

The cost of caring for an ageing population

October 2018



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The cost of caring for an ageing population

October 2018



About the Committee

The Committee was established on 22 June 2016. Its remit can be found at:
www.assembly.wales/SeneddFinance

Current Committee membership:



Neil Hamilton AM
UKIP Wales
Mid and West Wales



Mike Hedges AM
Welsh Labour
Swansea East



Jane Hutt AM
Welsh Labour
Vale of Glamorgan



Steffan Lewis AM
Plaid Cymru
South Wales East



Nick Ramsay AM
Welsh Conservatives
Monmouth



David Rees AM
Welsh Labour
Aberavon

The following Member attended as a substitute during this inquiry:



Llyr Gruffydd AM
Plaid Cymru
North Wales

The following Member attended during the course of this inquiry, in accordance with Standing Order 17.49:



Helen Mary Jones AM
Plaid Cymru
Mid and West Wales

Simon Thomas AM was a member of the Finance Committee during this inquiry.

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Chair's foreword

As the temporary Chair of the Finance Committee the evidence for this inquiry was heard prior to the summer recess. However, I have considered the evidence received and have worked closely with the Committee to produce this report.

It is clear that funding for the care of an ageing population in Wales needs to be reviewed. The evidence has shown concerns over workforce pressures, particularly problems with the recruitment and retention of people providing services to older people.

Additionally, the evidence shows that funding pressures, along with an increasing population, is resulting in a funding shortfall. This is further complicated by the complex arrangements associated with paying for care which often leads to unfairness. Much of the evidence referred to the Social Services and Well-being (Wales) Act 2014 and whilst witnesses were generally supportive of the Act, there was some concern over the application of eligibility criteria, the undertaking of carers' assessments and the variation in fees across local authorities. What was also clear was the unexpected costs associated with the Act, and we think post-legislative scrutiny of the Act should be undertaken to assess the costs. The Health, Social Care and Sport Committee is currently undertaking an inquiry into the **"Impact of the Social Services and Wellbeing (Wales) Act 2014 in relation to Carers"** and we are hopeful that some of the cost issues will be raised during that inquiry.

We have reached a number of conclusions and made nine recommendations, all of which we hope the Welsh Government will accept. We intend to review the progress made in implementing the recommendations in early 2020, and will invite an update from the Welsh Government at that time.

Recommendations

Recommendation 1. The Committee recommends the Welsh Government continues scoping more targeted research building on the health and cognitive study carried out by Bangor and Swansea universities. This would ensure the most accurate data is available for projecting the total demand for social care services for older people..... Page 24

Recommendation 2. The Committee recommends that the Welsh Government conducts a review of carers' assessments to evaluate whether an intended effect of the Act to strengthen support to carers is being achieved. The outcomes of the review should be reported to the Assembly.Page 38

Recommendation 3. The Committee recommends that Welsh Government continues to monitor the funding provided to local authorities to ensure that they are able to continue to fulfil their obligations in light of increasing the capital threshold.....Page 39

Recommendation 4. The Committee recommends that the Welsh Government prioritises the completion of its work in developing a toolkit for fee setting with partners and undertakes more work to ensure that the public understand fees and charging for care.....Page 39

Recommendation 5. The Committee recommends that the Welsh Government prioritises the development of a strategy for the social care workforce and takes appropriate action to raise the status of, and provide support to, social care workers so that the role is an attractive career which is appropriately remunerated. Page 51

Recommendation 6. The Committee recommends that the Welsh Government should, as a matter of urgency, continue to explore further options in order to ensure that any potential funding reforms implemented in future are sufficient to maintain a sustainable social care system fit to meet the needs who require its support.....Page 66

Recommendation 7. The Committee recommends that Welsh Government continues to engage with the public about the future funding of social care services but more significantly, it first needs to discuss what they would expect to receive in return for making additional contributions.Page 67

Recommendation 8. The Committee recommends that, before deciding to introduce a levy to raise additional funding for social care from the population of Wales, the Welsh Government will need to be able to justify how any funds raised will be used and be able to demonstrate that it will make a difference. This should include explaining what level of care the public could expect in return for their contributions since it is unlikely that they would support proposals to pay more if the level of care is the same as it is at present. Page 67

Recommendation 9. The Committee recommends that the Welsh Government explores how the proposal of a seamless health and care system advocated in the Parliamentary review could combine a fund for social care with the NHS which is free at the point of contact..... Page 67

Conclusions

Conclusion 1. The Committee believes that the lack of data, including that in respect of current unmet demand, is an issue and models, such as the English Longitudinal Study of Ageing would improve the evidence base in Wales. The Committee welcomes the work by the Welsh Government in scoping more targeted research and the work being done at Bangor and Swansea universities in undertaking a longitudinal study, looking at health and cognitive function in the over 65s. The Committee believes that it is fundamental that such data is available for Wales to project the total future demand, and plan the delivery of, social care services for older people. Page 24

Conclusion 2. The Committee recognises the role played by non-statutory services in contributing to the well-being of the local population, particularly older people, when making funding decisions. Reducing these may bring savings to some aspects of a local authority’s budget, but can impact on the cost of other services, such as social care and NHS. This can have serious financial implications, as often, the cost of the impact can be more expensive than the savings made..... Page 37

Conclusion 3. The Committee was very concerned to hear of issues in respect of whether the assessments that carers are entitled to under the Social Services and Well-being Act are being carried out and whether those needs are being assessed correctly. The Committee noted that the Welsh Government had commissioned work around the monitoring of outcomes under the Act. However, it believed that there was need for a specific review of the access to, and delivery of, carers’ assessments..... Page 38

Conclusion 4. The Committee is concerned that there is a lack of awareness about paying for adult social care, with the current arrangements being complex and can lead to unfairness in respect of those eligible to receive publicly funded formal support. It welcomes the increases in the capital threshold and the difference these have made to individuals.. It notes from the evidence presented that local authorities had passed the additional funding over to providers in full, and believes they should continue to do so in future. However, it notes some concern that additional Welsh Government funding to local authorities has not been sufficient to cover “lost” revenues. The Committee notes that local government is assessing whether the funding is sufficient to cover the revenue lost and that the Welsh Government is monitoring the position, with funding found to be sufficient at the mid-point..... Page 38

Conclusion 5. The Committee believes that a situation where self-funders often subsidise the fees paid by local authorities is both unsustainable and inequitable. Local authorities need to be realistic and ensure that their rates reflect the true cost of providing care. The Committee understands that increasing rates can be difficult for local authorities, particularly when they are faced with the constraints of reduced budgets, and believes that new funding approaches will be fundamental to ensuring the sustainability of providing social care in the long-term..... Page 39

Conclusion 6. The Committee believes that it is crucial, when contracts are issued by local authorities, that the assessment of the cost of delivering those services should be realistic, including staff costs. It is concerned that if cost assessments are not accurate, there will be an increase in un-met need, leaving elderly people in vulnerable situations. In turn, this could increase the chance of developing or worsening health problems, thereby increasing the pressure and the cost on the NHS..... Page 49

Conclusion 7. Addressing workforce issues is fundamental to ensuring the sustainability of a system where older people receive the care they need. Care can only be provided if staff are in place to fulfil the caring roles. Without dedicated, trained staff, those elderly people some of whom are vulnerable - will not be able to receive the support they need to live fulfilled and dignified lives..... Page 50

Conclusion 8. Social care must be seen as an attractive career option in order to encourage new recruits to join, get the support they need to become experienced members of staff and to stay in the sector in the long-term. This work must be on par with working conditions offered to staff working in the NHS in order to demonstrate how valuable these roles are..... Page 50

Conclusion 9. The social care sector is particularly susceptible to additional workforce pressures such a high proportion of staff who are themselves ageing and a reliance on staff from abroad. The Committee believes that more needs to be done in respect of workforce planning, particularly around addressing concerns around replacing experienced staff when they retire and reported difficulties in attracting staff because of the UK leaving the EU..... Page 50

Conclusion 10. The Committee endorses calls made by stakeholders that any social care funding reforms need to be accompanied by a “national conversation” about the standard of care the public wants before decisions are made about paying more. Before deciding to introduce a levy to raise additional funding for social care from the population of Wales, the Welsh Government will need to be able to justify how the any funds raised will be used and be able to demonstrate that it will make a difference. This should include explaining what level of care the public could expect in return for their contributions since it is unlikely that the they would support proposals to pay more if the level of care is the same as it is at present.....Page 66

Conclusion 11. The Committee shares the Cabinet Secretary’s preference for a UK wide solution to social care funding, subject to it being appropriate to meeting the needs of the Welsh population..... Page 67

1. Background

- 1. Data from the Office of National Statistics (ONS)** shows that, out of a population of 3.1 million, over 800,000 people in Wales are aged 60 and over, and that around a third of these are at least 75 years old. The proportion of older people in Wales has been increasing over the last decade and the **latest ONS population projections** show that the number of over 65s is projected to continue to increase in future years.
- Such an increase in the proportion of older people is significant since a longer lifespan means that there are many more people with care and support needs arising from a mixture of physical health and mental health conditions, including dementia and frailty in old age. Concerns have been expressed by the social care sector around the level of resources available to maintain services given the pressures on them.
- A number of reviews into social care have been undertaken in recent years. The findings of a report by the Health Foundation, the **Path to Sustainability. Funding Projections for the NHS in Wales to 2019/20 and 2030/31**, noted that pressures on publicly funded adult social care in Wales are projected to rise by around 4.1 per cent a year in real terms, using estimates from the London School of Economics and Political Science (LSE). Fully funding these pressures would require an extra £1.0 billion by 2030/31, rising to £2.3 billion from £1.3 billion in 2015/16.
- “A delicate balance? Health and Social Care spending in Wales”**, published in March 2017 by Wales Public Services (WPS) 2025, reported that the proportion of the Welsh Government budget allocated to the NHS is rising steadily and is currently over 50 per cent. It observes that the extent to which the proportion can continue to increase will be subject to increasing debate given the other pressures on spending, such as the cost implications arising from changes in the population and other demand trends. It concludes that plans are needed given the projections that spending on local authority social services for older people would need to almost double by 2030 in light of such pressures.
- In May 2016, the Welsh Government announced a Parliamentary Review into the long-term future of health and social care in Wales **Parliamentary Review in respect of Health and Social Care in Wales**. The final report of the Parliamentary Review was published in January 2018. It concluded that “Wales needs a different system of care” and set out ten recommendations, with the focus on developing one system of seamless health and care for Wales.

6. In May 2017, Professor Gerry Holtham and Tegid Roberts published a paper for the Institute of Welsh Affairs, **Solving Social Care. And more besides**, which suggested a common insurance fund to pay for the increase in the cost of adult social care given population projections about the ageing population. The Welsh Government commissioned Professor Holtham to undertake an indicative economic analysis of a system of enhanced social insurance.

7. The Committee agreed to undertake this inquiry to examine, in the context of the major economic and strategic challenges facing the Welsh Government in its development of policy, the financial impact of the cost of caring for an ageing population, including:

- To examine patterns in demand for social care services for those of pension age and the related costs of delivery of residential and non-residential care, taking account of the role of informal carers who provide unpaid services to those requiring care;
- To examine the financial pressures on the social care system, such as increases in wages, automatic pension enrolment and staff recruitment and retention difficulties, including the related financial impacts arising from the UK leaving the European Union;
- To consider the financial impact of current Welsh Government policies - including recent social services legislation and reforms to social care funding - on local authorities, care providers and service users;
- To consider future social care needs and related costs, including the projected increase in the proportion of the population of Wales of pension age;
- To assess the fiscal levers available to the Welsh Government to reform the arrangements for funding social care. This will include the consideration of alternative models, including international examples, for the funding of social care to ensure a good quality, fair and sustainable service in a time of increasing demands on the health and social care systems; and
- To consider the findings and conclusions of the Parliamentary Review.

Engaging and gathering evidence

8. From 3 October 2017 to 31 January 2018 the Committee ran a public consultation, 24 responses were received from a range of organisations and from individuals. The Committee heard oral evidence from stakeholders, the Minister for Children, Older People and Social Care ('the Minister') on 23 May 2018 and from the Cabinet Secretary for Finance ('the Cabinet Secretary') on 11 July 2018.

9. The Committee would like to thank all those who have contributed to its work.

2. Patterns in demand and spending on social care

2. 1. Current spending

10. Sarah Rochira, the then Older People’s Commissioner for Wales (‘the Commissioner’)¹ told the Committee that social care support is a “critical lifeline” for older people:

“It enables them to regain and maintain their independence, for example, after a fall. It enables them to keep doing the things that matter to them, that give their life meaning. It enables them to take their medication. So, for some, that means it keeps them alive. And it enables them to maintain their personal care.”²

11. A number of witnesses referred to the findings of Wales Public Services (WPS) 2025 report “**A delicate balance? Health and Social Care spending in Wales**”, which reported that:

- day-to-day spending on local authority-organised adult social services has remained broadly flat in real terms in Wales, while in England it fell 6.4% over the period 2009-10 to 2015-16;
- spending through local authorities on social care for the over 65s is not keeping pace with the growth in the population of older people, as such spending per older person has fallen by over 12% in real terms over that period; and
- spending may need to increase by at least £129 million (23%) between 2015-16 and 2020-21 to get back to the equivalent spend per-head in 2009-10. This amounts to a 2.5% year-on-year increase.

12. In its later report, “**Austerity and Local Government in Wales: an analysis of income and spending priorities, 2009-10 to 2016-17**” published in November 2017, WPS 2025 stated that:

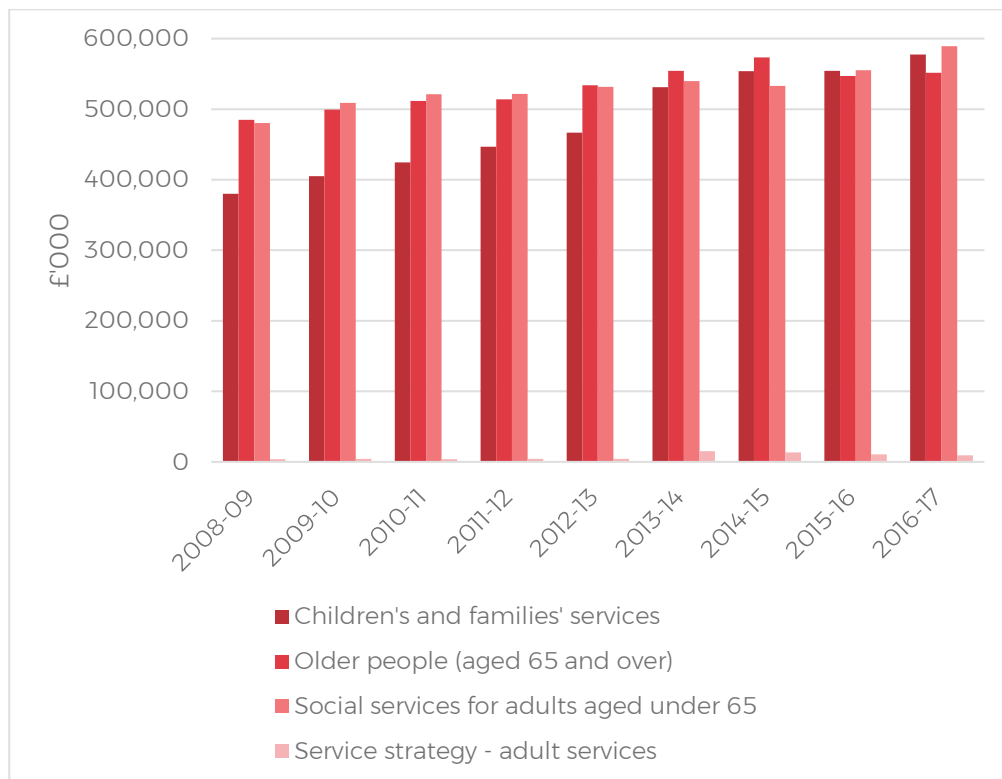
¹ Sarah Rochira was succeeded by Heléna Herklots as Older People’s Commissioner for Wales in August 2018

² Finance Committee, Record of Proceedings, 19 April 2018, paragraph 108

- between 2009-10 and 2016-17, total spending on services by unitary authorities declined by £543 million in real terms, representing an 8.7 per cent reduction in net current expenditure;
- across Wales, total net public expenditure on older adult (aged 65 and over) social care services declined by 0.8 per cent (or £4.3m in 2017-18 prices) between 2009-10 and 2016-17; and
- given the trend in Wales' ageing population, the marginal decline in total revenue spending meant that spending on a per head basis decreased by 14.4 per cent between 2009-10 and 2016-17, equivalent to £149 per adult aged 65 and over.

13. WPS 2025 also reported that the pattern in spending in Wales demonstrated “a clear prioritisation of older adult social care services relative to most other local service areas”. Revenue outturn from StatsWales, shown at Figure 1, sets out social services revenue expenditure by client group from 2008-09 to 2016-17 in cash terms.

Figure 1: Social services revenue expenditure by client group, 2008-09 to 2016-17 (£ thousand)



Source: **StatsWales, Social services revenue expenditure by client group (£ thousand)**

14. WPS 2025 told the Committee that spend by local authorities varied across Wales:

“...certainly the variation is discernible in the data. So, nine local authorities cut their spend per head by a fifth or more. In many authorities, it was pushing something like 30 per cent. In others, there are small increases. We haven't really looked at the key question of what explains that variation.”³

15. The Welsh Local Government Association (WLGA) and Association of Directors of Social Services (ADSS) Cymru welcomed the relative protection in funding provided to local authority social services. However, they stated that the Welsh Government had given the health budget “...significant protection which has seen increases over the past five years” whilst noting that conversely, the local government budget is at its 2004-05 levels. They stated that, given the scale of pressures, social care services “...must be at the forefront of budget considerations over the next five years”.⁴

16. The Committee heard concerns that some older people may not be receiving the same level of care as in previous years as the spend per head by local authorities on social services for older people had decreased, Social Care Wales said:

“...the amount that's being spent on older people by local authorities in Wales seems to be going down, which suggests that more is being targeted at the more complex needs end, which might suggest that there are more people actually at home now not receiving the same level of care that they might have had, say, five years ago.”⁵

17. The Welsh NHS Confederation told the Committee it believed that the reduction in spend per head was partly due to increasing the eligibility threshold for statutory services and partly due to the “rightsizing of packages”:

“Partly, I think it's to do with an increase in eligibility criteria, but it is also partly through improved efficiency and effectiveness, and a kind of rightsizing of packages—a review of existing packages of care and just making sure that people are getting what they actually need. So, I think it's a mixture of both.”⁶

³ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 134

⁴ [Written Evidence: CCAP 21 Welsh Local Government Association](#)

⁵ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 72

⁶ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 106

18. The WLGA told the Committee that the spend per head was decreasing as the number of older people needing support was increasing:

“So, we know the pressures are here, because I think every authority in Wales is facing those pressures now. We know that will increase. The problem is that we just don't have the finance to meet those needs...

Independent research—it's quite clear that the pressures that we face are actually more significant than the pressures that the health service face because of this demographic pressure. Authorities are struggling now, and they will struggle in the future, to meet it. So, we know it's going to increase. It is increasing now, and, despite what we're doing—because the rate of increase is so significant, then, despite the success of changing things, the overall budget is increasing. So, the reason why the spend per head has fallen by 13 per cent is simply because we are supporting far more people, because there are far more older people.”⁷

19. The Minister noted that overall spending in Wales on social services for older people has been protected relative to the Welsh Government's overall budget, reporting an 8% increase in cash terms between 2010-11 and 2016-17 compared to a 3% increase in the Welsh Government's overall resource budget over the same period. He noted this trend is in “stark contrast to the situation in England, where social services have suffered huge cuts over the last six years, falling by 5% in real terms”.⁸

2. 2. Demographic changes

20. The Committee repeatedly heard that the number of older people has been increasing, and will continue to increase in future years. Furthermore, the Older People's Commissioner for Wales noted that parts of Wales, such as the north and South Wales Valleys, have some of the highest levels of older people within the UK.

21. **ONS population projections** published in October 2017 show that the total population of Wales is expected to rise by around 138,000 (or 4.4%) from mid-2016 to mid-2036. In absolute terms, the number of over 65s is projected to increase by 34.8% from mid-2016 to mid-2036 (from 635,000 to 856,000). The over 65s will also represent an increasing proportion of the population of Wales; rising from 20.4% in mid-2016 to 22.9% in mid-2026, then to 26.3% in mid-2036.

⁷ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 19

⁸ Written Evidence: Minister for Children and Social Care

22. The Welsh NHS Confederation noted that Wales currently has the highest rates of long-term limiting illness in the UK, which it says is the most expensive aspect of NHS care. It stated that between 2001-02 and 2010-11, the number of people with a chronic or long-term condition in Wales increased from 105,000 to 142,000 and noted that this figure is expected to rise for a number of conditions, including cancer, dementia and diabetes.⁹

23. A wide range of witnesses recognised that the change in demography had been well documented, making particular reference to the increase in the number of people in the over 85 years old category. Social Care Wales noted that the number of over 85s was growing at an even faster rate than those aged 65 and above, and that Wales has a higher proportion of people aged 85 and over compared to the rest of the UK.¹⁰

24. Witnesses told the Committee that population growth and demographic profile projections indicate that the supply side of social care is struggling to keep pace with demand. A number of witnesses noted a sharp and significant increase in demand across health and social care, in part because of the higher levels of care and support required by people, the complex nature of the support required and the presence of a number of additional health issues co-occurring with a primary one (or “comorbidity”). **Social Care Wales said:**

“...the quantity of demand is growing at a pace. the complexity of that demand is also increasing with the multiple morbidities that people have ...what people want is also changing; their expectations of care are growing ... Similarly, the pressure is then to try and maintain people in their homes for as long as possible.”¹¹

2.3. Changes in demand

25. A number of witnesses noted changes to the type of social care services provided for older people. The **Welsh Government’s Assessments and Social Services for Adults in Wales 2015-16** show the patterns, prior to the new assessment process introduced by the **Social Services and Well-being (Wales) Act 2014**, in the number of adults in Wales receiving community-based care and those in care homes as commissioned by local authorities. The data shows that:

- Over the last decade there has been a declining trend in the number of home care hours provided by local authorities (from 6.4 million hours to

⁹ Written Evidence: CCAP 24 Welsh NHS Confederation

¹⁰ Written Evidence: CCAP 03 Social Care Wales;

¹¹ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 16

2.3 million hours from 2005-06 to 2015-16 respectively). This has been offset by an increase in the number of care hours provided by independent providers (which has increased from 6.4 million hours to 10.2 million hours over the same period).

- The number of adults supported in care home placements has decreased overall since 2003, gradually falling at an average rate of roughly 1.7% per year. Over the period 2007 to 2016, the number of residential placements in local authority care homes has also decreased in absolute terms and as a share of the overall market, from 2,749 to 1,636 adults (or from 18% to 13% of the overall number of residential placements over the same period).

26. The Welsh NHS Confederation told how the demand for domiciliary and residential care had changed in recent years, with demand switching from residential care to domiciliary care and support at home. Its representative said:

“What we're very clear about is that older people do not want to go into residential care primarily; they would like to remain at home as long as possible.”¹²

27. The Welsh NHS Confederation explained that, consequently alternatives to residential care were needed as people become frailer. She said that other types of accommodation were being developed, such as supported as assisted living, which offered an opportunity for people to stay in their own communities but in an environment which has enhanced support. She believed more progress is needed to ensure that type of accommodation is available across Wales.¹³

28. The Committee heard that there is still a need for good quality social care but there has been a change in the type of care required, as many more patients with complex needs require nursing care:

“What we have seen is the pattern of that change over time, where people who are accessing residential care with nursing are much more complex than they may have been, or there are more patients of more complexity than there would have been, say, a decade ago. So, making sure they're well staffed and well provided for is a key element of the whole package of care. But it's been very clear to me, to our region, and to the NHS and social care partners that the pattern is needing to

¹² Finance Committee, Record of Proceedings, 7 March 2018, paragraph 10

¹³ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 11

change. The pattern's already started to change but there's much more for us to do.”¹⁴

29. The WLGA also commented on the change in demand for services for older people:

“We have been successful in keeping more of them at home, and keeping them at home for longer. But, as they do come into care, ... they then need far more bigger packages, and that's why the overall cost will continue to rise. Because even keeping people at home has a cost implication. That is not cost-free and that's what we're doing.”¹⁵

2. 4. Data

30. Evidence identified the lack of data as an issue in identifying unmet need in service provision. Age Cymru reported that their colleagues at Age UK could use the **English Longitudinal Study of Ageing (ELSA)** along with demographic data to estimate the level of unmet need, but noted that they were not able to do the same since that information is not available in Wales.¹⁶

31. WPS 2025 noted that models, such as ELSA would improve the evidence base.¹⁷ Its representative told the Committee that, in this area, Wales lacked a:

“...comprehensive, representative, longitudinal survey within which to track an individual over their life course, see how they interact with the care system, see how individuals with life-limiting conditions are treated by the care system at different time points, therein which you could measure the policy decision...”¹⁸

32. While noting that the Health Foundation projection in respect of future demand was “pretty robust”, WPS 2025 also noted:

“...if you're actually trying to fix a certain level of health and well-being, then we don't have the data within which to make any reliable projection.”¹⁹

¹⁴ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 14

¹⁵ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 19

¹⁶ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 48

¹⁷ **Written Evidence: CCAP 17 Wales Public Services 2025**

¹⁸ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 130

¹⁹ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 157

33. The Minister referred to research, commissioned by Welsh Government and carried out by LE Wales, however, he noted:

“There is no direct evidence that indicates what the level of demand for social care would be in the longer term for an older population.”²⁰

34. The Minister told the Committee:

“But we can see the scale; even if that modelling isn't precise, isn't exact, it's giving us a pretty good indicator of where we're heading and the scale of what we need to respond to in Wales and in the UK, and every other western nation.”²¹

35. The Minister noted that Welsh Government is able to draw on the ELSA but reported that other information was available, referring to a longitudinal study that Bangor University and Swansea University had undertaken looking at health and cognitive function in older people over 65 years old.²² However, he also noted that the Welsh Government was scoping “more targeted research to produce a clearer picture of future demand and a more accurate base to model our costs that might come forward”. He added:

“But there are some unknowns around this as well, and part of that great unknown is how we respond to this. And if we do things differently in Wales, then the financial implications, let alone the health and well-being implications, could be quite different.”²³

2. 5. Future funding required for adult social care

36. The WLGA and ADSS Cymru stated that, by 2021-22, the overall financial pressure on local government is estimated to amount to £762 million, which comprises:

- workforce pressures (£378m);
- demographic pressures (£239m); and
- other inflationary pressure will account for £145m.

37. It states that £344 million (or almost half) of the pressure on expenditure will relate to social services. Within social services budgets, demographic pressures

²⁰ **Written Evidence: Minister for Children and Social Care**

²¹ Finance Committee, Record of Proceedings, 23 May 2018, paragraph 10

²² CFAS Wales - Maintaining Function and Well-Being in Later Life

²³ Finance Committee, Record of Proceedings, 23 May 2018, paragraph 13

account for roughly half of the forecast growth for 2018-19 and this proportion increases gradually up to 2021-22. Direct and indirect workforce pressures account for the remainder.

38. The Committee heard that, although people are moving towards starting to require care later in life, people are living longer and are developing chronic conditions, often multiple conditions, which can require intensive care packages. Consequently, the demand for intensive support is expected to increase in future years, WPS 2025 told the Committee that such factors had been taken into consideration in projecting the future increased demand for social care:

“The Health Foundation's 4.1 per cent figure, which has been quoted widely, does incorporate those changes in age-specific chronic illness prevalences. So, they are modelled into their numbers, thus explaining the £480 million, £460 million rise that they think will be needed by 2030-31.”²⁴

39. A number of witnesses told the Committee that the current funding position is not sustainable, the Welsh Local Government Association said:

“...the pressures that we face are very significant, and we anticipate in the future authorities struggling to meet those costs. So, we need, together, to come up with a solution for that that makes it sustainable, and not just this year, but for the next five to 10 years.”²⁵

40. Consistent with evidence given by a number of other witnesses, the **Minister** reported that demographic change was the “most significant” factor for the increase in the cost of social care. However, the **Older People’s Commissioner for Wales** refuted claims that cost pressures were solely due to the changing demography and the ageing population:

“We see the pressures that we face are because we're a nation of older people, we're all living longer—it's a good thing, but we all need more care—and that's where the cost burden comes from. But it's not true. The reality is that the costs faced by our social care services—less than half of those were accounted for by older people. At any one time, only one in 10 older people are using social care services. The reality is also—and we know this from published research—that demographic change accounts for a very small proportion of cost pressures in health and social care. So, that begs the question: where did the big cost pressures

²⁴ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 145

²⁵ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 20

come from? Because they do not come from being a nation of older people.”²⁶

41. Instead, the Commissioner told the Committee she believed pressures resulted from the costs relating to other factors such as improving quality in the system, system changes including technological advances, and system inefficiencies, including the cost of appeals and duplication.²⁷

42. The Cabinet Secretary referred the Committee to the recent Review of Health and Care²⁸ which outlined four key factors in driving up costs, with demographics being top of the list. He said the outcome of that review was a projection of 33 per cent growth in the population over 65 in the UK and a 2 per cent rise in the working-age population. The other factors were a rise in chronic illnesses, technological possibilities and the public’s expectations of services.²⁹

43. The Cabinet Secretary acknowledged the projections made in the various reports as to how the cost of providing social care is likely to increase as a result of increase demand. However he warned that it was “wise to avoid being over-deterministic in this field” given that all of the projected costs were “sensitive to the assumptions that underlie them”. He explained that making a slightly different assumption in relation to any of the factors involved could result in very different costs.³⁰ Notwithstanding that, the Cabinet Secretary did not dispute the direction of travel.³¹

44. The Cabinet Secretary went on to say that it was important to be mindful of the impact of funding changes when assessing future demand, telling the Committee that when a generous system is put in place, more people will take advantage of it. He cited examples in Germany and Japan and the introduction of free personal care in Scotland, where actual costs were higher than predicted as the estimates had not adequately predicted latent demand.³²

The Committee’s view

45. The Committee notes the acknowledgement by stakeholders that overall, spending on social care in Wales has been protected in relative terms during the years of austerity cuts faced by public bodies. However, despite such protection,

²⁶ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 163

²⁷ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 164

²⁸ [The Lord Darzi Review of Health and Care](#)

²⁹ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 14

³⁰ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 7

³¹ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 10

³² Finance Committee, Record of Proceedings, 11 July 2018, paragraph 15

spending per head on the over 65s has decreased by 14% between 2009-10 and 2016-17 as a consequence of an increasing population. This has occurred at the same time as the budget for the NHS has been given significant protection by Welsh Government. The Committee is concerned that, unless action is taken, continuing pressures on social care budgets will result in inadequate service provision for older people.

46. It is evident from the substantial research work undertaken that the number of older people is going to increase. Whilst it is difficult to say with much degree of accuracy how much of an increase there will be and the impact of this on services, the message is clear – there will be a steady rise in the proportion of the population who are over 65 and the number of over 85s is projected to increase at an even faster rate.

47. There will be pressures in demand as a consequence of demographic changes and the complex nature of care and support needed by those with additional health issues co-occurring with a primary one. Public services must prepare now in readiness to meet this future need.

48. The Committee has heard how pressures on the provision of social care services can impact on the NHS and the costs incurred by it. Social care must be able to deliver the care that is needed by an ageing population to prevent longer term pressures on the NHS.

Conclusion 1. The Committee believes that the lack of data, including that in respect of current unmet demand, is an issue and models, such as the English Longitudinal Study of Ageing would improve the evidence base in Wales. The Committee welcomes the work by the Welsh Government in scoping more targeted research and the work being done at Bangor and Swansea universities in undertaking a longitudinal study, looking at health and cognitive function in the over 65s. The Committee believes that it is fundamental that such data is available for Wales to project the total future demand, and plan the delivery of, social care services for older people.

Recommendation 1. The Committee recommends the Welsh Government continues scoping more targeted research building on the health and cognitive study carried out by Bangor and Swansea universities. This would ensure the most accurate data is available for projecting the total demand for social care services for older people.

3. Social Services and Well-being (Wales) Act 2014

49. The **Social Services and Well-being (Wales) Act 2014** (the Act) aimed to consolidate social services legislation as it applied in Wales and enable the introduction of new policies. It placed a new emphasis on preventative services and wellbeing, provision for national eligibility criteria for accessing services, assessments that are portable across local authorities and greater emphasis on collaboration and partnership working to achieve stronger well-being outcomes for care recipients.

3.1. Eligibility criteria

50. A number of witnesses expressed their concerns about how local authorities are applying the eligibility criteria contained in the Act. Witnesses asserted that the new criteria mean that people are only eligible for care and support if their needs “can and can only” be met by social services.

51. Age Cymru noted that as eligibility criteria have tightened year on year, fewer and fewer people are eligible for state-provided social care and informal carers are increasingly relied upon to fill gaps in provision. Age Cymru also reported that it has heard from older people who feel that the assessors have made unreasonable assumptions about their ability to cope without formal support.³³ It stated that this is “pushing more and more individuals and carers to crisis point, ultimately costing the NHS more” and went on to say:

“The aim of the eligibility criteria is to increase access to and use of locally based preventative services, but we fear that it is actually being used as a means to deny much needed formal support.”³⁴

52. Age Cymru told the Committee that as eligibility criteria were tightening, people were not receiving the support they would once have had:

“I think the issue that we have at the moment is that in terms of the care being provided by local authorities now, the eligibility criteria is tightening, so it's such that the people who would previously have been getting care aren't getting care now. I think that's been a change we've been seeing over the last, I guess, five to 10 years, but it's certainly

³³ Written Evidence: CCAP 19 Age Cymru

³⁴ CCAP 19 Age Cymru, paragraph 24

becoming sharper now. I think that gives us some worries that the pressures there will be popping out in other areas of the system.”³⁵

53. ADSS Cymru acknowledged there was a perception that local authorities were providing less support, but said it was due to different ways of working:

“I haven't seen any significant movement as far as eligibility criteria are concerned. I can certainly understand why perhaps that perception is out there because, I think, as a consequence of the Social Services and Well-being (Wales) Act 2014, we're having very different conversations with people. ... I think what we're seeing is the pace and the face of social care changing and the perception of that, from different people, could well be, 'Well, actually, you've tightened your belts and you've tightened your eligibility criteria.' I just think it's a reflection of the fact that we are working and thinking very differently now than we were four or five years ago.”³⁶

54. The WLGA told the Committee there was now a greater focus on re-ablement support, which many people were receiving in place of traditional care:

“We're still helping and supporting people, but to keep them independent; they're not accessing the traditional, conventional care package. But that's about their welfare and well-being, as much as it's about savings—it does save as well, but it's primarily about what's better for them in the long term.”³⁷

55. The Minister acknowledged there was a perception among some stakeholders that local authorities were tightening eligibility criteria in order to not provide some social care services. However, he highlighted that the WLGA, ADSS and others had told the Welsh Government that eligibility criteria were not being used to restrict access to services in light of financial constraints. He added:

“...we as Welsh Government would not expect that to be happening. We are told it is not actually happening on the ground. We would not want to see that happening, come what may.”³⁸

56. The Minister reported that Welsh Government had commissioned work around monitoring the outcomes under the Act. He noted that Phase 1 of monitoring had been completed and officials were progressing to Phase 2

³⁵ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 26

³⁶ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 72

³⁷ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 76

³⁸ Finance Committee, Record of Proceedings, 23 May 2018, paragraph 28

(Measuring the Mountain), which would include a formal evaluation for which there would be “person-citizen direct input” as well as contributions from professionals.

3. 2. Unpaid or volunteer carers

57. The Committee heard from various sources about the significant contribution made by unpaid carers towards caring for family members or friends. Evidence from Carers Trust Wales reported data from the **last UK Census in 2011** and other research, including its own analysis, showed that:

- over 370,000 people in Wales provide unpaid care for a disabled, seriously ill or older person, representing 12% of the population of Wales;
- unpaid or volunteer carers deliver 96% of care within the community;
- 65% of older carers (aged 60–94) in the UK have long-term health problems or a disability themselves;
- 68.8% of older carers in the UK say that being a carer has an adverse effect on their mental health. One third of older carers say they have cancelled treatment or an operation for themselves because of their caring responsibilities;
- Wales has the highest proportion of carers in the UK in “almost every category”, including the highest proportion of older carers and the highest proportion of carers providing over 50 hours of care a week;
- the number of carers aged 85 and over in the UK grew by 128% in the last decade;
- by 2030, there will be more than 760,000 carers aged 80 and over in the UK.

58. Evidence indicated that informal carers are often relied upon to provide unpaid services or fill gaps in service provision, particularly when there are pressures on public funding or when there are fewer people who are eligible for state-provided social care. Social Care Wales described the extent of the dependency in Wales on informal care:

“...there's a huge dependency there ...It's among the highest levels in Europe as the figures quote. I think what we've got to recognise, if you're moving from a model of care homes to domiciliary care, where there isn't 24-hour cover, somebody is picking up some of those gaps

there, or people are being left on their own and becoming very isolated... we've got to acknowledge the role that the informal carers, neighbours, et cetera, are doing, and provide the necessary support to ensure that it's not at the expense of those individuals that that is happening.”³⁹

59. Carers Trust Wales and Older People’s Commissioner for Wales referenced the economic contribution made by unpaid carers in bridging the gap by providing care for their loved ones, both referred to this being in the region of £8 billion. The Commissioner said that many carers were “on their knees” as they struggled with the pressures of providing that care and that the level of demand for unpaid care was outstripping the number of unpaid carers, and warned:

“...the state, in no small part, has been carried by unpaid carers for many, many years, if not decades. We cannot assume that that will continue.”⁴⁰

60. The Minister acknowledged the importance of this contribution:

“The Welsh Government appreciates the immense value and benefit unpaid carers provide, not only to the loved one they care for but also the huge contribution they make to relieve the pressure on the social care sector. If we are to respond to the increasing demands from an ageing population we must continue to value and support unpaid carers where ever possible.”⁴¹

3. 3. Carers’ assessments

61. The Act includes strengthened social services support for carers – defined as “a person who provides, or intends to provide care for an adult or disabled child”, including providing rights to assessment and support for eligible needs. It also states that local authorities have a duty to provide information, advice and assistance.

62. The NHS Confederation highlighted that the time informal carers spend providing care places more pressure on their own mental health and emphasised the need to be:

³⁹ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 81

⁴⁰ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 113

⁴¹ Written Evidence: Minister for Children and Social Care

“...very mindful of the burden that we are placing on this significant group of people and the key role that they play in helping us to support the population.”⁴²

63. The NHS Confederation also told the Committee that carers had been “singled out as a priority in many if not all of the regional partnership boards, so you'd expect to see each region in Wales have a plan for how they're going to be supporting carers”. However, the representative conceded that more should be done around access to respite and enabling people to “recharge their batteries”. Her colleague referred to respite services coming under “real pressure” with reductions being seen as a consequence, noting:

“And, actually, I think one of the impacts of the reduction in overall funding to local authorities and both their wish and their need to protect statutory services means that things like respite services have come under real pressure, and we're seeing those services reduced as a consequence. That, obviously, doesn't help to support the preventative agenda and look after our caring workforce.”⁴³

64. Age Cymru and the Carers Trust Wales reported issues in respect of carers assessments, in terms of the whether assessments are being carried out, and, where they are being carried out, whether needs are being assessed correctly. Age Cymru said:

“One of the concerns that we're having is that, actually, people aren't reaching assessment. We are seeing more and more people who are receiving information, advice and assistance from local authorities, they're being directed to the sector providers, they're being directed away from the assessment process. We did a freedom of information request last year. The variation in needs assessments across local authorities bore no relation as to what we could see in terms of the population, the demographic, the disadvantage in those communities. So, we're concerned that there is something that's not right there in terms of the levels of needs assessments that local authorities are making.”⁴⁴

65. This view was supported by the Older People's Commissioner for Wales, who told the Committee that she still meets many carers “who don't know that they're

⁴² Finance Committee, Record of Proceedings, 7 March 2018, paragraph 79

⁴³ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 85

⁴⁴ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 31

entitled to support and haven't had an assessment."⁴⁵ The Commissioner also told the Health Social Care and Sport Committee on 9 May 2018 that, based on Welsh Government figures, in the context of there being 370,000 unpaid carers, last year 6,200 carers had an assessment. Of those, 1,200 went on to get an offer of support, saying:

“...notwithstanding the fact that you need to be careful how you interpret figures, that seems to me to be very, very low and begs the question as to whether carers are getting the assessments that they need.”⁴⁶

66. Carers Trust Wales told the Committee of the need for more effective monitoring of carers' needs assessments:

“We would argue that there needs to be a greater national steer in terms of monitoring the effectiveness of carers' needs assessments. At the moment, we have some concerns not only that the number of assessments really isn't being looked at, but how and where they're being delivered, what they're picking up—it's not being considered. I would be concerned that there is some level of unmet need that hasn't been identified and therefore can't be factored in. When we're looking at the funding gap, we don't know what gap we're bridging because we haven't fully assessed the need that is there in the broadest possible sense of the term. It's not about supporting carers to be able to cope with their caring responsibilities. It's about supporting them to live healthy and fulfilling lives alongside their caring role.”⁴⁷

67. When asked about such assessments, the Minister said that the level of formal support to carers following assessment is “not inconsistent with the wider population assessments in terms of support packages”. However, he added:

“I think you're right in that we're probably only scraping the surface at the moment in terms of getting to those carers.”⁴⁸

68. The Minister told the Committee that £3 million of the total allocation of £50 million funding for the **Integrated Care Fund 2018-19** is specifically for the support of carers.

⁴⁵ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 115

⁴⁶ Health, Social Care and Sport Committee, Record of Proceedings, 9 May 2018, paragraph 84

⁴⁷ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 36

⁴⁸ Finance Committee, Record of Proceedings, 23 May 2018, paragraph 43

69. A number of witnesses welcomed the Welsh Government’s Integrated Care Fund (ICF). The Minister stated that the Welsh Government has provided more than £150 million in revenue since 2014-15 to regional partnership boards via the ICF. He highlighted that, in 2018-19, the Welsh Government is “adding to this by providing regional partnership boards with a further £50 million revenue support”.⁴⁹

70. When asked by the Committee for the reasons for the positive impact of the ICF, the **Welsh NHS Confederation** said:

“I think part of what that is is that it removes the tension about problems in the different arrangements that we have in health funding and social care funding - the different accountabilities, the different ways in which we access funding, having the conversations about - . Fundamentally, we are dealing with a system where demand is higher than the capacity that we have, and so having funding where we don't have to argue about how much each is putting into that pot and how much risk we are each bearing enables us to more easily progress new ways of working.”⁵⁰

3. 4. Limiting the impact of fees and charges

71. Under the Act and its associated regulations, charges for non-residential care in Wales remain capped and the means test for assessing these charges includes a capital threshold of £40,000 (increased from £30,000, having been £24,000 prior to April 2017) for contributions from assets, although the value of property is not included.

72. As part of its reforms to the means test for care charges, the Welsh Government has also increased the non-residential care charge cap to £80 per week from April 2018 (£70 per week from April 2017), and plans to further increase it to £100 per week by 2021.

73. The **Local Government Revenue and Capital Settlement 2017-18** included £4.5 million to fund the increase, from £24,000 to £30,000, in the capital limit used by local authorities that charge for residential care. However, a number of witnesses told the Committee that, while attractive to the public, such policies take funding out of the social care system that is not replaced.

⁴⁹ **Written Evidence: Minister for Children and Social Care**

⁵⁰ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 50

74. In a written statement on 9 April 2018, the Minister reported that Welsh Government was providing further recurrent funding of £7 million through the local government settlement for 2018-19 to fund the most recent increase, stating that:

“We have been, and will continue, to monitor the impact of these increases to not only be aware of the benefits they are realising for care home residents, but to ensure the funding we are providing remains appropriate.”⁵¹

75. Care Forum Wales noted that:

“The feedback we get from local authorities when negotiating fees is that although there is some grant to replace the money that they are having to spend in addition because of the increase in the capital limit—we certainly have had feedback from a number of authorities that that doesn't cover what they are paying and that that is one of the reasons for the pressure on their costs and how much they can therefore afford to pay to providers.”⁵²

76. The WLGA said that the increase in the cap has been welcomed and made a difference to people. When asked by the Committee whether the Welsh Government allocation fully funded the increase in the limit, they said:

“Well, we're still working through that, if you like, because the cap is being raised on an annual basis. We're still identifying the pressures.”⁵³

77. The Minister said that independent research commissioned by the Welsh Government had found that, against an allocation of £4.5 million, local authorities had incurred – at the midpoint – additional spending of £2 million as a result of the increase in the capital threshold to £30,000. He described this as “quite a positive position”.⁵⁴

78. The Committee heard that there is a lack of awareness and confusion about paying for adult social care. Social Care Wales reported that there is “widespread anecdotal evidence that people are confused about paying for care when healthcare is free at the point of delivery”. When asked whether the public

⁵¹ [Written statement: Minister for Children and Social Care](#)

⁵² Finance Committee, Record of Proceedings, 21 March 2018, paragraph 200

⁵³ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 89

⁵⁴ Finance Committee, Record of Proceedings, 23 May 2018, paragraph 58

understand the difference between health and social care, the Older People's Commissioner for Wales said:

"No, of course they don't'. It couldn't be more complex at the moment if we tried to make it more complex."⁵⁵

79. The WLGA recognised the complexities and told the Committee:

"...I think we have to, as local authorities, get smarter in terms of communicating to our citizens what the charges are and what they're going to be, just to give people the information so they can make well-informed choices."⁵⁶

3. 5. Reducing the variation in fees across local authorities

80. Under the Act, charges for residential and non-residential care are now subject to a single framework, although the criteria for financial assessment differ. The Minister stated:

"While we have taken some actions in this area ... they have not to date been able to address more than just the element of funding which derives from recipients paying for the care and support they receive. We need to address the wider funding required to meet the full cost of care and support provided and as a result, this is reflected in our commitment in *'Prosperity for All'*, we are 'developing innovative funding models to ensure funding is available to help meet future demand for social care'.⁵⁷

81. Social Care Wales mentioned that fee rates varied across local authorities and providers, and that "it has become very complex in terms of the negotiations and the differentials", particularly when local authorities provide services across more than one local authority.⁵⁸

82. The Minister told the Committee that the Welsh Government was working with the sector, including providers of social care services, "to develop a toolkit to help, first of all, local authorities set fair and appropriate and transparent fees for residential care places". While the aim was not to set the same fees across Wales,

⁵⁵ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 180

⁵⁶ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 83

⁵⁷ Written evidence: Minister for Children and Social Care

⁵⁸ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 43

the Minister reported that this would help harmonise levels and address the “gap between publicly funded and privately funded placements”.⁵⁹

3. 6. Fee rates

83. Witnesses noted a disparity of fees paid in the care home sector between local authority funded and self-funding residents, with the Older People’s Commissioner for Wales noting that the higher costs charged to self-funders are in effect being used to cross-subsidise the costs of individuals placed by local authorities.

84. Care Forum Wales told the Committee this was a reality:

“I don't think, in an ideal world, that it is right, but that is the situation. Providers are faced with a situation—sometimes you make extra charges for better rooms and extra facilities et cetera, which I think is a slightly different thing, but ultimately you have to find a way to be viable, and if you can't negotiate higher public sector fees—. This is something I think that both local authority and health board commissioners have turned a blind eye to, not because they think it's right, but because they recognise that the alternative involves them paying more.”⁶⁰

85. The WLGA and ADSS Cymru reported that:

“On-going financial austerity measures for local authorities mean that there is little scope for cost pressures to be reflected adequately in prices paid for care in the near future. Increases in costs cannot be absorbed by care providers indefinitely (nor cross-subsidised by self-funders) and unless a more strategic and sustainable solution is found, there will be significant consequences across the social care market.”⁶¹

86. The WLGA cited:

“...the well-established argument that, actually, self-funders are currently subsidising local authority resident citizens. And I think that is something that we really, perhaps, don't concentrate on, but according to LaingBuisson, people who pay for their own care homes are

⁵⁹ Finance Committee, Record of Proceedings, 23 May 2018, paragraph 65

⁶⁰ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 198

⁶¹ Written evidence: WLGA and ADSS Cymru

subsidising local-authority-funded residents by more than £100 a week. It is significant. There is not parity within the system.”⁶²

87. The final report of the **Competition and Markets Authority’s (CMA’s) study into residential and nursing care homes for older people** looked, from a UK perspective, at how well the care homes market was working for self-funders who purchase care services themselves, as well as for those individuals whose care is funded by the public sector:

“We have identified 2 broad areas where we have found problems in the market:

- Those requiring care need greater support in choosing a care home and greater protections when they are residents.
- The current model of service provision cannot be sustained without additional public funding; the parts of the industry that supply primarily local authority¹ (LA)-funded residents are unlikely to be sustainable at the current rates LAs pay. Significant reforms are needed to enable the sector to grow to meet the expected substantial increase in care needs.”

3. 7. Prevention

88. Cardiff Council, the Older People’s Commissioner for Wales and WLGA/ADSS expressed their view that preventative services must be a core priority for Welsh Government, with the latter asserting that the philosophy is in line with both the Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015. The Older People’s Commissioner for Wales emphasised that preventative services reduce demand and that a long-term vision is needed.

89. The WLGA cited developments in telecare support as an example of preventative measures being implemented, but called for a primary prevention fund in order for sectors to work together to further develop such initiatives:

“We’ve got over 2,000 people in Bridgend, and we’re keeping them safe at home through telecare. So, instead of putting them, as we would have 20 years ago, in a residential care home, at home it provides security to the families, but it also provides comfort to the individual, they get help when they need it, and it keeps them independent. That’s

⁶² Finance Committee, Record of Proceedings, 19 April 2018, paragraph 54

happened across Wales, but we need some significant investment in that, so that's why we're calling for a primary prevention fund across Wales, so we can develop more of those services, because we've got to develop them at pace.”⁶³

90. The Older People’s Commissioner noted the importance of involving the Third Sector in developing and implementing preventative measures:

“I think it's also important, when we think about the third sector and their role in prevention, that we think about prevention on a much wider basis because we know, for example, that healthcare only accounts for about 10 per cent of the population's health. It's why I talk about buses—the concessionary bus pass is a lifeline for people. It's why I talk about public toilets: public toilets are good for individuals' health. It reduces demand on wider public services, and they're good for the economy as well. So, they absolutely would be one of my five areas to really, really invest in because they go to the heart of the primary prevention agenda in a way that no other body can, because they're flexible, they're quick on their feet, and they're inherently bound up with what the individual wants. They go to the places the state can't in a way that the state never will be able to.”⁶⁴

91. **WPS 2025** noted that it was difficult to tell from data whether some of the resources spent on preventative measures were achieving their objectives.⁶⁵

92. The official supporting the Cabinet Secretary referred to the emphasis being put by the Welsh Government and others such as the Future Generations Commissioner on preventative action to ensure that people lived fulfilled lives for as long as possible. She commented that this added another uncertainty to the projections for future demand, in terms of the impact good preventative action could have on the need for social care in the future.⁶⁶

93. The Cabinet Secretary referred to the report published by the Fabian Society in July 2018, “**A Picture of Health, The NHS at 70 and its future**”, in respect of paying for care. He said:

“The paper argues that the biggest contribution to social care is actually pensions, disability benefits and the money that is paid through

⁶³ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 52

⁶⁴ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 132

⁶⁵ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 132

⁶⁶ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 29

housing benefit at the moment in the Supporting People field, and if you count all of that, the paper argues that the focus on paying for care has been much too narrow and needs to be broadened and to take in the 100 per cent of investment and to think how that might be used better to support people for longer in their homes in the future.”⁶⁷

The Committee’s view

94. The Committee heard concerns about how local authorities are applying eligibility criteria for publicly funded care, with some suggestions that criteria are being tightened to limit the number of people receiving that care. However, it also heard that this was a perception associated with local authorities taking a different approach in light of the Social Services and Well-being Act, with the aim of enabling older people to remain independent. The Committee firmly believes that Act is the crucial driver in the provision of social care in Wales, and the eligibility criteria must be implemented in a way to ensure the correct balance is met between meeting the needs of those who require care and making the best use of alternative approaches. It is important that when people are offered alternative methods to the traditional publicly funded care they expect, they receive an explanation as to how that alternative approach will meet their needs.

95. The Committee believes there needs to be a deeper understanding of how services and their costs are interrelated. It is concerned that, in responding to financial pressures, local government has made cuts to non statutory services, such as libraries and leisure centres but there is evidence that these are important to the overall health and well-being of older people.

Conclusion 2. The Committee recognises the role played by non-statutory services in contributing to the well-being of the local population, particularly older people, when making funding decisions. Reducing these may bring savings to some aspects of a local authority’s budget, but can impact on the cost of other services, such as social care and NHS. This can have serious financial implications, as often, the cost of the impact can be more expensive than the savings made.

96. The Committee heard evidence about the positive impact of the Welsh Government’s Integrated Care Fund and its role in supporting collaboration and partnership working across social services, health, housing, the third sector and the independent sector. Such initiatives will be important in the delivery of

⁶⁷ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 34

recommendations made in the Parliamentary Review of Health and Social Care and the Welsh Government's long-term plan for health and social care.

97. Strong evidence was heard about the pivotal role played by volunteer carers in providing care for loved ones. The contribution made by these 370,000 or more people in Wales is invaluable, and the Committee acknowledges that without their dedication, the pressure on public services would be even more considerable, as evidenced by the £8.1 billion contribution such unpaid or volunteer carers make to the economy each year. However, such a dependency on volunteer carers is not sustainable, particularly as many of those providing the care are ageing themselves. Carers must receive the support they need to live fulfilling lives themselves. The Committee is aware that the National Assembly's Health, Social Care and Sport Committee will be undertaking an inquiry into the impact of the Social Services and Well-being Act in relation to carers in Autumn 2018 and welcomes this important work.

Conclusion 3. The Committee was very concerned to hear of issues in respect of whether the assessments that carers are entitled to under the Social Services and Well-being Act are being carried out and whether those needs are being assessed correctly. The Committee noted that the Welsh Government had commissioned work around the monitoring of outcomes under the Act. However, it believed that there was need for a specific review of the access to, and delivery of, carers' assessments.

Recommendation 2. The Committee recommends that the Welsh Government conducts a review of carers' assessments to evaluate whether an intended effect of the Act to strengthen support to carers is being achieved. The outcomes of the review should be reported to the Assembly.

Conclusion 4. The Committee is concerned that there is a lack of awareness about paying for adult social care, with the current arrangements being complex and can lead to unfairness in respect of those eligible to receive publicly funded formal support. It welcomes the increases in the capital threshold and the difference these have made to individuals.. It notes from the evidence presented that local authorities had passed the additional funding over to providers in full, and believes they should continue to do so in future. However, it notes some concern that additional Welsh Government funding to local authorities has not been sufficient to cover "lost" revenues. The Committee notes that local government is assessing whether the funding is sufficient to cover the revenue lost and that the Welsh Government is monitoring the position, with funding found to be sufficient at the mid-point.

Recommendation 3. The Committee recommends that Welsh Government continues to monitor the funding provided to local authorities to ensure that they are able to continue to fulfil their obligations in light of increasing the capital threshold.

Conclusion 5. The Committee believes that a situation where self-funders often subsidise the fees paid by local authorities is both unsustainable and inequitable. Local authorities need to be realistic and ensure that their rates reflect the true cost of providing care. The Committee understands that increasing rates can be difficult for local authorities, particularly when they are faced with the constraints of reduced budgets, and believes that new funding approaches will be fundamental to ensuring the sustainability of providing social care in the long-term.

Recommendation 4. The Committee recommends that the Welsh Government prioritises the completion of its work in developing a toolkit for fee setting with partners and undertakes more work to ensure that the public understand fees and charging for care.

4. Financial pressures

98. The Committee has heard that cost pressures come at a time when local public services have faced significant cuts. Witnesses have stated that a series of factors have increased, or will further increase, the cost of providing care services.

4. 1. Fragility of the provider market

99. Evidence from the **WLGA and ADSS Cymru** noted that pressures faced within social care have meant that the provider market has been fragile for some time and all the signs are that the difficulties will only increase. ADSS told the Committee that local authorities were responding to the fragility in some instances by beginning to insource service provision again:

“I think one of the great issues that we have in Wales at the moment is the fragility of that independent sector market, regardless of what type of service—whether it's residential, nursing, domiciliary care; it doesn't matter.”⁶⁸

“One of the ways authorities are responding to that fragility is actually, in some instances, by beginning to insource again. Because the level of exposure to the independent sector is so great and the risk attached to that is so significant, many authorities are beginning to take care back. In my own authority, we've got a balance at the moment of 30 per cent in-house services, 70 per cent external. That isn't an unfamiliar situation to be in, but the sustainability of that market is a major concern for us.”⁶⁹

100. In its 2015 report, **“The Care Home Market in Wales: Mapping the Sector”** the Public Policy Institute for Wales (PPIW) noted that most care home providers identified pressures across all major areas of expenditure. Social Care Wales told the Committee that some domiciliary care providers were returning their contracts to local authorities:

“I think perhaps the most worrying symptom there, in terms of how providers are responding, is the numbers who are now returning their contracts to local authorities, saying that they cannot provide at that fee level, which I think is a matter of significant concern, really.”⁷⁰

⁶⁸ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 29

⁶⁹ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 30

⁷⁰ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 33

101. The ADSS told the Committee that the prospect of care providers returning their contract was a reality and a concern for local authorities across Wales:

“I think the bigger concern at the moment probably relates to the domiciliary care market. I think there are very few authorities in Wales that haven't had packages of care handed back. I certainly had a very significant issue in my own authority—80-odd packages of care, 1,000 hours a week that had to be re-provisioned, because what providers are now doing is costing existing packages of care and, quite frankly, if those packages of care are not providing a return, then they're handing those packages back to local authorities. We have no other route other than to recommission those packages of care, some of which you can do with other private agencies, some of which you have to bring back in-house.”⁷¹

102. Carers Trust Wales highlighted issues around the commissioning of services, not covering staff travel costs and the small amount of time allocated to each call as reasons why independent providers have returned contracts to local authorities:

“Commissioning has presented challenges, certainly for our network partners. There are some financial disincentives, for example providing domiciliary care, the cost of travel between calls in rural areas—it's not being paid for. So, this cost is prohibitive both in terms of meeting the pay of the care worker to drive to that appointment but also the cost of the travel.... So, for some rural areas, our network partners have reported ceasing to provide domiciliary care in rural and remote areas, because they can't be commissioned at a rate at which it's affordable to do so. Fifteen-minute calls, for example, is another issue that some of the associated benefits of attending a call at home, particularly for our network partners who are there to provide respite for carers themselves—. To give that human contact, potentially to signpost and support, to engage them—they can't do that in 15 minutes. So, it doesn't meet the values and the purposes of that voluntary sector organisation, so they don't engage in delivering that type of service. So, again, it narrows the market.”⁷²

“...Providers have not been paid for cancelled calls by local authorities, so, again it impacts on the viability of the service, and in the same vein,

⁷¹ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 36

⁷² Finance Committee, Record of Proceedings, 21 March 2018, paragraph 55

some local authorities have changed the methods through which they're paying, from paying in advance to in arrears. That has a huge impact on the cash flow of small organisations, and within our own partnership, larger organisations have had the reserves to withstand those kind of last minute changes—that's not something smaller organisations can do. So, if we want to keep a plurality of providers and more innovative approaches, really, different approaches to how care is provided within a community, we need to support all types of providers, and I would have some concerns that commissioning processes haven't supported that."⁷³

103. Care Forum Wales said it believed a significant issue contributing to the returning of contracts was recruiting enough staff in to the domiciliary care sector, and called for the status of care workers to be enhanced:

“We have got to do something very substantial to change the status, and, I have to be honest, it's not going to just be registering people If we simply register them ...—and we don't have a proper financial structure that people can understand, and that they can see a future, we're not going to get people to want to come into the sector and stay in the sector, and that is going to be a massive issue.”⁷⁴

104. The Welsh NHS Confederation told the Committee that it was aware of home closures within the residential care sector, particularly affecting smaller homes often based within communities:

“I know that particularly north Wales are under a lot of pressure. I've seen a couple of small homes in Powys—. And it particularly affects those where the critical mass of beds is not there—so, the smaller, more independent homes, which often are those more local homes to people rather than the big 60-bedded areas.”⁷⁵

105. ADSS Cymru also highlighted the closure of care homes particularly affecting local communities:

“I think particularly the residential care market in Wales has got a particular peculiarity to it in the sense that many of those homes are locally owned by private individuals. Many of those individuals, like the rest of us, are getting older, and it comes to the point of, actually, are

⁷³ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 56

⁷⁴ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 146

⁷⁵ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 24

you going to be able to pass on that initiative via a sale, or are you going to close that home down and sell it for flats? That has certainly happened in my own borough quite a lot. So, that is a concern.”⁷⁶

106. Care Forum Wales noted that often, as care homes close, those people funded by the state are more adversely affected, which can consequently impact the NHS:

“And what we're seeing is that homes are closing much more quickly than they're opening. So, we're seeing a loss of homes that traditionally have supported those poorer people, if you like, those local authority- or health board-funded individuals, and that is becoming a great pressure on the NHS itself. So, when you look from a financial point of view at how the NHS itself is starting to really get that backlog, if you like, coming through from social care failing, you know it can only become more critical.”⁷⁷

107. Care Forum Wales warned that more needs to be done to sustain existing services and invest in new care homes, stating that the investment required to open a new home is approximately £100,000 per bed:

“What we have to have is a system that takes away some of this bureaucracy, where people are encouraged to sustain those services they already have, particularly in small communities, because I could take you to a nursing home—a care home with nursing, I should say—on the Denbigh Moors: it has 20 people; it is always full; it serves a local Welsh-speaking community; and nobody in their right mind would replace that service once it's gone. So we need to cherish those, but equally there are parts of the country where we've got to bring in a way to invest. Either the public sector has to invest or the private sector or third sector have to be encouraged to invest.”⁷⁸

108. Care Forum Wales went on to explain the difficulties faced in attracting investment in to the residential care sector as the returns seen for investment are poor:

“The care home business and providing care in a residential setting is capital intensive.... It's extremely capital intensive. Investors and the sources of those capital would want a return for that level of

⁷⁶ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 35

⁷⁷ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 162

⁷⁸ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 163

investment. The primary source tends to be banks—retail banks—but since the credit crunch, the care sector is not a favourable area for bankers to be looking at, since there have been some spectacular failures. So, we find that the funding coming from retail banking is contracting, and it's now being replaced, where it can, by equity finance. Equity finance, because of the higher risks related to equity finance, demands a higher reward, and that is the issue that Mario alluded to. That's the reason we're not seeing investment into care homes that are local authority-funded, because the returns aren't there to reward that sort of investment.”⁷⁹

4. 2. Workforce pressures

109. Evidence identified that staffing costs are the primary cost pressure for the provider market, with **Care Forum Wales** reporting that between 60% and 70% of provider costs relate to staffing, with domiciliary care even more dependent on staffing costs than care homes. Care Forum Wales referred to the report by Knight Frank on Care Homes Trading Performance Review ⁸⁰, which noted the cost pressures on providers from increases in staffing costs. It reported that, in a UK context:

“In 2016/17 local authority fees increased by an average of circa 3.4% which is significantly below the 7% increase in staff costs per resident.”

110. The **WLGA and ADSS Cymru** reported “a large proportion of supply-side pressures over the coming years are attributable to either direct workforce costs for councils, or indirect costs of third party providers”.⁸¹ They noted pressures have come from pension changes, travel costs, the impact of HMRC changes and the National Living Wage, with the WLGA telling the Committee:

“...care is about people. So, the people provide the care; it's all people costs. People costs are rising because the people that work in the care sector are low paid—they're some of the lowest paid people in our society—and so they will benefit from the minimum wage increasing and they will benefit from increased pensions, but that comes at a cost and that cost will be met by local authorities and that is a significant increase in costs.”⁸²

⁷⁹ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 171

⁸⁰ **Knight Frank: 2017 Care Homes Trading Performance Review.**

⁸¹ **Written Evidence: WLGA and ADSS Cymru**

⁸² Finance Committee, Record of Proceedings, 19 April 2018, paragraph 14

Recruitment and retention

111. The Committee was consistently told of the difficulties in recruiting staff into the social care sector and in retaining the staff that are recruited.

112. Care Forum Wales noted that recruitment and retention is an issue in the sector for nurses and managers, as well as care workers. It stated that providers of care services are “competing with supermarkets and the hospitality industry for care workers who can often earn more stacking shelves”. It noted that it is aware that the NHS struggles to recruit nurses and states that it is harder still for independent providers, which it claims are not able to match the terms and conditions offered to NHS staff, such as those for sick pay, maternity pay and pensions benefits.⁸³

113. The WLGA also commented on recruitment and retention of staff:

“We do live in a society where people feel that a big part of their value and their status is determined by their pay, and when they are paid less than, quite often, colleagues who can be doing the same job, they can be looking after the same people and get paid less for it.”⁸⁴

114. While noting the increase in the pay for some social care workers through the National Living Wage, some witnesses – including WLGA/ADSS Cymru – noted that this does not improve the attractiveness of the sector to potential employees since the minimum wage is increasing salaries for other professions.

115. Social Care Wales said that although care workers enjoy their work and get a sense of reward from it, many felt that “too much is being asked of them for too little”. It believed that addressing the pay and terms and conditions for staff, particularly zero hours contract and being paid for travel time, would be crucial in attracting and retaining staff.⁸⁵ It also said that, particularly once social care staff receive qualifications – which they are encouraged to do, some find better paid work, often in the NHS.⁸⁶

116. Care Forum Wales reported its frustration at staff, having been trained by the independent sector, moving to positions in the public sector for better pay:

“It is an ongoing source of frustration for independent providers that local authorities and health boards will recruit staff they have trained

⁸³ Written Evidence: Care Forum Wales

⁸⁴ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 65

⁸⁵ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 38

⁸⁶ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 41

because they offer them better terms and conditions than those same local authorities and health boards enable providers to pay through the fee levels they commission at.”⁸⁷

117. Care Forum Wales also highlighted a shortage in qualified care home managers as an additional problem facing the sector, highlighting the difficulties in obtaining a qualification without being in a position, such as a deputy role, which would provide the experience to achieve the vocational qualification.⁸⁸ In response to how long it would take to obtain a qualification, a representative added:

“It could take six months to a year. Recently, it's taken one of our managers about a year, not because of intent, but more because the training companies, et cetera, were not able to support the process any faster. So, it can take up to a year. It's very, very difficult for a care home to have a manager in situ, but not a manager, if you see what I mean. So, it causes an issue, supporting a manager to be in a post where you do need a registered manager.”⁸⁹

118. The Welsh NHS Confederation highlighted the extent of the problem, reporting that some domiciliary care providers are seeing between a quarter and a third of their staff turn over every year.⁹⁰

119. Care Forum Wales also reported that the social care workforce is ageing and the challenges this presents:

“...your nurses and your carers who've been caring for 20-odd years are now coming up to retirement. For the new recruits now, we're having to compete with different career paths and better career paths than what we can offer financially and progression-wise, and that's putting on a lot of strain.”⁹¹

120. Both the Welsh NHS Confederation and Older People's Commissioner for Wales argued that more work needs to be undertaken in respect of workforce planning. The Older People's Commissioner for Wales said:

“We need to properly plan for how many staff we need and where. We need to properly plan for how many places we need. We need to

⁸⁷ Written Evidence: Care Forum Wales

⁸⁸ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 154

⁸⁹ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 156

⁹⁰ Finance Committee, Record of Proceedings, 7 March 2018, paragraph 23

⁹¹ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 167

properly plan for how many people are going to need domiciliary care across Wales. I spoke about the lack of effective workforce planning and the lack of effective long-term forward planning. I still see little evidence that we're getting that right. I have report after report land on my desk, but I've asked the question: in 15 years' time, how many residential care beds will we need, how many nursing care beds will we need and what levels of staff will we need, particularly those with specialist skills? The answer that usually comes there is none. So, I think that that's the big link.”⁹²

121. The Minister stated that the Welsh Government is committed to raising the profile of social care workers, so that social care becomes a positive career choice where people are valued and supported. He said that, Social Care Wales – as the workforce regulator – is working closely with key stakeholders to develop a workforce strategy that identifies current and future resource and capability needs, and how these will be met. The evidence said Social Care Wales will also be leading a national attraction, recruitment and retention campaign to help promote a positive image of care and to attract and retain more people into the sector.⁹³

4. 3. Leaving the European Union

122. Witnesses told the Committee that the impact of leaving the EU on the social care workforce is not known but is a risk. Cardiff Council predicted that leaving the European Union is likely to exacerbate the difficulties in recruiting and retaining social care staff. Care Forum Wales commented that the uncertainty around immigration status post-Brexit was “already having an effect in terms of recruitment as many providers need to recruit from overseas to fill posts”⁹⁴ and its representative elaborated:

“We know that we need, for the sector to work, to have nurses coming in from across the world, and we've already heard about the shortages there, and also we're recruiting care workers from, in particular, eastern Europe. The uncertainty about immigration changes and immigration rules, going forward, has made that more difficult.”⁹⁵

123. The Minister reported that Welsh Government will:

⁹² Finance Committee, Record of Proceedings, 19 April 2018, paragraph 126

⁹³ [Written Evidence: Minister for Children and Social Care](#)

⁹⁴ [Written Evidence: Care Forum Wales](#)

⁹⁵ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 193

“continue to work with key stakeholders, including SCW, to quantify the potential impacts of Brexit on the social care sector in Wales and to consider options for their management. This includes making effective use of the £50 million European Transition Fund which the Welsh Government has established in order to support Brexit preparations in Wales.”⁹⁶

4. 4. Welsh Government policies and funding

Social Care Workforce Grant

124. Witnesses described the difficulties faced in some parts of the social care sector. **The Regulated Services (Service Providers and Responsible Individuals)(Wales) Regulations 2017**, issued under the **Regulation and Inspection of Social Services (Wales) Act 2016**, include requirements on domiciliary care providers, from April 2018, in respect of non-guaranteed hour (or “zero hour”) contracts and delineate travel time and care time.

125. Local authorities have responsibility for their spending and discretion in the setting of budgets. **The Local Government Revenue and Capital Settlement 2018-19** included £19 million for Social Care Workforce Grant, included in the Revenue Support Grant. The Minister stated that this is “additional recurrent funding... through local authorities to support care providers to meet some of the financial impacts of the national minimum wage”. He added “this investment is part of a tri-partite commitment between the Welsh Government, local government and employers to make progress on this issue”.⁹⁷

126. **ADSS Cymru** told the Committee that this funding has been:

“...passed over to the independent sector in full, but that, still, if we're very honest, leaves a deficit. If that deficit simply can't be met, those providers become very, very fragile.”⁹⁸

Additional funding – Revenue Support Grant

127. The Minister also reported that, in 2017-18, Welsh Government invested “an additional £55 million in social services through the Revenue Support Grant and specific grants”, which has been included on a recurrent basis in the local government settlement from 2018-19. He also stated that, as set out in the “**Draft Budget 2018-19 Detailed Proposals**”, the Local Government Revenue and Capital

⁹⁶ [Written Evidence: Minister for Children and Social Care](#)

⁹⁷ [Written Evidence: Minister for Children and Social Care](#)

⁹⁸ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 29

Settlement 2018-19 included “funding for social care budgets to maintain the assumed Welsh Government’s share of core spending at 2017-18 levels, in both 2018-19 and 2019-20. This equates to £42m in 2018-19”.⁹⁹

The Committee’s view

128. The Committee recognises and values the crucial role of the social care workforce and the difference it makes. This is particularly the case for older people, who rely on social care workers not only for the care they provide but also for services that are not met by others. It is a lifeline for some and can be their only human interaction.

129. The Committee notes with concern the evidence heard relating to the fragility of the independent care sector. This sector plays a crucial role in providing care to elderly and vulnerable people and every loss has a detrimental effect of the choice of care available. The Committee is particularly concerned by the impact of the closure of smaller care homes located within local communities, often in rural areas. The sustainability of local care homes within the communities people live is crucial to enabling people to live close to family and friends and continue to feel part of that community should they require residential care.

130. The Committee is aware of the shift there has been from local authority-provided care to care provided by private and independent providers, particularly in the domestic care sector. It has heard how many local authorities have had contracts returned to them by external providers as they have not been financially viable. It also heard how staffing accounts for between 60% and 70% of provider costs, with domiciliary care more dependent on staffing costs than care homes.

131. The Committee is concerned that the private care sector is not currently an attractive investment opportunity for banks given the returns on finance. This sector must be able to play a viable role in providing care in the future in order to offer a choice and meet the varied requirements of those in need of care.

Conclusion 6. The Committee believes that it is crucial, when contracts are issued by local authorities, that the assessment of the cost of delivering those services should be realistic, including staff costs. It is concerned that if cost assessments are not accurate, there will be an increase in un-met need, leaving elderly people in vulnerable situations. In turn, this could increase the chance of developing or worsening health problems, thereby increasing the pressure and the cost on the NHS.

⁹⁹ Written Evidence: Minister for Children and Social Care

132. Given the significant impact of the services they provide, the Committee is concerned to hear compelling evidence to suggest that there is a crisis in the recruitment and retention of social care staff, particularly in domiciliary care, where providers are seeing a turnover of between a quarter and a third of their staff every year. It is concerned that the low pay and the perceived low social status of the role are unattractive to current and potential staff, particularly when staff are able to earn more in positions in the retail sector. It is particularly concerned that the existing recruitment and retention issues will be exacerbated further in the near future as a consequence of experienced staff retiring and potential difficulties in recruiting staff from abroad as a consequence of the UK leaving the EU. The Committee is encouraged that Welsh Government has identified social care as a priority in its economic action plan, “Prosperity for All”. It also welcomes the work being undertaken with Social Care Wales in improving the status of the social care workforce but considers that more needs to be done given the importance of this sector and the pressures it faces.

133. The Committee is concerned by claims that care providers, after investing in training their workforces, lose staff to the NHS and local authorities with more attractive working conditions and employee packages. Whilst noting that social care staff have benefited in recent years from the introduction of the National Living Wage, it is concerned that this has not been enough of an incentive to encourage existing staff to stay and attract new recruits to the sector given that such changes have been universal across all industries.

Conclusion 7. Addressing workforce issues is fundamental to ensuring the sustainability of a system where older people receive the care they need. Care can only be provided if staff are in place to fulfil the caring roles. Without dedicated, trained staff, those elderly people some of whom are vulnerable - will not be able to receive the support they need to live fulfilled and dignified lives.

Conclusion 8. Social care must be seen as an attractive career option in order to encourage new recruits to join, get the support they need to become experienced members of staff and to stay in the sector in the long-term. This work must be on par with working conditions offered to staff working in the NHS in order to demonstrate how valuable these roles are.

Conclusion 9. The social care sector is particularly susceptible to additional workforce pressures such as a high proportion of staff who are themselves ageing and a reliance on staff from abroad. The Committee believes that more needs to be done in respect of workforce planning, particularly around addressing concerns around replacing experienced staff when they retire and reported difficulties in attracting staff because of the UK leaving the EU.

Recommendation 5. The Committee recommends that the Welsh Government prioritises the development of a strategy for the social care workforce and takes appropriate action to raise the status of, and provide support to, social care workers so that the role is an attractive career which is appropriately remunerated.

5. Future reform

134. Given the current pressures faced by social care providers and projections that these will continue to increase in future, the Committee heard how new funding options should urgently be considered to ensure the sustainability of the sector.

135. Witnesses, including the Older People's Commissioner for Wales and WLGA/ADSS, reminded the Committee that the challenges are not new, and although the question of how to pay for care has occupied substantial political, policy and media activity over the past 20 years, the issue has not been resolved and becomes more pressing every year.

136. The WLGA reported that there was a need for a national conversation about the role of social care.¹⁰⁰ This view was shared by the Older People's Commissioner for Wales who said that should also consider people's expectations about the social care they receive:

“...it's not all about money, but there does come a point where it is about money... but there does come a point where you get what you pay for, and I think we need that big national debate that says to people, 'What sort of quality of care do you want? Because we're not sure we can provide that any more, with what we're paying in, and if you want it to be better then we need to have a big grown-up debate about how we do that, not just in the short term, but where that takes us in the longer term as well.’”¹⁰¹

137. The Welsh NHS Confederation also told the Committee that public engagement was critical before deciding on fiscal reform:

“So, for us, actually, in thinking about all of the conversations we've had about needing to transform the system, the critical part is about how we engage the public in recognising the challenges and responding to them ... So, it's all part and parcel of that conversation that we need to be having with the public before we get to the point where we jump to, 'And now you need to pay more.’”¹⁰²

¹⁰⁰ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 67

¹⁰¹ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 135

¹⁰² Finance Committee, Record of Proceedings, 7 March 2018, paragraph 113

138. In the context of fiscal reform, Care Forum Wales told the Committee that it was important to determine how any additional money will be spent:

“My concern is that there's a danger that we get very bogged down in a debate about how to raise more money, and that we haven't actually thought through how to spend it.”¹⁰³

139. The Cabinet Secretary told the Committee that it was his assumption that a future social care system would have at least four different funding elements, those being a continuing role for local authorities and the funding they are able to raise, self-funders, informal care and the question of increased public contributions in the form of a levy or tax. He told the Committee:

“Not one of those strands is going to be able to take up the demand that we know is there, and I believe a mixed economy in which contributions from all of those four strands will be necessary in future.”¹⁰⁴

5. 1. Inter-Ministerial group

140. The Minister reported that he had been asked by the First Minister to chair an inter-Ministerial group on paying for social care, with the purpose of providing the social care policy perspective to go alongside the financial considerations of a social care fund. The Minister stated that this will bring together the Ministers for health, social care, finance, local government and housing to consider the social care policy issues impacting on the creation of a fund and its use, and its acceptance by the public as being a potential method of funding social care in the future.

141. In a written statement made by the Minister on 10 July 2018,¹⁰⁵ he confirmed that the five work streams of the group would be “Raising the Finance”, “Distributing the Finance”, “Utilising the Finance”, “UK Government Interface” and “Communications”. The Minister wrote to the Committee on 26 July 2018 outlining further the terms of reference for the group.¹⁰⁶

¹⁰³ Finance Committee, Record of Proceedings, 21 March 2018, paragraph 231

¹⁰⁴ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 23

¹⁰⁵ [Written Statement: Minister for Children, Older People and Social Care](#)

¹⁰⁶ [Letter from the Minister for Children, Older People and Social Care](#)

5. 2. Options for fiscal reform

142. WPS 2025 suggested to the Committee that there may be limits to the extent to which Council Tax or changing the Welsh rate of income tax can be used for funding pressures on social care services.¹⁰⁷

143. The Minister reported that alongside the work on the social care levy, Welsh Government is to commission ADSS Cymru to:

“...present a cross-local government view of the future pressures, and hence funding priorities, for social care over the next 10 years. This is to begin to provide the evidence as to how money raised through a levy, or any other mechanism, should be used, taking account of our response to the Parliamentary Review of Health and Social Care and the future delivery of social care. This is planned to report later this summer.”¹⁰⁸

5. 3. Contributory scheme of compulsory insurance (or “social care levy”)

144. The paper published by Professor Holtham and Tegid Roberts for the Institute of Welsh Affairs, “Solving Social Care. And more besides”¹⁰⁹ suggested a common insurance fund to pay for the increase in the cost of adult social care given population projections about the ageing population.

145. The Welsh Government commissioned additional research from Professor Holtham to investigate further the issues raised by his proposal for a social care levy model and the economic case for the creation of a social care fund. On 28 June 2018, Welsh Government published Professor Holtham’s independent report, “Paying for Social Care”.¹¹⁰

146. Professor Holtham reports “local authorities in Wales currently pay over £550 million each year for social care of the elderly” and states:

“Even if the UK economy and the Welsh budget grows at 1½ per cent a year faster than care costs, spending a constant proportion of the budget on care will lead to a real increase in funding of only around 30 per cent for social care of the elderly by 2035. That would leave a gap

¹⁰⁷ [Written Evidence: Wales Public Services 2025](#)

¹⁰⁸ [Written Evidence: Minister for Children and Social Care](#)

¹⁰⁹ [Solving Social Care. And more besides.](#)

¹¹⁰ [Paying for social care: An independent report by Professor Gerald Holtham](#)

between demand and available resources of over 50 per cent of current spending.”¹¹¹

147. Professor Holtham states that his projections of social care for older people:

“...imply a spending increase of 47 per cent from 2016-17 to 2026-7 and of 67 per cent by 2030-1. The corresponding cash increases are £260 million and £350 million respectively.”¹¹²

148. For 2017-18, the overall average Band D Council Tax in Wales (including police elements) was 3.3% higher than in the previous year.¹¹³ The result of this, and changes in the levels for all other bands, increased the amount of Council Tax received by local authorities in Wales in 2017-18 by almost £67 million (to £1.48 billion) on the prior year.¹¹⁴

149. The main principles of the scheme, as set out in Professor Holtham’s **written evidence**, were:

- contributions would be made as a proportion of income;
- the rate to be paid would be determined by the age at which payment begins – the older a person is when they first contribute, the higher the rate they will be required to pay;
- people in a given age cohort pay at the same rate throughout their contributing life – contributions do not rise with age;
- people will be required to maintain payments until age 67 (or state pension age) to retain full entitlement; and
- as the scheme matures and older cohorts retire, most people paying in will have started earlier and the disparity of rates paid will diminish.

150. The proposal in Professor Holtham’s report was that those over 55 would pay an additional 3 per cent while those over 20 would be 1 per cent with a sliding scale in between. However he told the Committee that an alternative would be everyone to pay 1.5 per cent.¹¹⁵ Professor Holtham’s written evidence referred to a “care promise”, which noted the contribution rates and that “the means test on asset values could be raised substantially”. However, it did not set out how the

¹¹¹ [Paying for social care](#), Executive summary

¹¹² [Paying for social care](#), Paragraph 1.28

¹¹³ [Statistics for Wales: Council Tax Levels in Wales: 2017-18](#)

¹¹⁴ [StatsWales: Council tax collection at 31 March, by type of income](#)

¹¹⁵ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 225

funds would be used, or what standard of social care the public could expect under the proposals.

151. In his independent report, Professor Holtham concluded that a funded contributory tax or levy scheme could provide a viable solution to the problem of funding social care given demographic changes. He noted that this is subject to the assumption that reasonable collection and administration costs can be negotiated with HMRC and that income in the fund is not subject to taxation. Professor Holtham's economic analysis reflects a range of other assumptions, including those about the expected rate of return on investments and spending per head. In terms of the latter, Professor Holtham assumes that an increase of 20 per cent target spending per head, on top of the increases implied by demographic trends, is to be phased in over the period 2020-2025. He reports that this:

“...may be a fair estimate of what is required to, meet unusual cost inflation and provide public policy with some latitude in deciding how far to improve care standards or how far to improve the terms of means tests.”¹¹⁶

152. However, Professor Holtham states “evidently, though, identifying requirements accurately in detail requires another study”. Noting the “provisional nature” of his study, he also identifies other areas that would need to be examined by experts. These include the consideration of whether means testing should be less severe, whether contributions be regarded or presented as a compulsory insurance premium rather than a tax and significantly, the definition of the standard of care that the public can expect under the scheme (or “care promise”).

Proposal

153. The proposal in Professor Holtham's report is based on assumptions of a 20 per cent increase in funding per head. He told the Committee that the work he undertook in establishing the scale of the situation was “highly provisional”, adding that he was not able to know what future policies would be, cost them or to look in detail at how developments in the care sector might affect future costs.¹¹⁷ He went on to say:

“So, that was the first proposition, and I thought, 'Well, if we restore the 20 per cent decline, maybe that will go a long way to resolving these issues! Should it be 23 per cent or 17 per cent? I don't know. That is work

¹¹⁶ [Paying for social care](#), Paragraph 1.16

¹¹⁷ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 119

that needs to be done, but it seems to me that that at least puts you in the ballpark.”¹¹⁸

154. Professor Holtham explained that the 20 per cent decline in spend per head on care for those over the age of 70 coupled with the decline in the number of residential care places in recent years and an increase in staff costs, led to his conclusion that:

“...you're looking at an 80 per cent increase in expenditure required on top of the current £550 million. So, maybe it's not £400 million—maybe it's £350 million, maybe it's £450 million. Anyway, it's quite a lot of money as an annual payment, and so that gave me a ballpark to estimate to talk about how we close such a gap but, certainly, more work needs to be done on precisely delineating that gap and deciding what policies you want to make, and they, of course, will affect the calculation of what's required.”¹¹⁹

155. Despite emphasising that further research was needed as to whether a 20 per cent increase in spend was the correct level, Professor Holtham, asserted that if the objectives were to improve the level of social care, ensure the viability of the private care home sector and pay staff adequately, then he would not “bet the bank on being able to do all of that at much less than 20 per cent”.¹²⁰

156. The Cabinet Secretary told the Committee that, under such a system as the one proposed by Professor Holtham, it would be necessary to distinguish between people who had paid into the system and those who had not, including people who had moved to Wales later in life so would not have made contributions through their income. He said that the same level of care would be provided to individuals regardless, but that those who had contributed could expect to retain a higher level of personal assets compared to those who hadn't.¹²¹

157. Professor Holtham agreed that, under such a scheme, it would be necessary to change the rules about capital assets with respect to getting social care, saying that you would need to “indemnify or protect some of people's assets”.¹²² He went on to say that political decisions would need to be taken in respect of people who

¹¹⁸ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 122

¹¹⁹ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 123

¹²⁰ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 214

¹²¹ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 54

¹²² Finance Committee, Record of Proceedings, 11 July 2018, paragraph 159

hadn't contributed through a levy, such as those on benefits or those not employed due to being dependents of those in employment.¹²³

158. Professor Holtham emphasised to the Committee that more work was needed:

“I think more work is needed on precisely what offer you want to make before you can then cost it, and then you have to make sure that the taxes you propose to levy have got a good chance of funding that gap. I made an initial shot at the gap, which is, as I say, highly provisional, and then worked out what the tax rates would have to be on reasonable assumptions in order to plug that particular gap.”¹²⁴

159. Professor Holtham also suggested that, under his proposal, the funds raised would have potential wider benefits through an associated investment strategy. While most of its assets must be retained for funding social care, Professor Holtham suggested that a small proportion could be used to promote other social objectives, such as social housing construction and “boosting the growth of promising Welsh businesses”.

160. The Cabinet Secretary told the Committee that the potential “sovereign wealth” fund was important in making funds available to investment in Welsh infrastructure projects, arguments around it would be secondary to the primary aim of boosting the ability to provide care that would be needed for people in the future.¹²⁵ He also warned of the need to be mindful of how the UK Government and HM Treasury would view any income raised by a social care levy in Wales, suggesting that it may not be regarded as additional money for Wales but a different way of raising funds Wales already has, thereby reducing funding allocated to Wales through the block grant. The Cabinet Secretary told the Committee that he and the Minister had jointly written to HM Treasury, the Secretary of State for Health and the Secretary of State for Work and Pensions initiating more detailed discussions with them.¹²⁶

161. Professor Holtham explained that any investments made using resources collected into such a fund would need a return of at least 4.5 per cent, saying that investing in high risk areas or where a 4.5 per cent yield would not be achieved would not fulfil obligations to the tax payer.¹²⁷

¹²³ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 199-200

¹²⁴ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 167

¹²⁵ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 48

¹²⁶ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 60-61

¹²⁷ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 169

162. The Cabinet Secretary asserted that there was long-held frustration among the public at the extent to which costs differ so much from one part of Wales to another, citing the consultation undertaken on the Green Paper on the future funding of social care services published by Gwenda Thomas, the then Deputy Minister for Social Services in 2009. He said that an approach, such as the one proposed by Professor Holtham, would remove the disparities between local authorities and “move you down the road to a more national system altogether”.¹²⁸

163. The Committee heard that a potential disincentive of a social care levy could be the complexity of its administration, to which HMRC would be critical. The Cabinet Secretary said that the Welsh Government’s previous experience of working with HMRC was “ambiguous” at best and that, as a “monopoly supplier then the charges that they may want to invoke for providing that service might be quite high”.¹²⁹

Public support for a social care levy

164. Professor Holtham emphasised that some aspects, such as decisions about the approach to means testing, need to be discussed with the public. He told the Committee of the result of a public opinion survey conducted by Demos which showed that the general attitude of the public was they thought that social care was a shared responsibility, and in relation to Wales:

“...what was surprising was that the proportion of people who thought it was a shared responsibility and shouldn't be entirely a state function, was higher in Wales than in the rest of the UK. Now, that surprised me; I thought we had rather more collectivist attitudes here, but, in this particular area, that was the finding of that study.”¹³⁰

165. Despite this, Professor Holtham referred to a general lack of preparedness among the public to save for their older years as a benchmark in his drawing the conclusion that a voluntary insurance scheme would not collect the sufficient funds needed to pay for future social care provision:

“...the thing to remark on is that everybody tells surveys that they think that looking after yourself in old age is partly an individual responsibility. They all say that, but they're not saving enough to do anything about it. The savings rate is wholly inadequate. Most people's savings rate is wholly inadequate to meet those costs. If they're not

¹²⁸ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 69

¹²⁹ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 59

¹³⁰ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 131

saving enough, why would they undertake voluntary insurance to an adequate level? It's the same thing: you're giving up current income in order to have provision in future. So, I think the risk of under-insurance would be considerable.”¹³¹

Future model of social care provision

166. The proposal in the report by Professor Holtham did not make any suggestions as to the level of social care the public could expect to receive as a result of their contributions, Professor Holtham told the Committee that more work would be needed to assess where to strike a balance between using money to improve the quality of care and access to care:

“But you've essentially got two dimensions for the improvement of care provision. One is, yes, the quality of care provision—how much you pay the care home or the workers who are helping with domiciliary care, and how you regulate that. That's one dimension. The other dimension is the access to supported care—what kind of means testing you have and, of course, to some extent, for a given sum of money, they're competitive. The more you spend on the one, the less you'll have on the other, so there's a balance to be struck in terms of where you put the emphasis. Again, that's something where further work is needed. I'm not able to help you very much on that.”¹³²

167. Both Professor Holtham and the Cabinet Secretary said this aspect required further exploration. The Cabinet Secretary told the Committee:

“...I don't think you could sell this proposition to the public if what you're saying to them is, 'What this will pay for will essentially be what you've got now, with some marginal improvements.' What you've got to be able to say to people is that we are thinking about the sort of social care services that we need in the future...

From the Gerry Holtham report, we've got a pretty good emerging idea of how it could be funded and what the possibilities there are, complex as they may be. What we don't yet have, I think, is a sufficiently worked up and articulated idea of what you'd say to people: 'And this is what you'll get for your money; this is what you'll be able to have in the future

¹³¹ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 140

¹³² Finance Committee, Record of Proceedings, 11 July 2018, paragraph 126

that you don't have now.' And I don't think—. If we can't answer that question, we can't make the report fly.”¹³³

168. The Cabinet Secretary told the Committee that one of the work streams of the Inter-Ministerial group would be considering “how to better describe what people would get if there were to be such a fund”.¹³⁴

5. 4. Welsh Rate of Income Tax

169. The Committee discussed with the Cabinet Secretary the possibility of collecting additional resources using the Welsh Rate of Income Tax powers available from April 2019 instead of through a separate social care levy. The Cabinet Secretary said that it could be done in such a way and the benefits of that approach would be having the powers “closer to hand” and that the administrative costs would be lower. Conversely, he said the benefit of a separate levy may be more acceptable to the public:

“...if they can see that the money that they are contributing is in a dedicated fund, carefully separate from everyday Government expenditure, safe from future finance Ministers, who are under pressure on other fronts and see a fund that they could dip into for these purposes, and that a revived national insurance scheme would give people more confidence that the money they're contributing is there for them when they need it.”¹³⁵

5. 5. Other options for funding reform

170. The Cabinet Secretary told the Committee there were alternative models for reforming social care funding. He referred to those set out in the joint report by the House of Commons Health and Social Care and Housing, Communities and Local Government Committees, “**Long-term funding of adult social care**”, which “looks at a whole range of other ways that social care could be funded in the future, by using existing largely non-devolved taxation instruments”.

171. Evidence to the Committee set out other proposals for funding reform. The WLGA/ADSS cited the suggestion by the Financial Times commentator, Merryn Somerset Webb who proposed capping the fees of the asset management industry to free up funds for social care. In its recent policy paper, “**Is it time for the ‘Care Pension’?**”, Royal London suggested that a new financial product – the

¹³³ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 90

¹³⁴ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 95

¹³⁵ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 50

care pension – could be part of the solution for the funding of the increasing cost of social care in the UK.

172. Professor Holtham acknowledged that many and varied alternative solutions could be considered, but again acknowledged that they were outside the control of the Welsh Government.¹³⁶

173. Professor Holtham told the Committee that such proposals “could have some purchase” or seemed to be quite “reasonable and interesting”. However, he noted:

“My difficulty was that none of them were under the control of the Welsh Government... So, if you were assuming that whatever happened wouldn't be adequate, and you were saying to the Welsh Government, 'What should you do?', then the options were rather restrictive. That's the problem maybe.”¹³⁷

174. The Cabinet Secretary also referred back to the 2009 Green Paper, which consulted on five different options for how social care may be paid for in future, saying that Professor Holtham's proposal is “a sort of derivative of one of those five options, but the other four options would still be there.”¹³⁸

5. 6. Parliamentary Review of Health and Social Care in Wales

175. On 16 January 2018, the Parliamentary Review of Health and Social Care in Wales published its **Final Report**. The Parliamentary Review concluded that “Wales needs a different system of care” and set out ten recommendations, with the focus on developing one system of seamless health and care for Wales.

176. While broadly welcoming the report of the Parliamentary Review, some witnesses pointed to the disparity between the NHS and social care sectors. **ADSS Cymru** reported that the social care sector is “a little bit of a cinderella service”, adding:

“I think there is a misconception that, actually, there is a much smaller group of people that benefit from social care. That may be true in the numbers of people that actually directly receive that care, but in terms of the impact of social care on the broader family and broader communities, actually, the numbers are far, far greater. I don't think there's that understanding within, as you say, the broader population in

¹³⁶ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 149 and 154

¹³⁷ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 149

¹³⁸ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 73

Wales. I think the Welsh Government piece of work around 'Prosperity for All' is very significant in helping social care move up that ladder of awareness, but we've still got some way to go. There's little doubt that the parliamentary review has the opportunity to help, but we have to be on the front foot as a sector, and politically, in viewing the social care sector as being just as important as the national health service, and we are not there at the moment."¹³⁹

177. While **WLGA** said:

"...we are also firmly of the belief that only by working together will we find the solutions, and we think there's an opportunity there. So, there will be more money coming to the NHS - there's always more money coming into the NHS. We would argue that if we work together across the public sector, then we can build at pace and at scale some of those interventions that will keep people at home for longer and independent."¹⁴⁰

178. While welcoming the strong focus on integration in Wales, the Older People's Commissioner for Wales told the Committee that there were pros and cons from the wholesale integration of health and social care. She said

"The pros are more flexibility and more resilience. The con is that social care remains the junior partner and health continues to suck up resources —"¹⁴¹

179. In his **Statement to Plenary on 12 June 2018, the Cabinet Secretary for Health and Social Services** set out the Welsh Government's **long term plan for health and social care**, "A Healthier Wales – Our plan for health and social care". This new "long term plan" responded to recommendations set out in "**The Parliamentary Review of Health and Social Care Final Report – A Revolution from Within: Transforming Health and Care in Wales**". In its Foreword, the Cabinet Secretary for Health and Social Services stated:

"Our ambition now is to bring health and social care services together, so that they are designed and delivered around the needs and preferences of individuals, with a much greater emphasis on keeping people healthy and well. We want a seamless whole system approach to health and social care. Services from different providers should be

¹³⁹ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 59

¹⁴⁰ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 53

¹⁴¹ Finance Committee, Record of Proceedings, 19 April 2018, paragraph 189

seamlessly co-ordinated, and we should go beyond services to make a difference to the social and economic factors which influence health, wellbeing and life chances.”

5. 7. Wales or UK-wide approach?

180. The Committee discussed with the Cabinet Secretary whether a Wales-only or UK-wide solution would be preferable. The Cabinet Secretary referred to a UK Government Green Paper on social care, which he expected to be published in autumn 2018. He told the Committee that the Welsh Government would be looking very carefully at proposals in England, and:

“...that if it was the right scheme, I think there are strong reasons why you would want to do it on a UK basis. So, we don't rule it out in that way.”¹⁴²

181. The Cabinet Secretary went on to say that his preference would be for a UK-wide solution if possible:

“For what it's worth, I still probably believe myself that a UK-wide solution to some of these things is preferable if it can be a satisfactory solution, and so we will look at that Green Paper very closely.”¹⁴³

182. Professor Holtham concurred that finding a UK-wide solution would be preferable:

“I think if the UK Government wanted to do it, in many ways, that would be optimal. That would be better. I think the only consideration is—and I don't know the answer to this—is there a different political centre of gravity? In other words, do the Welsh electorate want to have more security about social care than the English electorate, so that, in a perfectly functioning democratic system, we here would want to have more than they would want to have? I don't know whether that's the case, but, if it were, that again makes the case for doing something supplementary. But, unless that is the case, clearly it's optimal to do it at the UK level.”¹⁴⁴

¹⁴² Finance Committee, Record of Proceedings, 11 July 2018, paragraph 82

¹⁴³ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 43

¹⁴⁴ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 292

5. 8. The need for action

183. The Cabinet Secretary acknowledged the need to take urgent action, noting that many Governments had tried to find a solution for at least 20 years, but that none had succeeded. He quoted from the Lord Darzi Review of Health and Care to explain the difficulties in solving the problem:

“social care has been challenged by an unwillingness...to follow through with the funding reforms it so desperately needs. The political economy of social care mitigates against reform: it is a sector whose voice is rarely heard. Its workforce is low-paid with little job security and scant union membership—and often drawn from migrant workers. Providers are far more diverse than the NHS and almost exclusively in the private sector. By definition, the users of social care are typically those who are more vulnerable and less politically vocal.”¹⁴⁵

184. The Cabinet Secretary was unable to give an indication as to when new arrangements could be put in place, explaining that there were so many factors to consider:

“...there is an urgency about all of this, which means that delay needs to be avoided if you can. But there are a lot of imponderables here, which does make it difficult to confidently say, 'We can do it by this date.' The Green Paper is one; some of the complexities in Gerry's report; the relationship with HMRC and when they would be able to do work for us, if we were really wanting to do it, in a practical sense. So, I think the general point that David Rees makes is absolutely right. We need to get on with it. But I'm not in a position to give you a reliable idea of how quick that could be, given the number of factors that are not directly in our own hands.”¹⁴⁶

The Committee's view

185. A clear message has emerged from the evidence presented to the Committee; people are living longer, many will develop complex needs and require care during their later years. The cost of providing that care will put significant pressure on both the social care system and the NHS. The social care system is already faced with rising demand which it is struggling to meet, cuts to local government budgets, workforce pressures and a fragile independent sector,

¹⁴⁵ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 63

¹⁴⁶ Finance Committee, Record of Proceedings, 11 July 2018, paragraph 101

so maintaining a sustainable system of care will be even more challenging in the face of increasing demographic changes.

186. These challenges are not new, but the time has now come for significant reform and or radical solutions to be properly considered. Older people are a significant asset and the Committee recognises that, ultimately, the social care system should be helping people to continue to fulfil their potential in later life. It will be important to ensure that the funding of social care in future enables older people to live with dignity and contribute their valued experience to society.

187. The Committee heard of various potential approaches to reforming the system of funding social care in Wales, and took detailed evidence on the “social care levy” proposal put forward by Professor Gerry Holtham. The Committee welcomes the work commissioned by the Welsh Government in developing this proposal as a positive step in acknowledging that the existing system will need to change to meet future demand.

188. Professor Holtham, in his evidence to the Committee, acknowledged that further work on his proposed “levy” is needed. In light of that, and as this was the only specific proposal presented as part of this inquiry, the Committee is not in a position to conclude whether this model of funding should be implemented in Wales. It welcomes this important work.

189. The Committee considers that the Welsh Government should continue to explore options for the reform of social care funding. The Committee noted evidence about the impact of funding changes on behaviour, particularly the experience in Germany, Japan and Scotland where actual costs following reform had been higher than forecast since the estimates had not adequately predicted latent demand for services. This would be a significant issue in Wales should the Welsh Government seek to raise additional funds from the population to meet the increase in the cost of social care. The demand would be substantial if people thought that they had already paid for social care services.

Recommendation 6. The Committee recommends that the Welsh Government should, as a matter of urgency, continue to explore further options in order to ensure that any potential funding reforms implemented in future are sufficient to maintain a sustainable social care system fit to meet the needs who require its support.

Conclusion 10. The Committee endorses calls made by stakeholders that any social care funding reforms need to be accompanied by a “national conversation” about the standard of care the public wants before decisions are

made about paying more. Before deciding to introduce a levy to raise additional funding for social care from the population of Wales, the Welsh Government will need to be able to justify how the any funds raised will be used and be able to demonstrate that it will make a difference. This should include explaining what level of care the public could expect in return for their contributions since it is unlikely that the they would support proposals to pay more if the level of care is the same as it is at present.

Recommendation 7. The Committee recommends that Welsh Government continues to engage with the public about the future funding of social care services but more significantly, it first needs to discuss what they would expect to receive in return for making additional contributions.

Recommendation 8. The Committee recommends that, before deciding to introduce a levy to raise additional funding for social care from the population of Wales, the Welsh Government will need to be able to justify how any funds raised will be used and be able to demonstrate that it will make a difference. This should include explaining what level of care the public could expect in return for their contributions since it is unlikely that they would support proposals to pay more if the level of care is the same as it is at present.

Conclusion 11. The Committee shares the Cabinet Secretary's preference for a UK wide solution to social care funding, subject to it being appropriate to meeting the needs of the Welsh population.

190. The Committee welcomes the First Minister's decision to establish an Inter-Ministerial group on Paying for Social Care. It believes that a cross-government approach is essential, and welcomes that the membership reflects the need to recognise the broader range of services that make a difference to the lives of older people, such as housing and non-statutory services.

191. The Committee notes that the proposal for a single system of seamless health and care for Wales was broadly welcomed by witnesses but is also aware of concerns raised that that social care can sometimes be seen as a "cinderella" and not viewed as important as the NHS.

Recommendation 9. The Committee recommends that the Welsh Government explores how the proposal of a seamless health and care system advocated in the Parliamentary review could combine a fund for social care with the NHS which is free at the point of contact.

Annex A: List of oral evidence sessions

The following witnesses provided oral evidence to the Committee on the dates noted below. **Transcripts of all oral evidence sessions** can be viewed on the Committee's website.

Date	Name and Organisation
7 March 2018	<p>Vanessa Young, Director, Welsh NHS Confederation</p> <p>Carol Shillabeer, Chief Executive of Powys Teaching Health Board</p> <p>Gerry Evans, Deputy Chief Executive, Social Care Wales</p> <p>Joseph Ogle, Wales Public Services 2025</p>
21 March 2018	<p>Victoria Lloyd, Interim CEO, Age Cymru</p> <p>Kate Cabbage, Senior External Affairs Manager, Carers Trust Wales</p> <p>Mary Wimbury, Chief Executive, Care Forum Wales</p> <p>Mario Kreft, Chair, Care Forum Wales</p> <p>Sanjiv Joshi, Board Member, Care Forum Wales</p>
19 April 2018	<p>Councillor Huw David, WLGA Spokesperson for Health and Social Care and Leader of Bridgend County Borough Council</p> <p>Councillor Susan Elsmore, WLGA Deputy Spokesperson for Health and Social Care and Cabinet Member for Social Care and Health, Cardiff Council</p> <p>Dave Street, President, Association of Directors of Social Services Cymru</p> <p>Sarah Rochira, Older People's Commissioner for Wales</p>

23 May 2018

Huw Irranca-Davies AM, Minister for Children, Older People and Social Care

Albert Heaney, Director of Social Services and Integration

Judith Cole, Deputy Director, Local Government Finance Policy, Workforce and Social Partnerships Division

11 July 2018

Mark Drakeford AM, Cabinet Secretary for Finance

Julian Revell, Head of Fiscal Analysis

Georgina Haarhoff, Head of Tax Strategy, Policy and Engagement

Professor Gerald Holtham

Annex B: List of written evidence

The following people and organisations provided written evidence to the Committee. All **consultation responses and additional written information** can be viewed on the Committee's website.

Organisation	Reference
Flintshire County Council	CCAP 01
Royal College of Nursing Wales	CCAP 02
Social Care Wales	CCAP 03
Royal College of emergency Medicine	CCAP 04
Socialist Health Association Wales	CCAP 05
RNIB Cymru	CCAP 06
Alzheimer's Society Cymru	CCAP 07
Individual – Mrs X	CCAP 08
Florence Justice Christian Residential Home	CCAP 09
National Community Hearing Association	CCAP 10
Age Alliance Cymru	CCAP 11
British Dietetic Association	CCAP 12
Gerald Holtham – Hodge Professor of Regional Economics	CCAP 13
Older People's Commissioner for Wales	CCAP 14
Lorraine Morgan – Consultant on Ageing	CCAP 15
Cardiff Council Social Services	CCAP 16
Wales Public Services 2025	CCAP 17
Care Forum Wales	CCAP 18
Age Cymru	CCAP 19
Unison Wales	CCAP 20
Welsh Local Government Association / Association of Directors of Social Services Cymru	CCAP 21
Care and Repair	CCAP 22
Carers Trust Wales	CCAP 23
Welsh NHS Confederation	CCAP 24

Additional Information

Title	Reference
Evidence Paper Submitted by the Minister for Children and Social Care	FIN(5)-13-18 P1
Supplementary evidence - Carers Trust Wales: 2 May 2018	FIN(5)-12-18 PTN3
Written evidence submitted by the Cabinet Secretary for Finance	FIN(5)-18-18 P1
Letter from the Older People's Commissioner for Wales: 27 April 2018	FIN(5)-12-18 PTN2
Letter from the Cabinet Secretary for Finance - Paying for social care: An independent report by Professor Gerald Holtham: 28 June 2018	FIN(5)-18-18 P2
Letter from the Minister for Children, Older People and Social Care - Inter-Ministerial Group on Paying for Social Care: 26 July 2018	FIN(5)-19-18 PTN1