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# The future of care in Wales: Resourcing social care for older adults

**CIAN SIÔN & MICHAEL TRICKEY**

**Wales Fiscal Analysis**  
AUGUST 2020

# Preface

## Declaration of funding

Wales Fiscal Analysis is hosted by the Wales Governance Centre and the School of Law and Politics at Cardiff University, and funded through a partnership between Cardiff University, the Welsh Government, the Welsh Local Government Association and Solace Wales. The programme continues the work of Wales Public Services 2025 hosted by Cardiff Business School, up to August 2018.

## About us

Wales Fiscal Analysis (WFA) is a research body within Cardiff University's Wales Governance Centre that undertakes authoritative and independent research into the public finances, taxation and public expenditures of Wales.

The WFA programme adds public value by commenting on the implications of fiscal events such as UK and Welsh budgets, monitoring and reporting on government expenditure and tax revenues in Wales, and publishing academic research and policy papers that investigate matters of importance to Welsh public finance, including the impact of Brexit on the Welsh budget and local services, options for tax policy, and the economics and future sustainability of health and social care services in Wales.

Working with partners in Scotland, Northern Ireland, the UK and other European countries, we also contribute to the wider UK and international debate on the fiscal dimension of devolution and decentralisation of government.

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# Executive Summary

It is widely agreed that reform of social care is long overdue, but the future resourcing of the sector presents challenges for policy makers. This paper identifies four key issues with which future policy must grapple; namely the level of resourcing required to deliver effective care services, the currently fragmented nature of service provision, low pay and high staff turnover, and the difficulty in projecting and meeting future demand.

## Resourcing care for older adults

- Informal care provided by friends and relatives is currently by far the largest source of adult care provision. Its replacement cost (the cost of purchasing this care at market price) is estimated at £8 billion – a similar order of magnitude to the annual NHS Wales budget.
- Care-related public funding for over-65s involves two separate strands which are not linked in policy terms: the non-devolved DWP benefits system (which delivers fiscal transfers to individuals to assist with care needs) and formal care services funded through devolved spending (primarily by local government and the NHS).
- The value of Disability Living Allowance, Personal Independence Payment and Attendance Allowance payments made to older adults alone amount to £870 million annually.
- Local authority gross spending on all older adult care amounted to £837.2 million in 2018-19. Spending on residential care accounted for £290.9 million of this total.
- The average fee charged by Welsh care homes for self-funders is £800, around 25% higher than the average fee paid by local authorities. There is evidence to suggest that there exists an element of cross-subsidy between fees paid by privately funded residents and the cost of local-authority placements.
- If public resourcing of residential care does not match costs, this could weaken the incentive for future private investment in new care home places.

## Delivering care for older adults

- The nature of formal service provision is highly fragmented, particularly in residential care, where there are over 1,000 separate providers.
- Most residential care is delivered by contracted providers operating in the independent sector, though most residents in Wales continue to have their care funded fully, or in part by local authorities. Local authority run care homes account for only 9% of care home places, and three local authorities (Torfaen, Powys and Cardiff) are wholly reliant on the independent sector for care home provision.

- Any plan for reforming older adult care must address whether the current mixed economy is the way forward. This would involve balancing arguments for maintaining the current setup against some of the challenges posed by having hundreds of employers and no single pay determining body.

### Pay and the social care workforce

- Despite the critical role played by the residential care workforce, social care remains a relatively 'low paid' sector; fewer than half of the personal care workforce in Wales are paid the Real Living Wage, and care home workers have faced a decade of no relative improvement in pay.
- The UK appears to be an outlier in its relative remuneration of care workers compared to other developed countries.
- Given that roughly 80% of the residential care workforce are women, the prevalence of low pay has a particularly gendered impact.
- The social sector has relatively high staff turnover, which makes long-term planning more difficult. Staff turnover rates for local authority provided services (8%) are substantially lower than for commissioned care providers (21%).
- The current low levels of remuneration of the workforce does not look sustainable in terms of quality and consistency of care and staff turnover. Given that staffing accounts for a large proportion of providers' total costs, addressing pay and conditions will have substantial resource implications for government and private providers alike.

### Forecasting future demand

- The number of people supported through formal care services has not kept pace with the growth in the over-65s population; residential care numbers have barely changed in a decade.
- There is some evidence that patterns of demand may be changing in favour of care at home with public funding increasingly directed at complex needs, frailty, and dementia. For instance, the number of extra-care housing units increased by 36% to 2,623 between 2012-13 and 2018-19.
- Although future demand for formal care cannot simply be linked to the growth in the over-75 and over-85 cohorts, projected growth in the numbers of older people with complex care needs (including severe dementia) is highly likely to result in increased pressure on formal care services – the number of older adults living with severe dementia is expected to double to 53,700 by 2040.
- A strategy for future resourcing will need to take into account these complexities, what the future mix of care provision – including specialist provision – might be, and who will meet this cost.

# 1 Introduction

The devastating impact of Covid-19 on staff and residents in some care homes in Wales and across the UK has starkly exposed the vulnerability of the residential care sector. Even prior to the pandemic, the projected growth in the number of adults over 80 meant that the sector faced significant challenges. But over time, the task of ensuring fit-for-purpose care services has become much more complex and – arguably – a lot more pressing.

Much of the argument over the last two decades has focused on who pays for care services and how, but there are increasing calls for more fundamental reforms of the sector. The head of NHS England, Simon Stevens recently called for reform of the way the sector is resourced and operated 'within a year'.<sup>1</sup> Some political parties have advocated – in various detail – for reforms linked to the concept of a National Care Service.<sup>2</sup> This is linked to a view that service provision needs to be rebalanced away from the private to the public sector, reversing recent trends. The UK Government has signalled an intention to “seek cross-party consensus” for fresh proposals on adult social care in England and a number of ideas ranging from a hypothecated tax to a new role for the NHS have been reported.<sup>3</sup> But although there have been no shortages of reports and government papers published over the last two decades, progress in implementing policy has been slow.

Nevertheless, devolved policy on social care and its financing has developed in distinctive ways in Wales and Scotland, both of which have delivered pragmatic reforms primarily centred on financing arrangements. Since 2002, older adults in Scotland have been entitled to free personal care, though the costs of accommodation and sustenance for care home residents is still met by the individual, subject to an assessment of means. Meanwhile, Wales has legislated increases to the capital threshold above which care home residents have to self-fund, imposed caps on weekly fees charged by local authorities for care services, and introduced an Integrated Care Fund to promote better joint working between the NHS and local government.<sup>4</sup>

As part of Wales Fiscal Analysis' ongoing work stream examining the impact of Covid-19 on Wales, this report examines the economic and financial dimensions of social care – with a particular focus on care home provision for older people. In addition to outlining the current

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<sup>1</sup> <https://www.bbc.co.uk/news/uk-politics-53297312>

<sup>2</sup> The UK Labour Party's General Election manifesto (2019) included a commitment to setting up a National Care Service in England. And Plaid Cymru set up its own Care Commission which recently recommended the creation of a single National Health and Care Service for Wales (Plaid Cymru Care Commission 2019).

<sup>3</sup> The UK Government made a commitment to finding a “long-term solution to social care” in the Queen Speech at the opening of parliament in December 2019:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/853886/Queen\\_s\\_Speech\\_December\\_2019\\_-\\_background\\_briefing\\_notes.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853886/Queen_s_Speech_December_2019_-_background_briefing_notes.pdf)

<sup>4</sup> The Integrated Care Fund is allocated by the Welsh Government to drive integrated working between social services, health, housing, and the third sector (Wales Audit Office 2019, 6).



arrangements for financing care, it highlights four key issues with which future policy must grapple; namely the level of resourcing required to deliver effective care services, the currently fragmented nature of service provision, low pay and high staff turnover, and the difficulty in projecting and meeting future demand. A comprehensive strategy for reform must address each of these issues.

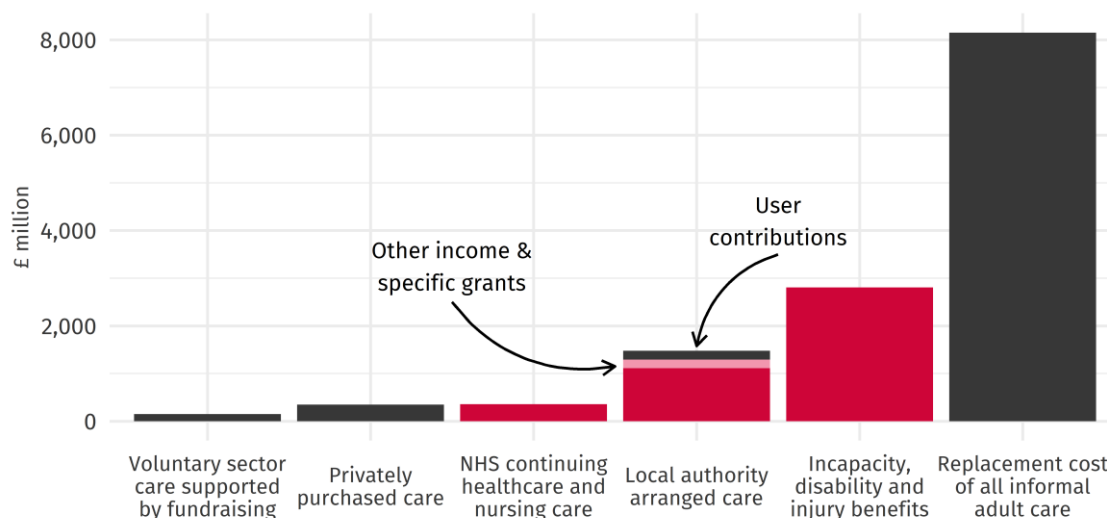
# 2 Resourcing care for older adults

Unlike the NHS, which operates under unified funding arrangements and is largely funded from the Welsh Government budget, the resourcing of older adult care is much more complex. Paid care provision for older adults is financed through a combination of public funds (DWP benefits, funding from the Welsh Government, local authorities, and the NHS), payments by individuals and families, and funds raised through voluntary donations. But by far the largest source of care is the unpaid care that is provided informally in households, mostly by family and friends. Given this complexity, it is perhaps not surprising that only 30% of Welsh adults claim to know “a great deal” or “a fair amount” about how the social care system works (Beaufort Research 2019, 5).

Any strategy for reforming older adult care must recognise the key role played by the informal care sector and acknowledge the pressures that providing long-term care can put on family resources. It must also consider whether the current fee structure, whereby fees paid by private care home residents appear to be cross-subsiding the cost of care for local-authority-funded residents, is an indication that the residential care sector is currently under-resourced – particularly given that this could delay investment in new provision to meet future demand.

**Figure 2.1**

Estimated spending on (younger and older) adult social care in Wales, 2015–16



Source: HM Treasury (2019) *Country and Regional Analysis*; StatsWales (2015-16) *Local authority outturn tables*; National Council for Voluntary Organisations (2013-14) *UK estimate for adult and children’s social services combined*; Laing Buisson (2017) *Care of Older People: UK Market Report*; NHS Wales (2015-16) *Consolidated Accounts*; Carers UK (2015) *Valuing Carers 2015*; and authors’ calculations. Components of public spending are shaded red on the chart.

## Informal care is by far the largest source of adult care provision

**Figure 2.1** presents an illustrative estimate of public and private spending on (both younger and older) adult social care in 2015–16.<sup>5</sup> The ONS Household Satellite Accounts from the same year estimate the gross value added by informal adult carers in the UK to be around £60bn. Taking a 5.7% share of this total (in line with the share of informal carers living in Wales according to the 2011 Census) gives us a tentative estimate of £3.4 billion for the gross value added (GVA) by unpaid adult carers in Wales. By comparison, the GVA generated by the formal adult social care sector was estimated to be £1.2 billion in the same year (ICF Consulting 2018, 23).

The exact economic value added by informal carers is subject to some uncertainty and the replacement cost of this unpaid care – the amount of money that would need to be spent to purchase this care at market price – is almost certainly higher. According to one estimate, the total replacement cost of all informal care provided to adults in Wales was around £8 billion in 2015–16 (Buckner and Yeandle 2015). Separately, an ICF report (ICF Consulting 2018) commissioned by Social Care Wales also estimated this figure to be in the region of £8 billion. This would be of a similar order of magnitude to the annual NHS Wales budget. It would also by far account for the largest element of spending on adult care.

Spending on adult social care is split between Department of Work and Pensions (DWP) benefits (ill-health, disability and incapacity benefits), local authority gross spending on care (user contributions account for around 13% of this total)<sup>6</sup>, NHS spending on Continuing Care and nursing care, privately purchased care, and donations to voluntary organisations from private individuals. Estimates for the last two categories of spending are likely to have a larger margin of error, particularly the estimate for privately purchased care, which only includes spending on care for older adults (over 65).

## Informal care provision is becoming an increasingly important dimension of older adult care

There are some indications that informal care provision is becoming an increasingly important dimension of older adult care. One crude way of measuring trends in the number of informal carers is to look at the Carer's Allowance caseload. This means-tested benefit is paid to carers who spend at least 35 hours a week caring for someone. To be eligible, the person being cared for must be in receipt of certain benefits (e.g. Disability Living Allowance, Personal Independence Payment or Attendance Allowance). Typically, those who have already reached state pension age are not eligible. Though this is only a rough proxy for trends in demand for informal care, it is notable that the number of Carer's Allowance claimants in Wales has increased two-fold since 2003 – three times the rate of growth in the over-65 cohort (**Figure 2.2**). This pattern is replicated across other parts of the UK.

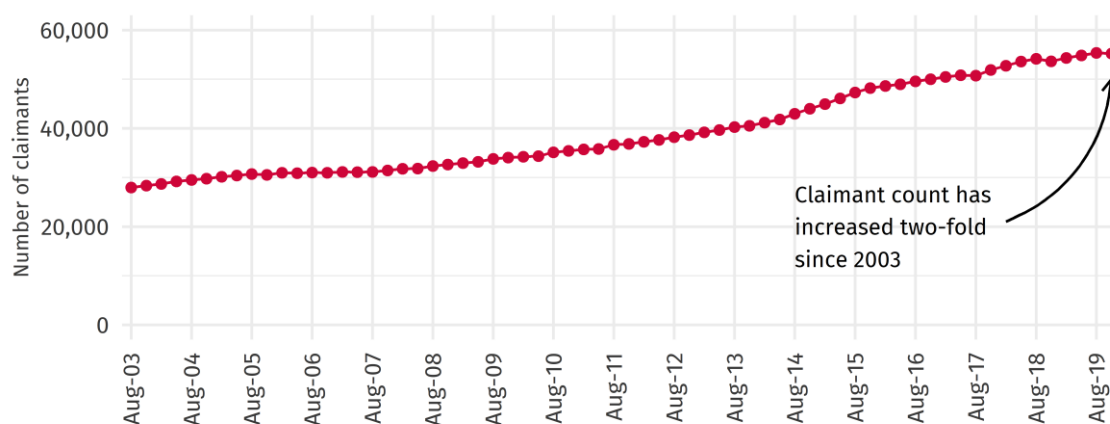
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<sup>5</sup> Some estimates could not be sourced separately for older adults, so the graph shows total spending on care for all adults (over 18).

<sup>6</sup> Includes local authority spending on adult social care funded by specific / special grants.

**Figure 2.2**

**Number of individuals in receipt of Carer's Allowance in Wales, 2003–2019**



Source: DWP (2020) Carer's Allowance: Cases in payment, obtained via Stat-Xplore.

Of course, absolute prevalence of informal care is much greater than suggested by the Carer's Allowance caseload alone – not least because of those providing fewer than 35 hours of care each week and those who are otherwise not eligible to claim the benefit. Estimates from the National Survey for Wales (2018b) indicate that 1 in 4 Welsh adults (over 16) spend at least 1 hour a week providing care for someone, with 6% of the adult population providing more than 20 hours of care each week (roughly 155,000 people).

It is important that any strategy for reforming adult care recognises the role played by unpaid carers and offers support, particularly to those who currently fall short of the eligibility requirements for receiving the Carer's Allowance award and receive no financial compensation for their work.<sup>7</sup>

**Although social care is a devolved function, DWP benefits are an important recourse to individuals purchasing care**

Although social care is a devolved function, Department for Work and Pensions (DWP) benefit payments are an important recourse for adults who are required to contribute towards their care needs. It follows that changes in eligibility and assessment for these benefits will have a substantial impact on the finances and the way claimants access and receive care.

**Figure 2.3** sets out the amount spent on adults over 65 for three DWP benefits – Attendance Allowance, Disability Living Allowance and Personal Independence Payment. Recipients can

<sup>7</sup> Individuals aged 16–64 who are not in receipt of the Carer's Allowance but nevertheless provide at least 20 hours of care each week may be eligible for Carer's Credit that help with gaps in National Insurance records.

only claim one of these benefits at any given time. This implies that there are around 185,000 older adults in receipt of these DWP benefits in Wales.

Note that not all this amount will be spent on purchasing equipment and services to meet care needs. For instance, though the claimant has full discretion over how the payment is used, Disability Living Allowance (DLA) and Personal Independence Payments (PIP) may be seen as compensation for the fact that many older adults with long-term disabilities will not have had the same opportunities to save (e.g. through workplace pension schemes) to fund their living costs in retirement.<sup>8</sup> Nevertheless, some of these benefits will be applied to purchase care, either privately, or through fees paid to local authorities. Similarly, some individuals may fund their care in part using State Pension or Housing Benefit payments.

### Figure 2.3

Yearly value of three DWP benefit payments to adults over 65 in Wales, November 2019

Benefit	Number of claimants	Value of awards (£million / year)
Disability Living Allowance & Personal Independence Payment	91,095	479.3
Attendance Allowance	94,186	389.9
Incapacity benefit & Severe Disablement Allowance	1,512	6.7

Source: DWP (November 2019) Cases in payment data obtained via Stat-Xplore

In addition to DWP benefits, Welsh local authorities offer a one-off Disabled Facilities Grant to cover major adaptations to homes. Unlike benefit payments from DWP, this payment is not demand-led, and funding is provided to local authorities in the form of an annual grant from the Welsh Government. In 2018-19, 4,086 grants were approved and completed, with a total value of £32.3 million.<sup>9</sup>

### Funding arrangements for local authority-arranged care are highly fragmented

As elsewhere in the UK, the funding arrangements for older adult care arranged by local authorities has a complex set of financial arrangements. The description below is illustrative only.

<sup>8</sup> It is not possible to place a new claim for PIP or DLA having turned 65, but those who were already in receipt of these benefits prior to reaching the state pension age remain eligible.

<sup>9</sup> Local authorities can also provide discretionary assistance for adaptations falling outside the mandatory grant. In 2018-19 the cost of additional non-mandatory assistance amounted to £2 million. Data sourced from StatsWales: <https://statswales.gov.wales/Catalogue/Housing/Disabled-Facilities-Grants/disabledfacilitiesgrants-by-area-granttype>

Local authority-arranged home and community care is financed through a combination of spending from local authority budgets and fees and charges paid by service users (the charges being subject to a cap of £100/per week). Once a person has been assessed by the local authority as requiring care services, the care can either be delivered by the local authority or through independent care providers it has commissioned. Alternatively, the person can opt to receive a direct payment from the local authority, which they can use to purchase their own care (this has been a growing trend over the past decade).<sup>10</sup> But many older people arrange and pay for care in their home from private or third sector providers, often drawing on Attendance Allowance or other payments they receive from the DWP, without recourse to local authority funding.

Residents in care homes are divided into those whose care is fully funded from the public purse, subject to various provisos, and 'self-funders'. The key dividing point is the 'capital threshold': the value of their savings and property (currently £50,000 in Wales). Self-funders have to finance all or most of their fees from savings, pension and investment income, or through the disposal of assets (including potentially their home), financial products such as immediate care annuities, and deferred payment schemes which enable the local authorities to place a legal charge on a property and recover the money when the property is sold (before or after the death of the resident). There are significant weaknesses in the data but it is thought that self-funders make up about 30% of the care home population, though other estimates point to a lower figure (Knight Frank 2019, 2, National Commissioning Board Wales 2017, 51). This would benefit from further investigation.

Some care is resourced by the NHS. NHS Continuing Care meets the full costs of care for someone assessed as needing it because of the complexity or severity of their condition – it might be provided at home or in a residential setting. The NHS also pays for the nursing element of care for a resident in a care home if their need is so assessed.

A further category of care is 'extra care housing', which includes sheltered housing, housing with care, and retirement communities where occupants may be owners, part owners or tenants. Their legal rights to occupy the premises is underpinned by housing law (in contrast to residents in care homes). These settings are usually provided by Housing Associations or local authorities, or the two working together. Residents are usually funded through Housing Benefit payments made by DWP, and the cost of personal care is subject to the £100/per week cap. Any changes to the current benefits system could pose a risk to the 'extra care' funding model.

### **Local authority spending on residential care for older adults has remained broadly stable over the past decade**

Local authority budgets have been put significant pressure in recent years. Research by this centre has shown that the value of Welsh Government grants to local authorities fell by around

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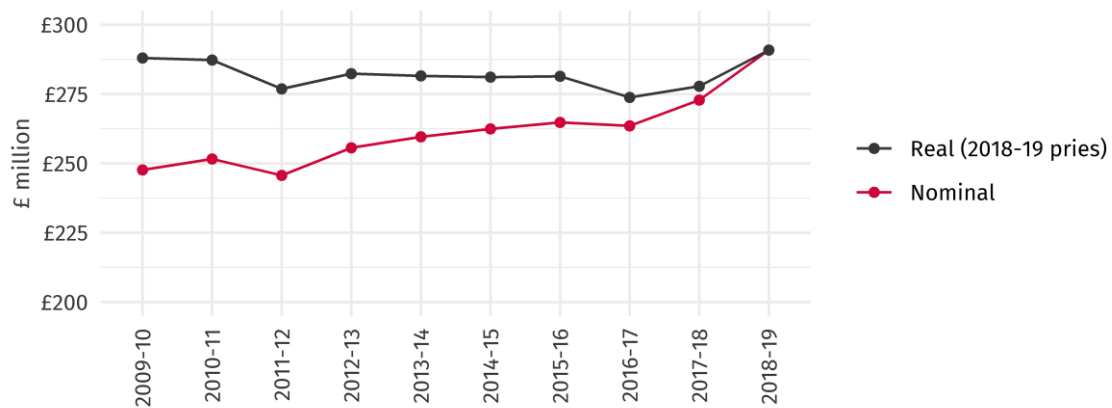
<sup>10</sup> The gross value of direct payments made to adults over 65 amounted to £21.5 million in 2018-19, up from £5.4 million in 2009-10.

£1 billion in real terms between 2009-10 and 2018-19 (Ifan and Siôn 2019b, 6). But spending on social care – particularly children and families’ services – has been relatively better protected than other local government departments. The various coronavirus-related spending announcements by the Welsh Government so far in 2020 will significantly increase the spending figures for 2020-21 but the extent to which these will be sustained longer-term remains to be seen.

Total gross spending (which includes fee contributions) on older adult care amounted to £837.2 million in 2018-19. Gross spending on older adult residential care increased from £247.6 million in 2009-10 to £290.9 million in 2018-19. Having adjusted for inflation, the level of spending on residential placements has remained broadly flat over this period (Figure 2.4). This has coincided with a period when demand for residential care has proven to be remarkably stable – a theme that is explored further in Chapter 5.

**Figure 2.4**

Local authority gross expenditure on residential care for older adults, 2009–10 to 2018–19



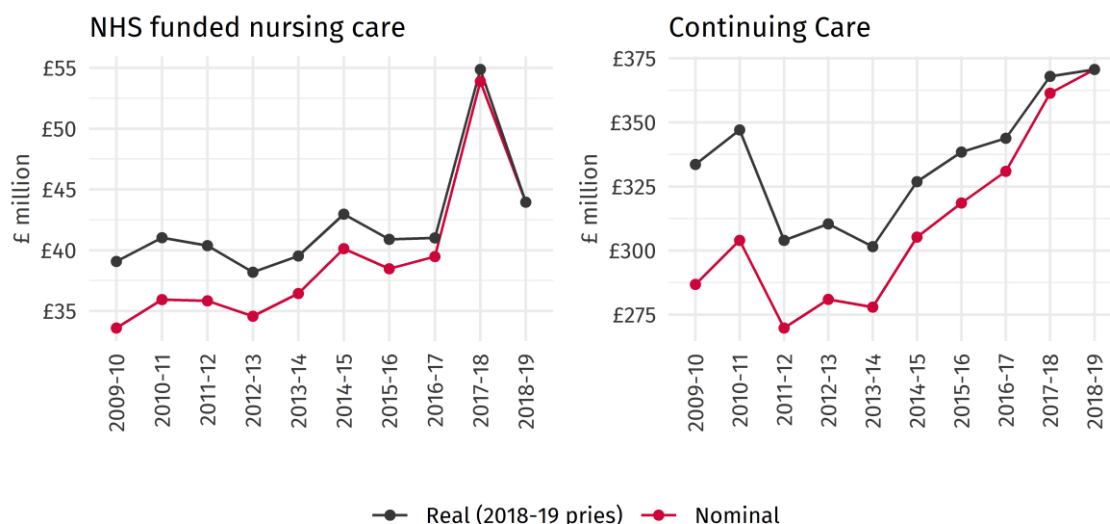
Source: StatsWales (2019 and previous) Local authority outturn tables and authors’ calculations.

Figure 2.5 shows the spending trend for Continuing Care and NHS-funded Nursing Care over the same period. NHS spending on nursing care provided in a residential setting exhibits a broadly similar pattern to local authority spending on residential care, with an uptick towards the end of the period and a sharp increase in 2017–18. Total spending on NHS funded nursing care amounted to £44 million in 2018–19.

On the other hand, NHS spending on Continuing Care for those of all ages with complex and long-term care needs follows a rather different trajectory. Though spending fell during the first half of the last decade, levels of spending have since recovered and surpassed their pre-austerity levels. This broadly matches the trend in the size of the total NHS Wales budget, which saw annual real terms increases following a period of budget contractions during the early years of austerity. This suggests that spending on Continuing Care might be more responsive to the resources available as opposed to being solely demand driven.

**Figure 2.5**

Spending on Continuing Care and NHS funded nursing care, 2009–10 to 2018–19



Source: StatsWales (2019 and previous) NHS Wales Consolidated Accounts and authors' calculations.

**The returns on capital may be insufficient to attract new private investment into a supply which is predominantly private**

The total number of care home places has remained broadly stable over the past decade, with occupancy rates fluctuating around 90% (Welsh Government 2018a, 22). Though this suggests that there is some spare capacity in the system, it is worth noting that even when waiting lists are in place, it can often take several weeks to make arrangements to fill an unoccupied place once a resident leaves or passes away – and longer if major redecoration is needed (Welsh Government 2018a, 22). This implies that a small portion of care home places will not be available at any given time and suggests that care homes for the elderly have been operating at, or near capacity in recent years.

Future private sector investment in care homes to upgrade or expand supply will rely on returns on the cost of capital. But despite the toolkit for fee-setting made available to local authorities by the Welsh Government (2018a), there are some reasons to question whether the fees paid by local authorities to independent care homes are economic (particularly given the flat trends in spending), and whether providers are increasingly relying on cross-subsidy by self-funders as a result. This practice – whereby fees paid by private residents are used to partly cover the cost of care for local-authority funded residents – is discouraged by the Welsh Government (2018a, 4). However, a UK-wide report by the Competition & Markets Authority (2017a, 40) found that fees for self-funded places are on average 41% higher than those paid by local authorities, even when the services received are largely the same. In Wales, the average fee charged for self-



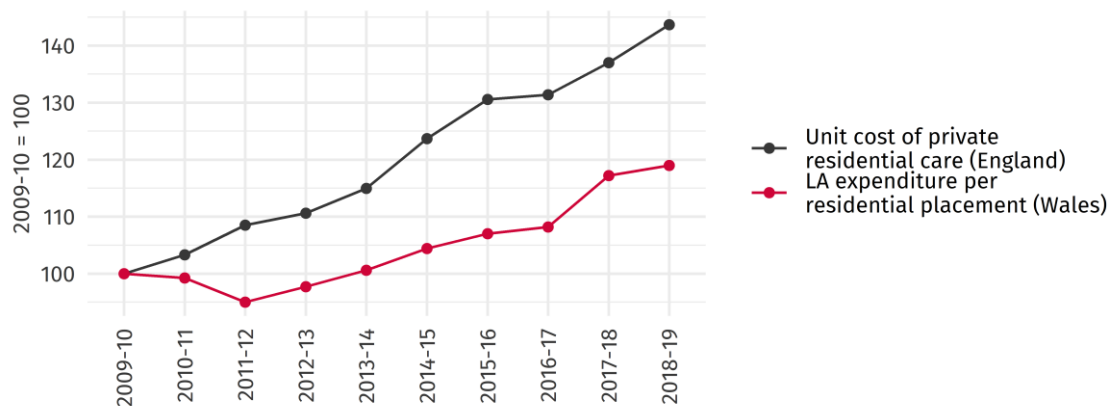
funders is £800, around 25% higher than the average fee paid by local authorities (£600) (Competition & Markets Authority 2017a, 42).

Modelling by the Competition & Markets Authority (2017b, 19) also shows that care homes with a higher share of local authority funded residents tend to be less profitable than their counterparts that are more reliant on fees from privately funded residents. But perhaps counter-intuitively, despite their relatively greater reliance on local authority fee income, care homes in Wales appear to be somewhat more profitable than those in England (Competition & Markets Authority 2017b, 32).

**Figure 2.6** plots local authority expenditure per residential placement alongside the unit cost of providing care in private residential care homes in England, derived using a weighted average of care home fees. No equivalent measure is available for Wales, so it is assumed that staff, premises and supply costs have followed a broadly similar trend in both countries. Gross local authority expenditure per residential care placement increased by around 19% in nominal terms between 2009–10 and 2018–19, at a time when the number of clients remained broadly stable. On the other hand, the unit cost in England increased by close to 45% over this period suggesting that local authority fees may not have kept up with costs within the sector.

Further research is required to test this suggestion and whether providers have responded by increasing cross-subsidisation or absorbed a decline in profitability. If public resourcing does not match costs, and independent providers do not anticipate an increase in demand for privately funded places, the incentive to invest in new care home places will be weakened, even if overall demand for places is expected to increase in the future. Moreover, the full impact of Covid-19 is yet to be evaluated – a drop in public confidence could further reduce profitability.

**Figure 2.6**  
Trends in unit cost of private residential care (England) and local authority expenditure per residential placement (Wales), 2009–10 to 2018–19



Source: PSSRU (2019 and previous) *Unit Cost of Health and Social Care*; StatsWales (2019 and previous) *Local authority outturn tables*; and authors' calculations.

# 3 Delivering care for older adults

Like other parts of the UK, older adult care in Wales is delivered through a patchwork of public and commissioned care providers. Independently run care homes have been a long-standing feature of the social care landscape, though they have become increasingly common in recent decades. Today, most residential care is delivered by contracted providers operating in the independent sector, though most residents in Wales continue to have their care funded fully, or in part by local authorities.

Any plan for reforming older adult care must address whether the current mixed economy is the way forward. This would involve balancing arguments for maintaining the current setup against some of the challenges posed by having hundreds of employers and no single pay determining body.

## Unlike the National Health Service, social care provision is not a unified service

Although reference is made daily to the *social care service*, the current provision does not constitute a unified service nor a planned system; it is a mixed economy built on public, independent, private and third sector funding flows. This complexity is a reminder of health care provision prior to the advent of the NHS. And although there are also daily references to protecting 'health and social care', it is easy to forget that the two sectors operate in very different ways.<sup>11</sup>

In Wales, the NHS operates as a unified system, managed through a set of health boards and trusts operating under unified funding and logistical arrangements, albeit with many primary care professionals operating as independent contractors. Staff pay and conditions of service are applied uniformly across Wales. The internal market – the organisational split between commissioners and providers of healthcare – was abolished with effect from 2009, though it remains in place in England.

The picture with social care is very different, particularly with regards to residential care. There are 1,056 adult residential homes in Wales, of which 263 also provide nursing care.<sup>12</sup> Local authorities operate 96 residential homes across Wales, but most care homes are small, independent businesses, and in effect working under a purchaser-provider split. Although there is a national system of regulation and inspection, the delivery of the service is highly fragmented, with multiple employers, no single body for determining pay, and individual

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<sup>11</sup> Nevertheless, the UK and the devolved governments emphasise the need for joint working between NHS and social care. In Wales, they seek to manage this interface through the Regional Partnership Boards and joint commissioning arrangements.

<sup>12</sup> This count also includes care homes for younger adults (under 65), but excludes residential homes for children.

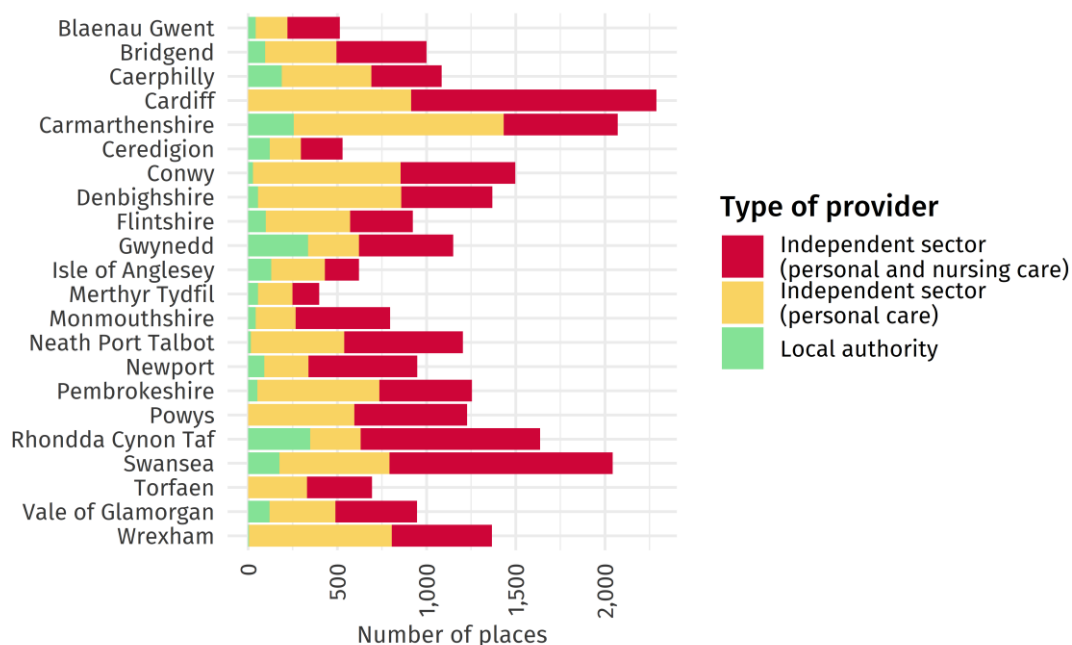
negotiations between commissioners and independent providers on the price paid for care by local authorities within a framework set by the Welsh Government.<sup>13</sup>

### The residential care sector operates under a mixed ownership model, though most providers are corporate entities

One of the biggest developments of the last forty years has been the greater involvement of the private and independent sector in the provision of residential care for the elderly. In 1980, it is estimated that local authorities provided 63% of residential care home places across the UK (Lievesley and Crosby 2011, 3-4).

As of June 2020, local authority-run care homes provide 2,257 places for adults, accounting for fewer than 9% of total places available in Wales. Three local authorities (Torfaen, Powys and Cardiff) are now wholly reliant on the independent sector for adult care home provision, whilst public provision is most widely available – though still accounts for fewer than 30% of places – in Gwynedd, Ceredigion and Rhondda Cynon Taf (Figure 3.1). Older adults whose care is publicly funded may receive this care by local authority-run care homes or commissioned care providers operating in the independent sector.

**Figure 3.1**  
Number of adult care home places, by local authority and provider type (June 2020)



Source: Care Inspectorate Wales (June 2020) User requested data.

<sup>13</sup> See, Welsh Government (2018a).

## The delivery of home care is also shared between local authorities, independent providers, voluntary organisations, and private companies

Home (domiciliary) care provision is also split between local authorities, independent providers, voluntary organisations, and private companies. In 2018, there were 370 commissioned care providers delivering home care services in Wales, with a further 151 providing day care services, and 116 delivering a mix of residential / home / day care (Social Care Wales 2020, 6). In the same year, 23,702 older adults received home care services in Wales.<sup>14</sup> Of these, 86% received their care through privately commissioned providers (Milsom and Breeze 2020, 4).

In addition to home care arranged by local authorities, several private companies offer services such as personal alarms and pre-prepared meals specifically targeted at older people who require additional support but wish to retain most aspects of independent living.

This complex mixed economy presents significant challenges in terms of policy and planning. The Welsh Government has attempted to address this through several mechanisms, such as the Regional Partnership Boards and a more co-ordinated approach to commissioning. The key question is whether such approaches will overcome the challenges of fragmentation.

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<sup>14</sup> Data obtained from *StatsWales*:

<https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Adult-Services/Service-Provision/adultsreceiving-services-by-local-authority-agegroup>

# 4 Pay and the social care workforce

The delivery of social care services is very labour-intensive, so the availability of a properly skilled workforce plays a key role in delivering good outcomes. In 2018, roughly 65,000 people were employed in the social services sector in Wales. Social Care Wales (2020, 7) estimates that 53,000 people were employed by commissioned care providers, of which 25,500 worked in a residential setting, a further 7,000 were engaged in both domiciliary and residential work, 17,000 members of staff were engaged solely in domiciliary work, and a further 3,000 provided day care services. Local authorities employed around 4,000 members of staff in residential settings, a further 4,000 in a domiciliary setting, 3,500 provided day care services, and 500 in multiple settings (Social Care Wales 2019, 6).

Although the workforce is central to the delivery of social care services, low pay remains endemic across the sector. Fewer than half of the personal care workforce in Wales earn the Real Living Wales. And given that 80% of workers in the residential care sector are women, this has a particularly gendered impact. Staff turnover rates are also relatively high – particularly within providers operating in the independent sector – which presents a further challenge to long-term planning

Improving pay and working conditions should be a key focus of any reform agenda. This should be easier to implement than some other structural reforms, but it will still require political will and additional funding. And given the complex ecology of employers operating in the sector, it will be difficult to develop proposals for improving pay and turnover rates without considering whether the current mixed economy offers an optimal framework for their implementation.

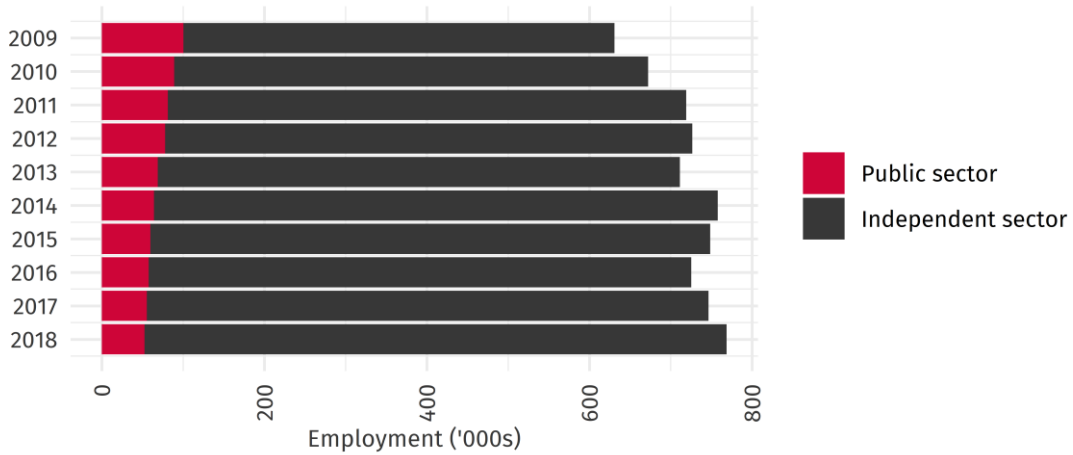
## **The size of the residential care workforce continues to grow, though the number of public sector employees has been falling**

Comprehensive historical data on the social care workforce is difficult to source due to the public / private split and differences in reporting methods. General trends in UK employment can be gauged using the Business Register and Employment Survey (BRES), though the sample is not sufficiently large to facilitate sub-national comparisons. As illustrated in **Figure 4.1**, between 2009 and 2018, UK-wide employment in residential care activities increased by nearly 140 million (over 20%).

Over the same period, the number of public sector employees providing residential care services has nearly halved, reflecting the shift away from local authority-operated care homes to commissioned care providers. Though this pattern is also apparent in the Welsh data, it appears to be somewhat less pronounced. The number of local authority-employed residential care staff in Wales fell by around a third over the same period.

**Figure 4.1**

**Total UK employment in the residential care sector, 2009–2018**

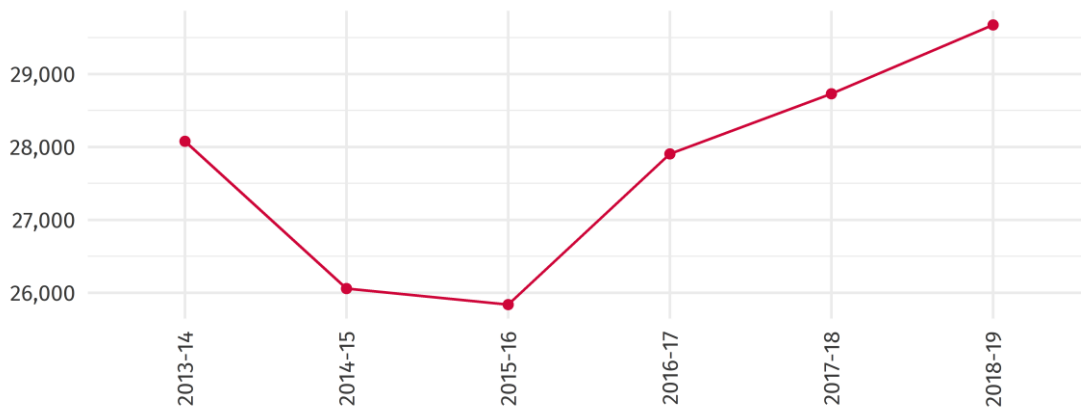


Source: ONS (2009–2018) Business Register and Employment Survey. Total employment includes employees and working proprietors (sole traders and proprietors, partners, and directors).

Social Care Wales (2020) conducts an annual survey of staff employed by local authorities and commissioned care providers in Wales. In more recent years, the number of staff employed in a residential setting by commissioned care providers has been increasing, echoing the trend at a UK level, and offsetting the reduction in the local authority workforce (Figure 4.2).

**Figure 4.2**

**Number (headcount) of residential care staff employed by local authorities and commissioned care providers**



Source: Social Care Wales (2020) User-requested data; StatsWales (2018–19 and previous) Staff of local authority social services departments by local authority and post title.

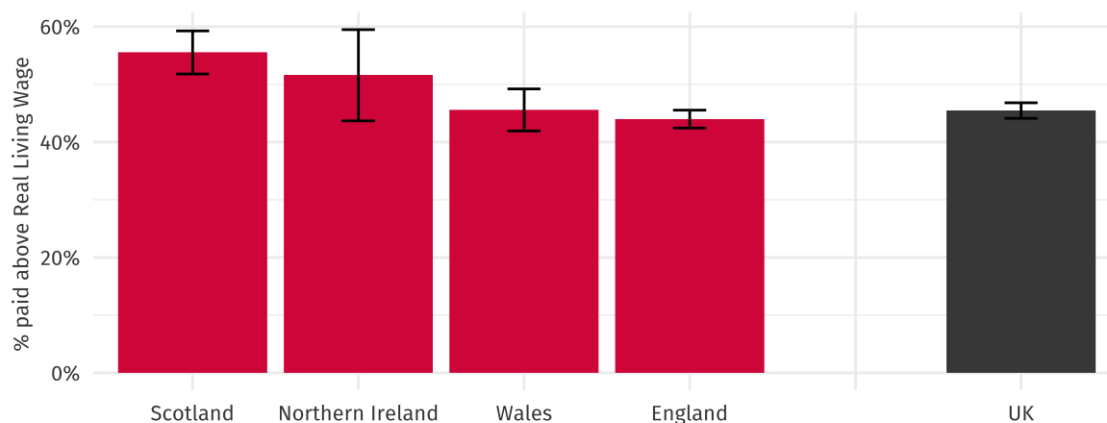
## Fewer than half of the personal care workforce in Wales earn the Real Living Wage

Despite the critical role played by the residential care workforce – something that has been thrown into sharp relief by the current public health crisis – social care remains a relatively 'low paid' sector. Data on hourly pay extrapolated from a three-year pooled *Annual Population Survey* dataset suggests that **fewer than half of the personal care workforce in Wales earn the Real Living Wage**, as defined by the Living Wage Foundation.<sup>15</sup>

Estimates of the proportion of the workforce paid the Real Living Wage are presented separately for the three devolved administrations and England in **Figure 4.3**. Though the incidence of workers paid at least the Real Living Wages in Wales is comparable with England, it is markedly lower than Scotland.

**Figure 4.3**

Share (%) of personal care workforce earning the Real Living Wage



Source: Authors' calculations based on *Annual Population Survey (2016–18)*. Historical living wage rates obtained from [livingwage.org.uk](http://livingwage.org.uk). Error bars denote 95% confidence intervals.

The larger proportion of workers paid the Real Living Wage in Scotland may reflect a commitment by the Scottish Government in 2016 to help public, private and third sector social care bodies pay the real living wage to their staff.<sup>16</sup> The government made £255 million available over three years to realise this ambition, although the data suggests that a minority of social care workers in Scotland continue to be paid less than the real living wage.<sup>17</sup> The Scottish Government recently announced that social care workers in Scotland will receive a 3.3% pay increase, backdated to April 2020.<sup>18</sup>

<sup>15</sup> Historical Real Living Wages rates may be found here: <https://www.livingwage.org.uk/what-real-living-wage>. The Real Living Wage was set at £9.30 / hour in 2019–20 (£10.75 / hour in London).

<sup>16</sup> <https://news.gov.scot/news/living-wage-for-care-workers>

<sup>17</sup> <https://thirdforcenews.org.uk/tfn-news/living-wage-should-be-enforced-on-care-sector>

<sup>18</sup> <https://www.gov.scot/news/pay-rise-for-social-care-staff/>

Unlike pay arrangements for NHS staff, staff salaries in the social care sector are not determined by a single pay-determining body, though local authority employed staff are hired on a pay scale determined by the National Joint Council for Local Government Services in England and Wales. Nevertheless, all social care providers are required to comply with National Living Wages legislation – as of April 2020, this hourly rate is set at £8.72 for those over 25 years old, £8.20 for those aged 21-24 and £6.45 for those aged 18-20.

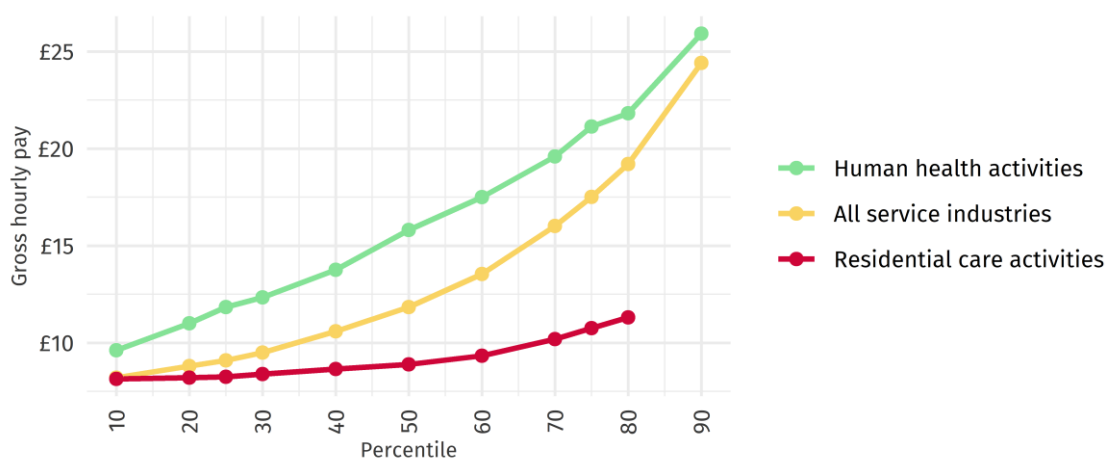
In response to the Covid-19 pandemic, the Welsh Government sector announced a one-off £500 bonus payment for around 65,000 care home and domiciliary workers throughout Wales.<sup>19</sup> This payment has since been extended to include catering and cleaning staff working in social care settings, but there has been a delay in workers receiving this payment. Though this offer recognises the contribution of staff and the risks they have been exposed to over the past months, the one-off nature of the payment means that it will not address the underlying problems associated with low pay in the sector.

**Low pay is endemic across the residential care sector and is not only concentrated amongst those in the lowest earning percentiles**

Figure 4.4 shows the distribution of gross hourly pay in 2019, by earnings percentile. Nearly 70% of workers engaged in residential care activities are paid less than £10 an hour.

**Figure 4.4**

Distribution of gross hourly pay for the service industry, residential care, and human health activities in Wales, 2019



Source: ONS (2019) Annual Survey of Hours and Earnings (Table 5.5a). Data point for the 90<sup>th</sup> percentile of residential care workers has been suppressed as the estimate is deemed unreliable.

<sup>19</sup> <https://gov.wales/first-minister-wales-announces-ps500-extra-payment-care-staff>



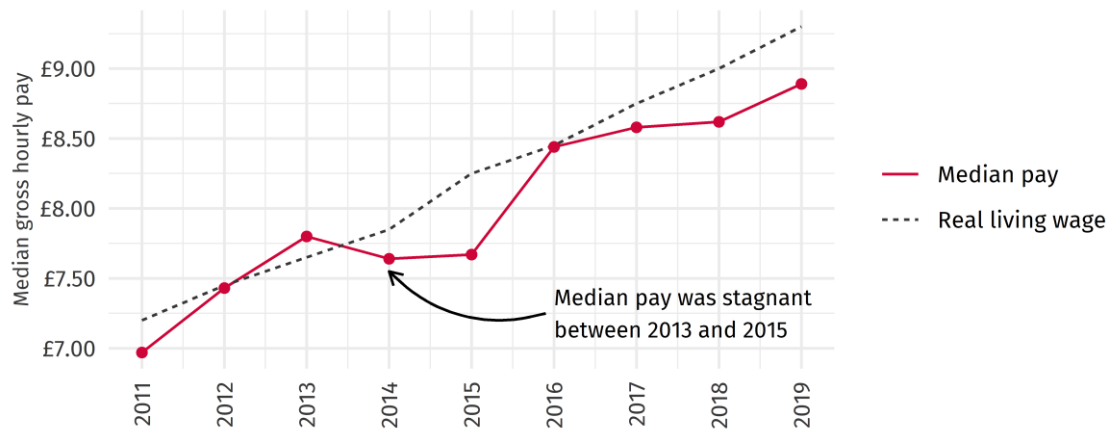
Earnings are substantially lower than for those engaged in human health activities (including NHS workers) across all percentiles. Of course, the higher levels of pay for NHS workers, especially at the higher percentiles, reflects the long periods of training required to be a specialised medical practitioner. However, wages in the residential care sector are also much lower when compared to the service industry average. Unlike some other sectors, low pay is endemic across the residential care sector and is not concentrated amongst those in the lowest earning percentiles.

### Residential care workers have faced a decade of no relative improvement in pay

The median pay for residential care workers has remained below the real living wage for most of the past decade, as illustrated in **Figure 4.5**. In 2019, the gap between median pay in the residential care sector and the real living wage in Wales was at its second widest point since 2011. Though pay has been trending upwards, once we account for inflation, there has been no real improvement in pay over the past decade. This is also true of public sector pay more generally over this period, but the prevalence of low pay in the social care sector means that pressures associated with no real wage growth are likely to be more acutely felt here (Ifan and Siôn 2019a).

**Figure 4.5**

Median gross hourly pay of residential care workers in Wales, 2011 to 2019



Source: ONS (2019 and previous) Annual Survey of Hours and Earnings (Table 5.5a). Historical living wage rates obtained from [livingwage.org.uk](http://livingwage.org.uk).

Although low earners were exempt from the public sector pay freeze, the median pay for residential care workers remained stagnant between 2013 and 2015. This suggests that curbs on public sector pay – even when the lowest paid members of staff are explicitly made exempt – can still have a detrimental impact on wage growth, and further demonstrated that workers in the private and independent sectors may also be impacted by these measures. This is a

particularly important point given that there has been renewed calls from some quarters for controls on public sector pay in the aftermath of Covid-19.<sup>20</sup>

### The prevalence of low pay in the sector has a particularly gendered impact

Of those working in the residential care sector in Wales, roughly 4 in 5 are women (Figure 4.6). This is broadly comparable with other countries and regions of the UK and is characteristic of the wider care sector and human health activities. Nevertheless, this means that the prevalence of low pay within residential care has a particularly gendered impact.

**Figure 4.6**

Gender breakdown of residential care workforce in Wales



Source: Authors' calculations based on Annual Population Survey (2016–18).

Previous research commissioned by the UK Women's Budget Group has highlighted that the UK may be an outlier in its relative remuneration of care workers compared to other developed countries, namely Australia, Denmark, Germany, Italy, Japan and the United States (Henau et al. 2016). The report examined the pay ratio between full time equivalent employees in the construction sector (which has a predominantly male workforce) and the care sector (which has a predominantly female workforce). It found that the UK had lowest pay ratio, with the average care worker paid 44% of a construction worker's salary. By contrast, this ratio was 90% or higher in over half of the countries analysed, with the pay ratio in Germany being 88%, and 54% in the United States.

Covid-19 may yet force a rethink about the perceived value of the work performed by carers. In any case, it is important that policymakers factor in the gender composition of the workforce when developing future policy approaches to pay and working conditions.

<sup>20</sup> <https://www.telegraph.co.uk/politics/2020/05/12/exclusive-treasury-blueprint-raise-taxes-freeze-wages-pay-300bn/>

### **The social care workforce has relatively high levels of staff turnover**

The stability of the workforce is also an important factor in aiding long-term planning. The social care sector has relatively high levels of staff turnover compared to other industries. During 2018, around 13,000 staff were recruited by commissioned care providers, while 11,000 left during the year – a turnover rate of around 21% (Social Care Wales 2020). The rate varies considerably by local authority and tends to be higher for domiciliary care services, where a larger share of workers employed on irregular and zero-hours contracts.

In comparison, the social care workforce employed by local authorities appears remarkably stable. In 2019, 940 left the workforce and 1,070 joined, representing a turnover rate of just under 8% (Social Care Wales 2019). This may reflect local authorities' greater reliance on more secure employment contracts and a more generous public pension scheme.

If the trend whereby local authorities increasingly outsource care provision to operators in the independent sectors continues, it is important to consider what effect this might have on the future stability of the social care workforce; a high turnover rate could undermine long-term planning initiatives and increase the likelihood of recruitment problems down the line. To this end, the importance of ensuring secure employment arrangements and that employees are fairly compensated for their work should not be understated.

# 5 Forecasting future demand

Despite Wales' rapidly aging population, experience so far suggests that demand for residential care is not uniformly aligned with older population cohort growth. The number of care home residents has remained broadly unchanged for more than a decade, and there has even been a slight drop in the number of clients receiving home care arranged by local authorities (albeit the average hours of care received per client has increased). A key issue to grapple with is whether these trends reflect suppressed demand resulting from budget pressures or changing patterns in demand and care practice, with a shift in preference towards non-traditional forms of care and independent living.

In any case, future demand for local authority-arranged care cannot be extrapolated from past trends alone. Indeed, the expected increase in the number of older adults with more intense care needs (such as severe dementia) might make it more difficult for the social care system to operate under current levels of provision, and hence would need to expand or develop accordingly. Any reform agenda must consider what the future mix of care provision, including specialist provision might be, and who will meet this cost. It must also consider whether the current arrangements are sufficient to ensure consistency of care across Wales, especially given the different patterns of demography, disability, and deprivation across the country.

## **Although the over-65 cohort has continued to grow, the number of residential placements has remained remarkably stable in recent years**

Any long-term strategy for residential care provision must be underpinned by projections of how demand will grow if it is to be effective. But accurately projecting future demand for social care services is not an easy task. Most approaches involve applying prevalence rates of different factors associated with care needs (e.g. living alone, limiting long-term illness) to official population projections.

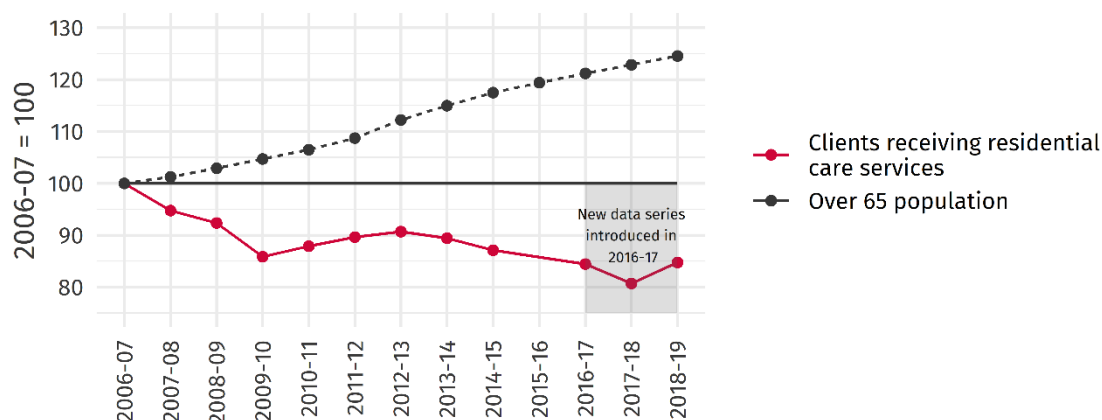
Social Care Wales publish projections of the Welsh population requiring different forms of care in 2035.<sup>21</sup> Separately, LE Wales produced projections of the public expenditure on residential care required in Wales up to 2037 (Jones, Patrignani, and Peycheva 2014b). Although both sources point to an increase in demand and public spending on social care for the elderly, the number of residents in care homes has remained broadly stable for more than a decade. In fact, as a share of the population over 65, the care home population fell over this period. Although it should not be inferred that this trend will continue, it does appear that demand for residential care has not been driven by demographic patterns alone in recent years.

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<sup>21</sup> <http://www.socialcaredata.wales/IAS/themes/adults/predicteddemandforcareandsupport/view?viewId=2002>

**Figure 5.1**

Total clients (over 65) receiving residential care services in Wales, 2006–07 to 2018–19



Source: StatsWales (2019 and previous) Total clients receiving residential services; ONS (2018 and previous) mid-year population estimates converted to financial years and authors' calculations.

**Figure 5.1** charts the trend in the number of older adults receiving residential services in Wales and the overall size of the 65+ age cohort, indexed to 2006–07. In 2018–19, there were 16,144 older adults receiving residential care in Wales, 15% less than in 2006–07. Meanwhile, the over-65 population has grown by nearly 25% over the period.

The intuitive explanation for why numbers have not risen in line with the over-65 population is because of a flat trend in real spending, as explored in an earlier chapter. This would imply a build-up of suppressed demand. Evidence from Scotland suggests that a number of local authorities there used 'rationing' strategies, such as waiting lists, to artificially manage demand following the introduction of the free personal care offer (Scottish Parliament 2006). But the decline in the number of older adults receiving residential care in Wales was most pronounced at the start of the period suggesting that the trend pre-dates austerity and the years when pressures on local authority budgets were most acutely felt. This needs to be explored further as the trend in demand (explicit and suppressed) may not be a function of demographic trajectory alone.

**The flat trend in residential care placements might be explained by development of new care offers, changing tastes or healthier lifestyles**

Some have pointed to a range of factors influencing the demand for formal care services including the developing practice in preventative help, the use of assistive technology, and a stronger emphasis on the assets of the individual concerned (Bolton 2016). Possible explanations for the flat trend in the number of care home residents may involve the development of new care 'offers' such as: extra care housing, older people living healthier lives, and a preference for domiciliary or informal care through family and friends.

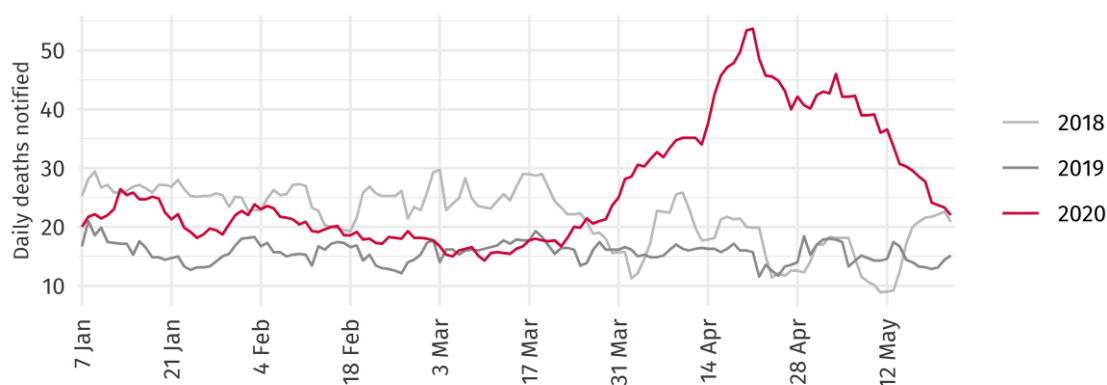
The stock of extra-care social housing – sometimes known as assisted living housing – increased from 1,927 to 2,623 between 2012-13 and 2018-19 (a 36% increase). Though the services offered to residents varies by development, meals, help with domestic tasks, and some personal care is often provided. Some extra-care housing is also available to buy and rent privately. The increased availability of these services may reflect a change in preferences and a desire to maintain a greater degree of independence than what might be achieved in a traditional residential care home.

There has also been an increase in the average number of hours of care provided to home care clients over time (over 10 hours/week in 2015–16, up from 6 hours/week in 2001–02). This has been accompanied by a reduction in the share of clients receiving the mildest treatment intensity (less than 5 hours/week) (Jones, Patrignani, and Peycheva 2014a, 22). It is difficult to judge whether this is due to higher prevalence of chronic conditions requiring more intense care, cuts in funding for other, less care-intensive services, or a change in preferences, with people opting to receive domiciliary instead of residential care. An additional consideration is whether Welsh Government policy of capping weekly charges increases the incentive for those with high care needs to seek more hours of care each week. But there is no indication that the number of people receiving domiciliary care has increased substantially in recent years.

Additionally, there is currently much that is unknown about the long-term impact of Covid-19 and attitudes towards care homes. It is now apparent that older adult care homes were a focal point for the virus spread during its first wave. When the virus was at its peak mid-April, more than 50 care home resident deaths were being reported daily in Wales – three times higher than the same period in previous years (Figure 5.2). If the pandemic results in increased wariness of care homes, then domiciliary care services may need to develop accordingly.

**Figure 5.2**

Notifications of deaths of adult care home residents, 7 January 2018 to 22 May 2019



Source: Authors' calculations based on Care Inspectorate Wales (2018-2020) Number of Service User Deaths. Daily numbers reflect 7-day rolling average.

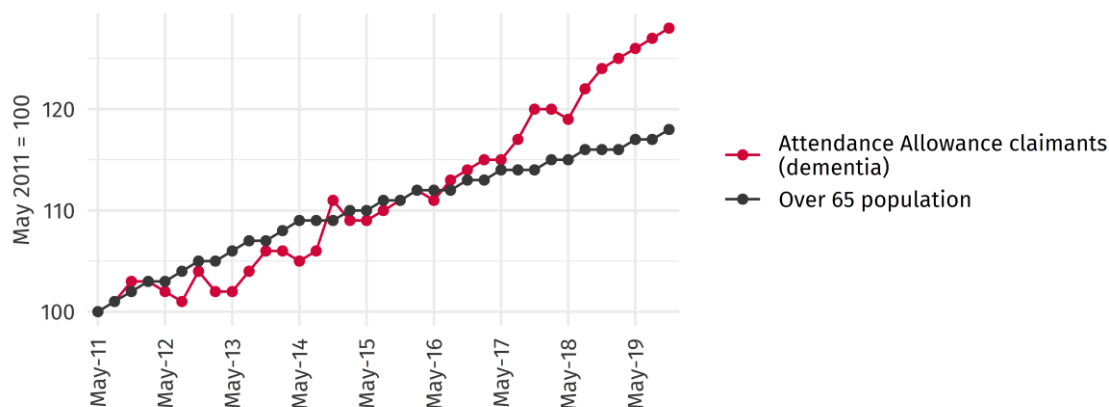
## Growth in the number of older adults with severe chronic illnesses (such as dementia) may increase demand for residential placements

Projections of future demand should not be inferred from past trends alone, as new developments such as increased prevalence of severe, chronic conditions may prompt an increase in demand for residential care.

One aspect where the provision of home care is more difficult is for the very frail and those suffering from more severe forms of dementia. The prevalence rate of dementia among older people in Wales is currently estimated at 7.0% (Wittenberg et al. 2019). Of those, nearly 58% are classed as having severe dementia. According to modelling by the London School of Economics, the prevalence rate of dementia is projected to increase to 9.0% in Wales by 2040 (a 28.6% increase) (Wittenberg et al. 2019, 5). This would imply that there will be 53,700 older adults living with severe dementia in Wales in 2040, nearly double the current number.

Figure 5.3 shows the growth in the number of older adults claiming Attendance Allowance, listing dementia as their main disabling condition.<sup>22</sup> Although the total number of Attendance Allowance claimants peaked in Wales in 2009, the number of claimants with dementia has continued to grow – in recent years, it has outpaced the overall growth in the over 65 population. This could indicate a growing prevalence of dementia among the elderly population or reflect improvements in how the condition is diagnosed. In any case, increased prevalence or improved understanding of the condition could lead to additional demand for residential placements going forwards.

**Figure 5.3**  
Attendance Allowance claimants listing dementia as their primary disabling condition, 2011–2019



Source: DWP (2019 and previous) Attendance Allowance Cases in Payment (obtained via Stat-Xplore); ONS (2018 and 2018-based) Mid-year population estimates and projections; and authors' calculations.

<sup>22</sup> The chart does not include AA claimants who have dementia when it is not listed as their primary disabling condition.

## Local authority social services departments have incurred substantial additional costs because of the Covid-19 pandemic

In addition to concerns about the long-term resourcing of the sector, local authorities have foregone income and incurred substantial additional costs as a direct result of the Covid-19 pandemic. Survey-based estimates compiled by the Welsh Local Government Association (WLGA) suggest that income loss and additional spending pressures combine to form a budget gap of £196 million in the first quarter of this financial year.<sup>23</sup> This figure is slightly reduced to £174 million (4% of Aggregate External Finance) having accounted for cost avoidance measures and income that might be recoverable later. In its First Supplementary Budget, the Welsh Government made available £188.5 million through a Local Authority Hardship Fund to help local authorities with these additional costs (Welsh Government 2020, 10). This is on top of an initial allocation of £40 million to cover the cost of a bonus payment for care workers, and a further £22.7 million made available in August (Welsh Government 2020, 9).<sup>24</sup>

Perhaps unsurprisingly, the greatest cost pressure arises in Social Services. Local authorities are estimated to have incurred £29.1 million in additional costs for providing older adult social services during the first quarter of 2020-21 alone. This can largely be attributed to purchases of personal protective equipment and additional staffing costs. In addition, income collected from older adult care services is estimated to be £2.8m lower over the same period. This mostly reflects the loss of fee income due to the closure of day care centres.

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<sup>23</sup> Estimates were obtained from the Covid-19 Income and Expenditure Survey of 22 local authorities commissioned by the Welsh Local Government Association (WLGA) between April and June 2020.

<sup>24</sup> The announcement of an additional £22.7 was made in a Cabinet Statement: <https://gov.wales/written-statement-further-funding-adult-social-care-providers>



# 6 Conclusion

It is widely agreed that there is a pressing need to reform social care. But the future resourcing of social care for older adults in Wales presents particular challenges for policy makers, not least because the current patterns of resourcing are highly complex.

Informal care, by family and friends, is larger in terms of volume than formal care. The two spheres intermesh with each other but while policy interventions can directly shape formal care services, they can only indirectly influence informal care provision. Care-related public funding for over-65s involves two quite separate strands which are not linked in policy terms. The non-devolved DWP benefits system delivers fiscal transfers to individuals to assist with care needs (both informal as well as formal), whereas formal care services are funded through devolved spending, primarily by local government and the NHS. These financing arrangements are not well understood by the public, and this may prove to be an obstacle in the path to future reform.

The delivery of formal care services is also highly fragmented, particularly in residential care, with over 1,000 providers operating across Wales. These are mostly independent businesses operating within a national regulatory quality framework, but operationally and financially autonomous. The private marketplace for residential care in Wales is proportionately smaller than in England but self-funders probably still account for around 30% of care home places. There is an apparent degree of cross-subsidy between the fees paid by self-funders in residential homes and the cost of care for local authority-funded placement; this may have arisen in part because local authority fee levels have not kept pace with rising costs.

Improving pay and working conditions should be a key focus of any reform agenda. The current low levels of remuneration of the workforce, and variability in terms and conditions of service does not look sustainable in terms of quality and consistency of care and staff turnover. It also raises significant concerns about equity and fairness. Given that staffing accounts for a large proportion of providers' total costs, addressing pay and conditions will have substantial resource implications for government and private providers alike.

There are also particular challenges with respect to forecasting and planning to meet future demand. In recent years, the overall numbers of people supported through formal care services has not kept pace with the growth in the over-65s population. Residential care numbers have barely changed in a decade. One might intuitively think that this is evidence of suppressed demand, where provision is rationed according to the availability of public funding rather than need. Indeed, local authority spending on older adult residential care placements has remained broadly flat in real terms for ten years and the increase in NHS Continuing Care spending has tracked the increase in overall NHS spending, not demography. But there is also some evidence that patterns of demand may be changing in favour of care at home, supported by changes in social care practice, with public funding increasingly directed at complex needs, frailty, and

dementia. Although future demand for formal care cannot simply be linked to the growth in the over- 75 and over-85 cohorts, projected growth in the numbers of older people with complex care needs is highly likely to result in increased pressure on formal care services. A strategy for future resourcing will need to consider these complexities, what the future mix of care provision – including specialist provision – might be, and who will meet this cost.

In any case, the current fee arrangements for residential care do not look fit for purpose, not least in terms of incentivising future private investment. And there may be a legitimate case for limiting or capping the financial exposure of those not currently eligible for public funding. To this end, Wales Fiscal Analysis will shortly be publishing a paper on the lessons that Wales might learn from the introduction of free personal care in Scotland, and what the associated costs might be.

That Wales will have to spend more on social care over the next decade and beyond seems inevitable. The choices will be whether to increase funding on a pragmatic, step-by-step basis or seek more fundamental reforms. Options might include a hypothecated increase in the Welsh Rate of Income Tax, the introduction of a social care levy as a new form of social insurance as proposed by Holtham (2018), or a more root and branch restructuring of social care services to create a national care service. Whichever the chosen direction, the articulation of a route map for resourcing social care over the next decade seems essential. It is imperative that such a route map addresses the complexity and challenges of the current starting point.

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