



**National Assembly for Wales Consultation:
The Cost of Caring for an Ageing Population
Submission by Wales Public Services 2025**

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Summary

The evidence set out in this paper primarily comes from our analysis of local government spending in Wales through the period of austerity (2009-10 to 2016-17)¹, including on social care for the over-65s. It therefore covers only one aspect of the costs of caring for an ageing population and there are several caveats:

- Gaps in the current published data for Wales mean that we have not been able to directly associate changes in social care spending to changes in the health and wellbeing of service users and carers. We cannot comment on the level of public spending required in order to reach a specific 'quality' of care services in future.
- For reasons we set out below, the data we draw on may not fully capture the developing, but patchy, trend towards more integrated working between local authorities and the NHS, for example through the Regional Partnership Boards, the use of Section 33 pooled budgets and the Integrated Care Fund.
- Our paper does not cover the complex issues surrounding demographic pressures on health spending. We note the comment from the Office for Budget Responsibility that 'demographic effects have explained only a small part of the increase in health spending over past decades and they are likely to remain a relatively small, although growing, driver of spending in the future'.²

Patterns in demand for social care services for those of pension age:

- Net current spending on social services for over-65s by Welsh local authorities in 2016-17 was £ 565 million, about 10% of total net service spending. Although Welsh local authorities have broadly protected real terms spending on social services as a whole through the period of austerity, the pattern across client groups has varied. Whereas spending on looked after children rose substantially, net local authority expenditure on older adult (aged 65+) social care services declined slightly, by 0.8 per cent (£4.3m in 2017-18 prices), between 2009-10 and 2016-17. Given the rising population of over-65s, this was equivalent to a reduction of 14.4 per cent per older person.

¹ <http://www.walespublicservices2025.org.uk/files/2017/11/Austerity-and-Local-Government.pdf>

² http://cdn.obr.uk/FSR_Jan17.pdf

- This appears to have been accompanied by a more targeted approach to spending. The data points to a decline in the number of older adults supported by local authorities, despite a growing population. However, available data indicates the possibility of a significant (17%) increase in the level of spending per service user, which may reflect changes in local level eligibility criteria for support and a focus on individuals with relatively higher needs.
- The English Longitudinal Study of Aging (ELSA) provides one model in which the Welsh Government could invest so as to monitor how the health and wellbeing of pension age adults and those around them is effected by public policy.

Future social care needs and related costs

- The best available evidence on the future costs of providing adult social care in Wales³ suggests that demand for adult care (that is, care services for all individuals aged 16 and over) should be rising by around 4.1% a year from 2015 up to 2030-31 due to demography, chronic conditions and rising costs.
- The general direction of this projection is supported by recently forecast trends in disability and life expectancy in England and Wales up to 2025.⁴ According to this research, although total life expectancy at age 65 years will increase by 1.7 years up to 2025, life expectancy with disability will increase more in relative terms, with an increase of roughly 15% from 2015 (4.7 years) to 2025 (5.4 years) implying greater age-specific demand pressures on older adult care services.
- The rising number of over-65s mean that maintaining 2016-17 levels of local authority spending per adult aged 65+ on social care over the next decade would require an 18.0 per cent (£101m) real terms rise in net current expenditure by 2026-27, or a 27.2 per cent (£154m) rise by 2030-31. The Health Foundation demand projections would point to a much bigger real terms increase: 83% by 2030-31 (around £470 million).

³ Watt and Roberts (2016), 'The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31', available here: http://www.health.org.uk/sites/health/files/PathToSustainability_0.pdf

⁴ Guzman-Castillo et al. (2017), 'Forecasted trends in disability and life expectancy in England and Wales up to 2025: a modelling study', Lancet Public Health, available here: [http://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667\(17\)30091-9.pdf](http://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667(17)30091-9.pdf) .

- However, these estimates only project what is required in order to maintain a specific supply of services based on a fixed starting position and policy mix, with arbitrary importance therefore placed on the chosen base year of analysis.

The fiscal levers available to the Welsh Government

- There may be limits to the extent to which Council Tax can be used to generate significant additional funding. Collected council tax (currently around £1.5 billion a year) increased by 20.6% in real terms between 2009-10 and 2016-17, partially offsetting reductions in Welsh Government funding for local government. A regressive tax as it currently operates, council tax now accounts for a higher proportion of average household disposable income in Wales than in 2009-10.
- Wales' devolved tax powers open up new financing options although the challenge remains substantial. A recent estimate indicated that changing the Welsh rate of income tax by 1p across each band could lead to an increase in the Welsh resource budget of around £200 million a year (subject to behavioural responses), although further research is taking place. Other factors such as change in UK fiscal policy or growth in the Welsh economy could have a significant impact. As things stand the use of devolved tax powers could be part of the solution but may not offer the whole solution.
- This suggests that further options need to be explored. Proposals for a funded contributory system of financing older adult care represent a promising alternative to the current pay-as-you-go model in that it could promote intergenerational fairness and value for money.
- The UK has some of the highest rates of 'intensive' informal caregiving in Europe (defined as 11+ hours of care per week), which is associated with lower levels of mental well-being. New data is required to evidence possible policy responses, from which future cost projections and fiscal lever options can be decided.

Introduction

The present submission to the National Assembly for Wales' consultation into the financial impact of the cost of caring for an ageing population will seek to address the following three items from within the inquiry's broader terms of reference:

1. To examine patterns in demand for social care services for those of pension age;
2. To consider future social care needs and related costs, including the projected increase in the proportion of the population of Wales of pension age; and
3. To assess the fiscal levers available to the Welsh Government to reform the arrangements for funding social care.

One key limiting factor common across our response to each of these questions is the current deficit in published data from which to directly associate changes in social care spending with the health and wellbeing of service users and carers in Wales. As a result, we are not able to specify a 'correct' amount of public expenditure in any given period, as defined by an objective and measurable metric of health and wellbeing outcomes for all adults of pension age, whether or not they receive formal local authority organised care support.

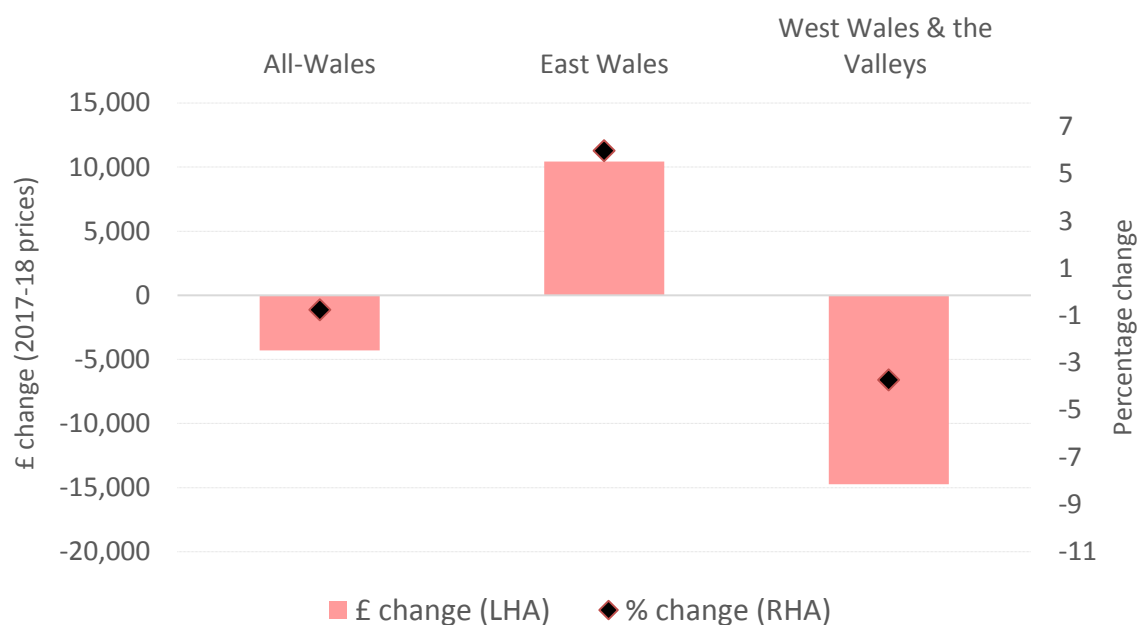
The recent Parliamentary Review of Health and Social Care in Wales has stressed the importance of developing a national health and social care data resource to drive decision making and improve health and care quality.⁵ . As we discuss below, longitudinal data available in England offers one model in which the Welsh Government could choose to invest.

⁵ See Annex C, Recommendation 7: Innovation, Technology and Infrastructure (<http://gov.wales/docs/dhss/publications/180116reviewen.pdf>)

1. Patterns in demand for social care services for those of pension age

Across Wales, total net public expenditure on older adult (aged 65+) social care services declined by 0.8 per cent (£4.3m in 2017-18 prices) between 2009-10 and 2016-17.⁶ Figure 1 shows that this net decrease was led principally by regions in West Wales and the Valleys, where spending declined by 3.7% (14.7m). Nonetheless, the revenue outturn figures demonstrate a clear prioritisation of older adult social care services relative to most other local service areas (see Table 1). Indeed, between 2009-10 and 2016-17, older adult social care rose as a share of total local authority service expenditure by an average of 0.8 percentage points across Wales (1.1 pts in East Wales; 0.7 pts in West Wales and the Valleys).

Figure 1: Change in net current expenditure on older adult (aged ≥65) social care by region, 2009-10 to 2016-17 (2017-18 prices)



Source: Local government revenue outturn data (available here: <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue/Outturn/revenueoutturnexpenditure-by-authority>)

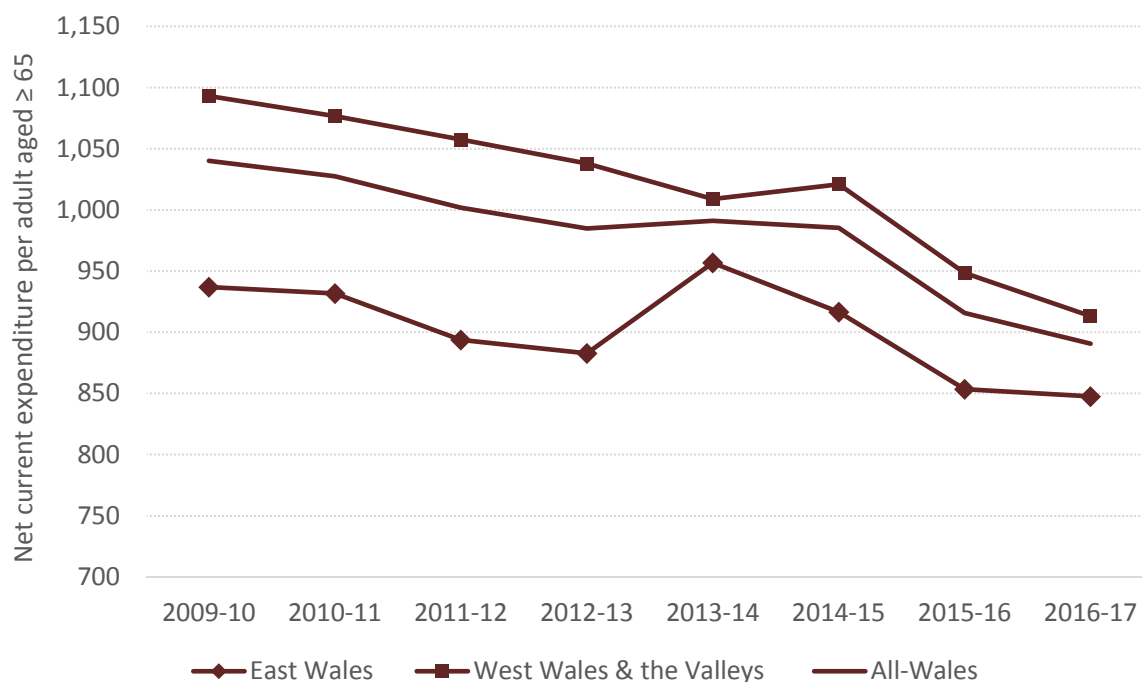
Given the trend in Wales' ageing population, this slight decline in total revenue spending meant that spending on a per head basis decreased by 14.4 per cent between 2009-10 and 2016-17, equivalent to £149 per adult aged 65 and over.⁷ Regionally, this decline was more

⁶ Note that all revenue outturn figures quoted here related to older adult social care reflect 2017-18 prices and have been adjusted to include separate funds pertaining to service strategy for all adult care services. In 2016-17 this came to £9.5m which we then divided proportionately between older and younger adult service spending.

⁷ In 2009-10, adults aged 65+ made up 18.0 per cent of Wales' population (547,597). By 2016-17, their share had risen to 20.4 per cent (635,659).

pronounced in West Wales and the Valleys (16.5%; £180 per head) compared to East Wales (9.5 %; £90 per head), although as can be seen from Figure 2, spending in the latter region remained below the former throughout the period. In nine local authorities spending per head declined by around a fifth or more.

Figure 2: Region specific trend in per capita (aged ≥65) expenditure on older adult social care, 2009-10 to 2016-17 (2017-18 prices)



Source: Local government revenue outturn data (available here: <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue/Outturn/revenueoutturnexpenditure-by-authority>) and population estimates by local authority (available here: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority>).

That total spending on older adult services declined over the recent period may seem anomalous, particularly given the presumed demand pressures that accompany an ageing population. Between 2009-10 and 2016-17, the area that saw the most significant growth within local authorities' broader social care budgets was looked after children, which rose by 37 per cent (£72m) in real terms, reflecting a rise in the number of children requiring care support services annually (up 27% since 2009).⁸ Linked to this, one explanation might be that service teams have switched focus over the recent period of austerity toward concentrating

⁸ Data available from StatsWales: <https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Childrens-Services/Children-Looked-After>.

support on a smaller number of relatively higher needs individuals given the statutory flexibility within which care eligibility is determined.

Both the new statutory framework brought about by the Social Services Well-being (Wales) Act 2014 (effective April 2016), as well as the previous regulations (NHS and Community Care Act 1990), afford councils a significant amount of discretion in determining whether an individual's care needs are eligible for local authority support (see the Annex). The implication is that councils are not bound to support all adults in all circumstances. This may in turn highlight the importance of informal networks.

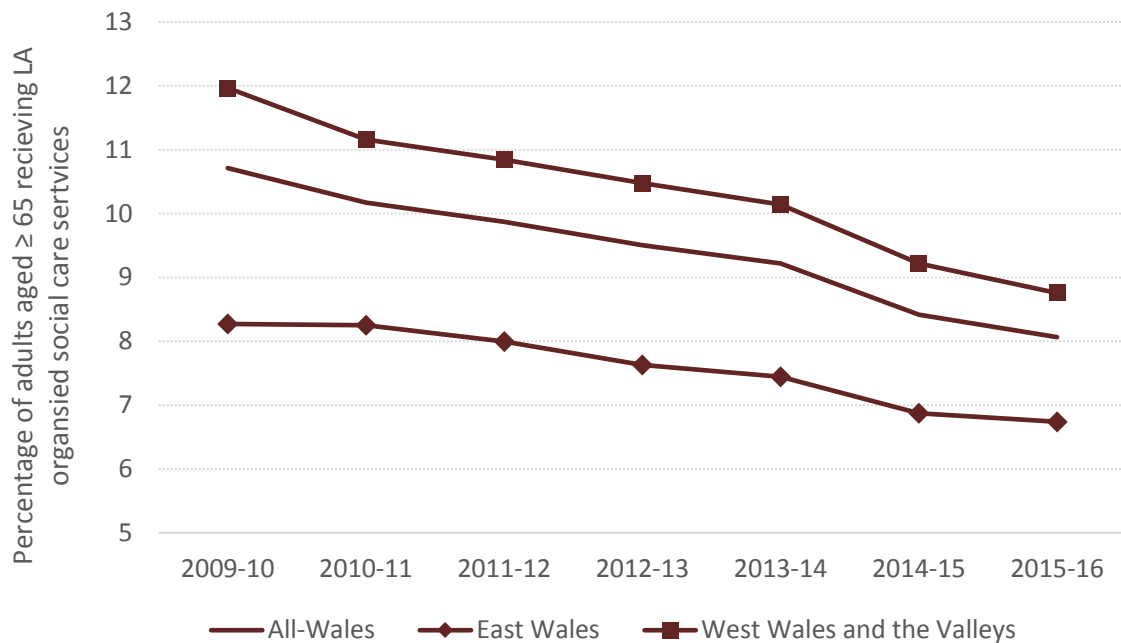
As a result of this flexibility, analysing both historic and future patterns of demand may be complicated by changes in what constitutes 'effective demand' (i.e. the number of pension age adults seeking local authority support that are also deemed eligible).

Data available for the period 2009-10 to 2015-16 shows that the total number of older adults supported by one or more kinds of local authority organised care services declined by 14.1 per cent, or 2.6 percentage points as proportion of the older adult population (Figure 3). One explanation may be a trend towards tightening local care package eligibility criteria. As a result, spending per service user apparently rose by 17.0 per cent across Wales (11.8% East Wales; 18.6% West Wales and the Valleys), equivalent to £1,646 per head (£1,336 East Wales; £1,696 West Wales and Valleys) by 2015-16 (Figure 4).

However, newly available data showing service user frequencies produced for the first time using the computerised Welsh Community Care Information System (WCCIS) in 2016-17 does cast some doubt over the accuracy of previous years' reported figures, which appear to show a significant downward bias.⁹ Whether or not older adult social care spending has become concentrated, it is apparent that predictions of increased service demand pressures resulting from Wales' rapidly aging population are not clearly reflected in the latest available local government revenue outturn figures.

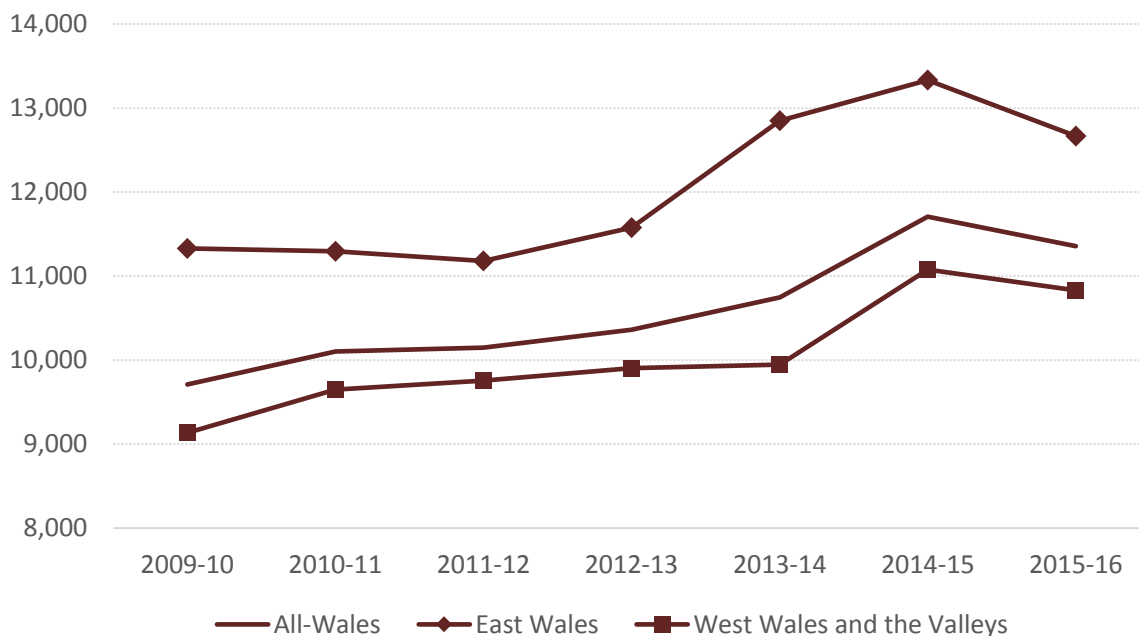
⁹ The WCCIS service provision data shows that in 2016-17 there were 62,598 older adults recorded as receiving one or more forms of support; a figure which does not include figures for Merthyr Tydfil and Carmarthenshire which were unable to collate data (see source: <https://stats.wales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Adult-Services/Service-Provision/adultsreceiving-services-by-local-authority-client-category-age-group>). By contrast, previous year's figures show a steady decline in provision from 2009-10 (58,657) to 2015-16 (50,386). Although a sharp rise in provision between 2015-16 and 2016-17 is feasible, the shift in trend does suggest that data collected prior to the WCCIS system in April 2016 may be less accurate. However, so long as any downward bias remained consistent over the period 2009-10 to 2015-16, then the general pattern shown in Figure 4 would remain valid.

Figure 3: Region specific trend in adults aged ≥ 65 recorded as receiving LA organised social care support as a proportion of the total older adult population, 2009-10 to 2015-16



Source: Adults receiving services by client category (<https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Adult-Services/Service-Provision/Prior-to-April-2016/adultsreceivingervices-by-localauthority-clientcategory-age>)

Figure 4: Region specific trend in spending per adult aged ≥ 65 recorded as receiving social care support, 2009-10 to 2015-16



Source: Adults receiving services by client category (<https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Adult-Services/Service-Provision/Prior-to-April-2016/adultsreceivingervices-by-localauthority-clientcategory-age>)

We have not been able to analyse whether any changes to the way services were organised over the period 2009-10 to 2016-17 resulted in significant efficiencies without impact on service quality or to the well-being of those deemed ineligible for support. A recent report by the Royal College of Occupational Therapists showed that following a review into 227 care packages in the Cardiff area between April 2015 and March 2016, the council was able to save £395,279 due to individual care packages being right-sized to actually better meet service user needs.¹⁰

It is not clear whether spending of income from the Welsh Government's Integrated Care Fund (ICF) is ultimately recorded in local government revenue outturn figures. This may affect the trends observed.¹¹ However, if local authorities are indeed responding to heightened resource pressures by applying more restrictive eligibility criteria, the impact that this may be having on the health and well-being of those deemed ineligible will be very difficult to measure directly in Wales .

In England, the English Longitudinal Study of Aging (ELSA) – drawing on a representative cohort of over 10,000 men and women aged ≥50 years and funded by the UK Government, – contains information on the health status and support received by older people who report difficulty with various daily activities.

Investment by the Welsh Government into representative longitudinal data sources that can monitor the interaction between older people with varying degrees of life-limiting conditions and local public services could significantly improve the evidence base on which both current and future resource allocations are made. Although the correctional National Survey for Wales¹² does contain a limited number of questions pertaining to social care services (specifically, the subjective rating of the quality of care received by service users and their carers), investment in longitudinal data that includes objective measures such as biomarker data¹³ would allow policy makers to determine the specific patterns of support that appear to

¹⁰ <http://3clw1r2j0esn1tg2ng3xziww.wpengine.netdna-cdn.com/wp-content/uploads/2017/07/ILSM-Phase-II-WELSH-ENGLISH.pdf>

¹¹ NHS Wales Health Boards act as a lead organisation for the ICF and paid the full funds. If a local authority incurs a cost as part of activities associated to the aims of the fund – that is, supporting people to maintain their independence and remain in their own home – then the health board would pass the relevant funding on to the local authority which would appear as income from joint arrangements in the revenue outturn figures. However, we are not aware of any source which details how much of the ICF (£60m in 2017-18) is maintained by the Health Boards and is hence excluded from our analysis.

¹² http://gov.wales/statistics-and-research/national-survey/?tab=el_home&topic=nhs_social_care&lang=en

¹³ Biomarkers have been defined as a characteristic that is objectively measured and evaluated as an indicator of normal biological processes, pathogenic processes, or pharmacologic responses to a therapeutic intervention. Examples include resting heart rate, grip strength and measures of inflammation such as C-reactive protein (CRP).

promote healthy ageing in the Welsh population at present, from which benchmark health and service delivery targets could be subsequently formed.

Table 1: Changes in older adult social care spending, 2009-10 to 2016-17 (2017-18 prices)

	LA spending (2017-18 prices)		Percentage (ppt) change
	2009-10	2016-17	
All-Wales			
Older adult (≥65) social care (£m)	569.6	565.3	- 0.8
Per capita (£)	1,040	891	-14.4
<i>% of total service spending</i>	<i>9.1</i>	<i>9.9</i>	<i>0.8</i>
East Wales			
Older adult (≥65) social care (£m)	174.2	184.6	6.0
Per capita (£)	937	848	-9.5
<i>% of total service spending</i>	<i>8.1</i>	<i>9.1</i>	<i>1.1</i>
West Wales and the Valleys			
Older adult (≥65) social care (£m)	395.4	380.6	-3.7
Per capita (£)	1,093	913	-16.5
<i>% of total service spending</i>	<i>9.7</i>	<i>10.4</i>	<i>0.7</i>

Source: Local government revenue outturn data (available here: <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue/Outturn/revenueoutturnexpenditure-by-authority>) and population estimates by local authority (available here: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority>).

Summary:

- Net public expenditure on older adult (aged 65+) social care services declined by 0.8 per cent (£4.3m in 2017-18 prices) between 2009-10 and 2016-17, equivalent to 14.4 per cent per head.
- This appears to have been accompanied by a decline in the number of older adults supported by local authorities, which may indicate a tightening of local level eligibility criteria for support.
- The English Longitudinal Study of Aging (ELSA) provides one model in which the Welsh Government could invest so as to monitor how the health and wellbeing of pension age adults and those around them is effected by public policy.

2. Future social care needs and related costs

As we have noted in previous work,¹⁴ the best available evidence on the future costs of providing adult social care in an aging Wales has been produced by the Health Foundation. This suggests that demand for adult care (that is, care services for all individuals aged 16 and over) should be rising by around 4.1 per cent a year from 2015 up to 2030-31 due to demography, chronic conditions and rising costs.¹⁵ Total adult social care spending came to £1.14 billion in 2015-16 (2017-18 prices), meaning that a 4.1 per cent annual rise would see net public spending increase by 945 million (82.7%) by 2030-31. Applying this rate of change to older adult social care spending alone would see costs rise by £468.7 million.¹⁶

The general direction of the Health Foundation's projection is supported by recently forecast trends in disability and life expectancy in England and Wales up to 2025.¹⁷ According to this research, although total life expectancy at age 65 years will increase by 1.7 years up to 2025, life expectancy with disability will increase more in relative terms. For this group, it forecasts an increase of roughly 15 per cent from 2015 (4.7 years) to 2025 (5.4 years) implying greater age-specific demand pressures on older adult care services. This would compound the fiscal pressures associated with an ageing population.

In previous work, we also showed that simply uprating older adult social care expenditure at the local government level by the expected growth in the adult population aged 65 and over would see expenditure rise by 24 per cent in 2020-21 relative to 2015-16 if spending per head on older adult social were returned to pre-austerity levels in 2009-10. If we take 2016-17 as our base year, maintaining this level of spending (£890 per older adult) over the next decade would require an 18.0 per cent (£101m) rise in net current expenditure by 2026-27, or a 27.2 per cent (£154m) rise by 2030-31.¹⁸

¹⁴ Luchinskaya et al. (2017), 'A delicate balance? Health and Social Care spending in Wales', available here: http://www.walespublicservices2025.org.uk/files/2017/03/Wales-health-and-social-care-final_amended_04-2017.pdf.

¹⁵ Watt and Roberts (2016), 'The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31', available here: http://www.health.org.uk/sites/health/files/PathToSustainability_0.pdf.

¹⁶ Author's calculation based on local government revenue outturn figures.

¹⁷ Guzman-Castillo et al. (2017), 'Forecasted trends in disability and life expectancy in England and Wales up to 2025: a modelling study', *Lancet Public Health*, available here: [http://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667\(17\)30091-9.pdf](http://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667(17)30091-9.pdf).

¹⁸ Authors calculations based on 2016-17 local government revenue outturn data and 2014-based ONS population projections (available here: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/ablea15principalprojectionwalessummary>).

These projections cannot tell us much about the level of public spending required in order to reach a specific 'quality' of care services or achieve specific public health outcomes in future. For example, the Health Foundation's projections were based on an updated version of the Personal Social Services Research Unit's (PSSRU) aggregate long-term care projections model adapted for the Welsh population's age structure. The approach taken involves simulating the impact on demand for care and support services of specified changes in demand drivers/cost pressures or specified changes in policy. This means that the projections reported in the Health Foundation's paper should be treated as indications of likely future expenditures on care and support if policies are left unchanged and drivers of demand follow the specified trends.

In effect, such estimates only project what is required in order to maintain a specific supply of services based on a fixed starting position, with arbitrary importance therefore placed on the chosen base year of analysis. As noted above, investment by the Welsh Government into a nationally representative longitudinal data source pertaining to pension age adults would enable researchers to investigate potential funding deficits now, which would thereafter facilitate a more 'outcome focussed' projection of costs in future periods.

Summary:

- The best available evidence on the future costs of providing adult social care in Wales suggests that demand for adult care (that is, care services for all individuals aged 16 and over) should be rising by around 4.1% a year from 2015 up to 2030-31 due to demography, chronic conditions and rising costs.
- Maintaining 2016-17 levels of spending per adult aged 65+ over the next decade would require an 18.0 per cent (£101m) rise in net current expenditure by 2026-27, or a 27.2 per cent (£154m) rise by 2030-31.
- However, these estimates only project what is required in order to maintain a specific supply of services based on a fixed starting position and policy mix, with arbitrary importance therefore placed on the chosen base year of analysis.

3. Fiscal levers available to the Welsh Government

Changes to the structure of council revenues since 2009-10 in Wales have reflected a significant rebalancing of how local government is funded, which has important implications for the long term funding of adult social care services.

Publicly funded local government services (otherwise known as net service spending or net current expenditure), including adult social care services, are financed via three principle streams of revenue: Welsh Government grants (the general revenue support grant, RSG, plus hypothecated specific and special grants earmarked for particular services), council tax and non-domestic rates (NDR).¹⁹ Table 2 shows that between 2009-10 and 2016-17, an £805 million (16.2%) reduction in Welsh Government grant support to local government prompted a 20.6 per cent increase in total collected council tax revenues, equivalent to an additional £246 million.

Table 2: Local government revenues by source, 2009-10 to 2016-17 (2017-18 prices)

	LA spending (£m)		Percentage (ppt) change
	2009-10	2016-17	
All-Wales			
Welsh Government grants (ex. HB)*	4,975	4,170	-16.2
<i>% of total revenues</i>	<i>70.2</i>	<i>63.6</i>	<i>-6.6</i>
Council tax (collected)*	1,199	1,445	20.6
<i>% of total revenues</i>	<i>16.9</i>	<i>22.0</i>	<i>5.1</i>
NDR	913	943	3.3
<i>% of total revenues</i>	<i>12.9</i>	<i>14.4</i>	<i>1.5</i>
Total	7,087	6,558	-7.5

Note: *Council tax receipts are net of council tax benefit/reduction scheme which has been included within both the 2009-10 and 2016-17 Welsh Government grant figures.

Source: Financing of gross revenue expenditure (available here: <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue>) and in-year council tax collection (available here: <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Council-Tax/Collection>).

¹⁹ All figures referring to Welsh Government grants exclude, for the purpose of this analysis, revenues accruing to Welsh unitary authorities in relation to housing benefit and housing benefit administration, which is sent directly to Welsh councils from DWP to match demand. Any additional sums spent by Welsh councils on housing benefit and housing benefit administration over and above the amount they receive from the UK government are included, although these figures are relatively negligible in size.

Council tax is widely regarded as structurally regressive between households,²⁰ and the Welsh Government has already committed itself to making council tax more progressive²¹, possibly by changes to the banding structure. However, with further increases to the average Band D rate of around 4-5% expected across many councils in 2018-19,²² alternative sources of revenue might be considered by the Welsh Government

The Wales Centre Public Policy are currently undertaking research looking at the implications of the new Welsh rates of income tax effective April 2019. Previous estimates have indicated that changing the Welsh rates of income tax by 1p across each band would lead to an increase in the Welsh overall resource budget of about £200 million (assuming no behavioural response),²³ although the Welsh Government has committed to maintain the current income tax rate for the duration of the current Assembly term (until May 2021).²⁴

A prominent alternative solution to funding adult social care through piecemeal budgetary increments was recently outlined by Professor Gerald Holtham.²⁵ This would involve the creation of a funded contributory system for older people's care in order to mitigate demographic risk and give value to Welsh contributors through what would, in effect, be the creation of a sovereign wealth fund for Wales. This proposal has attracted much interest as an alternative to the current pay-as-you-go model of financing social care. Estimates as to the amount such a fund would need to release each year in order to meet demand will depend in part on the quality of cost projections.

The contribution from those providing informal care will be a key element in future resourcing of social care for over 65's. Recent research distinguishes between informal care giving and

²⁰ Although low-income households will be exempt from paying council tax via the CTRS, council tax is regressive in the sense that you pay a lower percentage of property value the more valuable the property is, and there is an upper limit on payments. See IFS (2015), 'Little sense of direction in tax and benefit proposals', available here: <https://www.ifs.org.uk/publications/7735>.

²¹ See p.13 of the Programme for Government (Take Wales Forward 2016-2021) document for this commitment, available here: <http://gov.wales/about/programme-for-government/?lang=en>.

²² <https://www.walesonline.co.uk/news/wales-news/how-much-every-authority-wales-13936534>

²³ See Luchinskaya et al. (2017), 'Welsh Government Budgetary Trade-offs: Looking Forward to 2021-22', available here: <http://www.walespublicservices2025.org.uk/files/2017/09/Looking-Forward-Report-Final-Updated.pdf>

²⁴ Welsh Government. (2017a). Welsh rates of income tax FAQs. Retrieved from: <http://gov.wales/docs/caecd/publications/171204-income-tax-faqs-en.pdf>

²⁵ Holtham (2017), 'The promise of social care: Why Wales needs a community insurance fund and how to organise', available here: <http://welsheconomicchallenge.com/wp-content/uploads/WNIfund-Proposal-Social-care.pdf>

'intensive' informal care giving (defined as 11+ hours per week). It concludes that 'intensive' informal care giving is associated with lower levels of mental well-being, particularly among female 'intensive' caregivers on whom a disproportionate share of 'intensive' caregiving falls. The UK has been shown to rank 16th highest out of twenty European nations surveyed in terms of the prevalence of 'intensive' informal care giving, according data from the European Social Survey²⁶ (Round 7, collected 2014).²⁷

This research found that countries with high overall numbers of informal caregivers tend to have lower numbers of intensive caregivers (for example, Nordic countries), which suggests that generous welfare states stimulate taking up a caring role, while at the same time taking away the necessity of intensive caring.

We suggest that any projection of the future resource needed to fund adult social care should take account of the pressures on those providing intensive informal care and the support they require. Again, such estimates would require the facility of new data able to capture the extent of informal care activity in Wales and its impact longitudinally on the health and well-being of care recipients and providers.

²⁶ The European Social Survey (Round 7) offers information on 37 623 respondents from 22 national random samples collected through face-to-face interviews. Complete information on the survey, including questionnaires, is available from <http://www.europeansocialsurvey.org>.

²⁷ Verbakel et al. (2017), 'Informal care in Europe: findings from the European Social Survey (2014) special module on the social determinants of health', *European Journal of Public Health*, available here: https://academic.oup.com/eurpub/article/27/suppl_1/90/3045950.

Summary:

- The UK has some of the highest rates of 'intensive' informal caregiving in Europe (defined as 11+ hours of care per week), which is associated with lower levels of mental well-being. New data is required to evidence possible policy responses, from which future cost projections and fiscal lever options can be decided.
- Meeting projected demand pressures on older adult social care services should consider the effects of raising the additional resource locally via council tax versus at the Welsh Government level through use of Wales' new income tax powers.
- A funded contributory system of financing older adult care represents a promising alternative to the current pay-as-you-go model in that it promotes intergenerational fairness and value for money.

Annex A

Note on care assessments

Section 47(1) (b) of the 1990 Act placed a duty on local authorities to decide whether, following assessment, an adult's needs required a service to be provided, with any such determination made through reference to statutory guidance.²⁸ According to the guidance document (see paragraph 5.15), it was for individual local authorities to draw the line of eligibility according to their own local circumstances, albeit within a framework whereby eligibility is set at one of four bands: low, moderate, substantial or critical.²⁹ A similar discretion has been maintained by the implementing regulations of the 2014 Act (see the Care and Support (Eligibility) (Wales) Regulations 2015, regulations 3(a)-(d)). These regulations create what has been dubbed the '*can and can only*' criteria for eligibility, whereby an adult seeking care support is assessed to see if their needs can be sufficiently met by support coordinated by themselves, their family or carer, or by community-based services.³⁰

While some commentators have noted that this criteria is conceptually flawed to the extent that it confuses 'eligible need' with access to support that may be leveraged in order to meet said need,³¹ it is clear that councils will not be duty bound to provide support to adults in all instances given the complex calculus involved in the '*can and can only*' test, which appears to place emphasis on informal support networks.

²⁸ Creating a Unified and Fair System for Assessing and Managing Care – Welsh Assembly Government (2002), available here: <http://www.wales.nhs.uk/sitesplus/documents/829/wag%20-%20creating%20a%20unified%20and%20fair%20system%20for%20assessing%20and%20managing%20care.pdf>

²⁹ CSSIW (2010), 'National Review of Access and Eligibility in Adults' Social Care - Overview Report', available here: <http://arolygiaethgofal.cymru/docs/cssiw/report/100927eligibilityen.pdf>.

³⁰ <http://www.communitycare.co.uk/2015/05/11/welsh-government-unveils-can-can-eligibility-test-social-care/>
<http://gov.wales/docs/phhs/consultation/141104Pt3and4execsummaryen.pdf>

³¹Page 15.

https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&cad=rja&uact=8&ved=0ahUKEwjlo5i86ILZAhVCLFAKHUlyDHIQFgg7MAM&url=http%3A%2F%2Fwww.lukeclements.co.uk%2Fwp-content%2Fuploads%2F2017%2F09%2FWales-SS-Well-being-Act-25.pdf&usg=AOvVaw17XHf6ZZE6_fGzEKcwwvqQ

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The Wales Public Services 2025 Programme is investigating the long-term financial, demographic and demand pressures confronting public services in Wales and possible responses. Hosted by Cardiff Business School and independent, the Programme is a unique partnership between Cardiff University and five national bodies in Wales: the Welsh Local Government Association, SOLACE Wales, the Welsh NHS Confederation, the Wales Council for Voluntary Action and Community Housing Cymru.

Our goal is to create a civic space in which public servants, civil society, politicians and people across Wales can engage in open, informed, radical debate on how our public services need to change and what we need to do to get there.

Established in 2012, the Programme works with national bodies, research bodies and think tanks across the UK, including the Institute for Fiscal Studies, the Health Foundation, the Public Policy Institute for Wales, Wales Local Government Association, the Wales Audit Office and others.

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