would escalate to £551,085 representing a 31.7% increase in cost.

The Surrey example profiles a 10%, 15% and 20% risk of carer breakdown resulting in the withdrawal of their commitment should they be charged. If this profile is applied to the annual equivalent cost as per the Newham analysis, then the impact would result in an increased cost should the care be replaced by the Local Authority of:

	Impact of carer breakdown to LA	Representative % of overall sample spend	Impact per £10m spent
10%	£13,278	3.2%	£317,429
15%	£19,918	4.8%	£476,168
20%	£26,556	6.4%	£634,858
40%	£53,112	12.8%	£1,269,716

Newham has considered the feasibility of charging for carers’ services. This is based on the analysis which indicates that nearly all of the current provision of carers break / respite allocation (£22,443) could be lost should only 15% of carers not continue providing support (£19,918).

## The Financial Impact of Carers:

### Summary

Clearly there is significant evidence from the case studies detailed above, that suggests that investment in carers' services to support them in their caring role is financially beneficial for social care and sees a significant return on any investment made.

Local authorities need to give careful consideration to the balance of investment and the potential impact of charging carers for these services. Any approach to charging will need to explore the potential impact of meeting needs previously met by the carer against any potential income it would receive.

### Further evidence on the financial impact of carers includes:

#### Carers UK and Leeds University's "Valuing Carers"

[http://www.leeds.ac.uk/news/article/2008/unpaid\\_carers\\_save\\_119\\_billion\\_a\\_year](http://www.leeds.ac.uk/news/article/2008/unpaid_carers_save_119_billion_a_year)

"New estimates show the care provided by friends and family members to ill, frail or disabled relatives is now worth a staggering £119 billion every year.

- The figure has risen by over a third since the 2007 estimate, which stood at £87 billion
- Carers' contribution now far outstrips the total cost of the NHS (£98.8 billion).
- The figure amounts to £2.3 billion per week and £326 million per day."

#### Royal College of GPs

<http://www.rcgp.org.uk/clinical-and-research/clinical-resources/carers-support.aspx>

"1.2 million carers spend over 50 hours caring for others, this equates to a full time workforce larger than the entire NHS. Carers are estimated to save the UK economy £119 billion a year in care costs, more than the entire NHS budget and equivalent to £18,473 per year for every carer in the UK."

#### NHS England

<http://www.england.nhs.uk/commissioning/comm-carers/>

Commissioning for carers: Principles and resources to support effective commissioning for adult and young carers. The study indicates that this could equate to a saving of almost £4 for every £1 invested.

#### Department of Health – Impact Assessment (Carers)

<http://www.legislation.gov.uk/ukpga/2014/23/impacts>

The Impact Assessment published by the Department of Health (October 2014) makes an estimate of the "monetised health benefits" of additional support for carers. This estimates that an anticipated extra spend on carers for England of £292.8 million would save councils £429.3 million in replacement care costs and result in "monetised health benefits" of £2,308.8 million. This suggests (as a ratio) that each pound spent on supporting carers would save councils £1.47 on replacement care costs and benefit the wider health system by £7.88.