



**ADSS Cymru**

Yn arwain Gwasanaethau  
Cymdeithasol yng Nghymru  
Leading Social Services in Wales

**ASSOCIATION OF DIRECTORS OF SOCIAL SERVICES CYMRU**

**Delivering Transformation Grant  
Programme 2019-20**

**Rebalancing Social Care:  
A report on Adult Services**

**August 2020**

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# 1. Executive Summary

## Introduction

- 1.1. Supporting the implementation of “A Healthier Wales” The Association of Directors of Social Services (“ADSS”) Cymru has led several pieces of work in the 2018-19 Delivering Transformation (DTG) programme and has led another significant programme in 2019-20. This includes a Workstream that examines the feasibility of rebalancing the care sector in Wales which emanates from the First Minister’s Leadership Manifesto (2018) that made a commitment to work with local authorities to bring social care services more directly under their control with the aim of achieving more effective integration of health and social care. This report covers rebalancing of Adult Social Care Services. A separate report is published on Children’s Services. This Report was written before the outbreak of the Covid-19 pandemic and therefore does not take account of its implications for adult social services, and in particular for care homes.

## Aims and objectives

- 1.2. The aims of Workstream 1 as set out in the programme agreed between ADSS Cymru and the Welsh Government were to:
  - (i) develop an understanding and baseline of the current balance of provision of social care against which to measure progress.
  - (ii) help identify an optimal balance for the future
  - (iii) help inform the development of regulations and guidance on market stability assessments under the Regulation and Inspection of Social Care Act 2016 (RISCA).
  - (iv) Support the Welsh Government in identifying what type of support to local government would be most successful in supporting/incentivising such change, what types of support/at which sectors of provision should support be targeted

## Background

- 1.3. An overview of the background and context of rebalancing illustrates the multi-faceted and inter-dependent nature of this agenda. The complex picture presented suggests that a sophisticated and well-evidenced response is required, and that differing local and regional requirements and circumstances must be taken into account in developing any national policy direction for rebalancing.

## Methodology

- 1.4. A robust methodology was developed to deliver the required outcomes within the capacity and resources available. At the project’s inception, meetings were held with a range of key stakeholders. Awareness raising was undertaken through presentations at an ADSSC conference on 22 June and the Social Services Political Group on 4 July as well as at the National Social Services Conference (11/12 Sept). A desktop literature review of relevant documents was also undertaken. In order to ensure effective governance of the programme, a project leadership group and reference group were established. A baseline

exercise was needed to determine as accurately as possible the current balance of provision; this was conducted in partnership with Data Cymru.

- 1.5. Qualitative data was collected via a written survey and semi-structured telephone interviews with either Directors of Social Services or Heads of Adults' Services and from attendance at an All-Wales Heads of Adult Services meeting. In total, the number of semi-structured interviews and meetings undertaken with Councils was 20. There were 19 Written responses from councils and 13 from stakeholders. In addition, 11 telephone interviews and group meetings were undertaken with key stakeholders.

## Baseline

- 1.6. Local authorities provide significant levels of care and support to over 80,000 adults in Wales daily. Residential care and domiciliary care are delivered to vulnerable people with a range of complex and enduring needs but councils commission the bulk of this from the private sector. The adult care market in Wales is fragile and facing a range of pressures, especially on funding and the workforce and this is not sustainable for the future.
- 1.7. The baseline survey conducted for this report shows that in 2018-19, local authorities commissioned and delivered nearly 4 million bed days of adult residential care. The proportion of this provision delivered by the different types of provider varied considerably across local authority areas. Six councils delivered over 30% of residential care themselves in their areas (range 31-49%) but whilst the average figure of provision delivered by the private sector was 80%, several local authorities are more heavily, or totally, dependent on it.
- 1.8. In 2018-19, local authorities commissioned and delivered more than 11 million hours of domiciliary care through their own in-house teams and/or by private and third sector providers. In 2018-19, most of the domiciliary care commissioned by local authorities (86%) was delivered by providers in the private sector. Local authorities delivered 12% of the total number of hours of domiciliary care using their own teams. The remaining 3% was delivered by third sector providers. 4 councils reported that all (or very nearly all) domiciliary care was delivered by private sector providers. In seven other local authority areas, the proportion delivered by the private sector was 90% or more.

## Workforce

- 1.9. The workforce was a common theme in interviews and in written responses. The need for harmonisation of pay and conditions was seen as a priority. However, the effective implementation and funding of the Draft Social Care Wales Workforce Strategy and the range of issues it tackles was also regarded as essential. Training and development were particularly highlighted. It was suggested that in addition to supporting the private sector workforce more consistently, there is more scope for upskilling and deploying the in-house workforce, who may work with other professionals e.g. to provide a more specialist, reablement service to people with complex needs etc. The draft workforce strategy makes a clear point that the disparity in Terms and Conditions (wages, training opportunities, caseloads etc) between NHS front line care workers and social care workers cannot be acceptable, if we are expecting seamless health and social care delivery, as suggested in Healthier Wales. Funding of all of these ambitions was identified as a key issue.

## Rebalancing

- 1.10. Whilst rebalancing is an important issue to consider, it is essential it is not seen in isolation and is addressed in the wider context of the challenges facing adult social services in Wales. This includes dealing with overall funding levels, a range of workforce issues, effective commissioning and sufficiency of services and partnership working with the NHS. Looking at rebalancing as part of a ‘whole system’ solution would provide a stronger foundation for progress. An alternative term for rebalancing that would be understood by the public should be considered. Whilst the main focus and available capacity for this Workstream has been on residential and domiciliary care for older adults, it is important that this debate should also include services for younger adults under 65 years old. There was an appreciation from respondents that the rebalancing debate was a formative one at this stage.
- 1.11. Rebalancing is a multi-faceted issue where there is dependency with a range of other matters, particularly in relation to market shaping and making and partnerships with the NHS, neighbouring councils and providers. There is a wide variation in response, position and direction of councils across Wales. There can be no single uniform national policy. A more co-ordinated and cohesive central policy direction might pay dividends, but it would need to be co-produced with local government and partners, ensure local circumstances and political decisions can prevail and offer differing options to achieve strategic market shaping locally and regionally. There are few “quick wins” and a sustainable and resourced plan is needed over a reasonable period of time. Achieving greater consistency and ensuring effective practice in commissioning services can be shared and implemented has been an objective of the local government-led National Commissioning Board but greater resourcing and capacity and a redefined role would be needed to give it impetus and traction to progress the rebalancing agenda.
- 1.12. The definition of what is meant by rebalancing and its aims was met with differing interpretations. Clearer general guidance from the Welsh Government is required on meaning, purpose, priority, future direction and sustainability. However, no statutory or central direction that might fetter councils’ discretion to find local solutions are wanted. A clear call is made that rebalancing should not result in any major change of policy direction. Services are still implementing the 2014 Act and concentrating on embedding that change would be sensible at the moment. It is important to acknowledge that the Act requires cultural shift including engaging and co-producing with citizens and their carers and called for “generational change” in the way social care is delivered.
- 1.13. Councils and stakeholders support continuation of a mixed market and want to have a robust and vibrant independent sector of providers. Continued reliance on the private sector at current fee and marginal profit levels is seen as unsustainable. But there are clear financial and operational implications of moving away from private providers to more in-house local authority services. There was a clear view from some that it would be misguided to think services were or would necessarily be of higher quality just because they’re provided in-house. It should be recognised that for most Councils, it will be substantially more expensive to rebalancing towards more in-house provision. However, that assumption is not a straight forward issue according to some Councils and other savings need to be factored in e.g. on commissioning. Some respondents suggested that a strategic focus needs to be on developing in-house responses where the market has failed to provide an effective solution

- 1.14. Overall, there was no significant endorsement of rebalancing for adult services in Wales but generally an interested but cautious perspective taken, dominated by questions about the funding required and a concern to maintain market stability and continuity of services. A range of positions are adopted by councils on rebalancing - from those who were positive and already engaged, to those who are considering it or in particular would consider it if capital and other resources were provided, through to those who were opposed to rebalancing and wanted to strengthen and grow their relationship with the private/third sector. The middle of that spectrum was the most dominant position.
- 1.15. There are a number of risks and opportunities to rebalancing. Councils identified these across strategic, financial, care market, people and operational areas. Overall, twice as many risks as opportunities in changing the current balance of care emerged from analysis. Major risks included destabilising the sector, exacerbating market fragility, impact on the Welsh and local economy, reduced choice and control for people using services. However, a good number of strategic and operational opportunities were identified including addressing capacity and quality problems, better utilisation of strategic and joint commissioning capacity and market position intelligence and also development of new markets. Rebalancing Factors also need to include Equality Impact Assessments in order to evidence clear decision making and avoid judicial review challenges.
- 1.16. The risks of rebalancing must be taken seriously. Providers in the private and third sectors face a range of pressures including increased costs and very narrow profit margins and services at the edge of viability. There are risks to rebalancing that include loss of contracts, reduced capacity and exit of the market and no new providers entering markets. Increases in demand for nursing care, for example, would not then be met. The market will only remain stable if there is an appropriate mix of providers with the necessary skills and abilities to respond to a range of different situations and requirements. There was a firm view from some that Re-Balancing on its own could not address capacity or quality issues as in house services would deplete and destabilise existing market and make it more difficult for remaining providers to make a profit which is likely to impact on the quantity and quality of the services they provide. Some respondents suggested that a strategic focus needs to be on developing in-house where the market has failed to provide an effective solution
- 1.17. Overall sustainability of private/third sector provision needs to be considered. Providers who have various loans from banks that are performance or service level related could be threatened by rebalancing. Private/third sector providers will reach a 'tipping point' if their services decrease to a point where they will find it difficult to continue to operate. The engagement of the sector from an early stage is critical, with a clear rationale for any rebalancing clearly demonstrated and for risks to be formally assessed.
- 1.18. The development of "working criteria" to decide whether services are best located in-house or commissioned is not a concept widely accepted. There is a good argument made that each local authority is best placed to understand the context of social care delivery within its locality and using this knowledge to develop its own criteria. However, a range of proposals for "working criteria" are presented in our findings and it is suggested that criteria could be readily determined, and a "tool" produced through further dialogue and co-productive work. However, it is essential that this approach of "working criteria" is seen to be helpful and adds value proportionate to the investment of time and resources that would be needed in its production.

## Optimal Balance

- 1.19. The concept of an “optimal balance” was not readily understood or accepted as valid. Clarity about the meaning of the term is needed. An arbitrary national target is not wanted – it has to be a locally driven approach and according to the particular service with ability to “flex” up and down according to prevailing circumstances. In relation to managing market stability and failures, a one-third in house target for domiciliary care may be reasonable for some councils but not for others who would prefer a lower figure or no local target at all.
- 1.20. A range of factors must be considered if changing the balance of care provided in house or by private or third sectors. These include strategic, financial, care market, people and operational issues. In summary, a clear rationale for any change, that considered financial and operational impacts (and for other councils/LHBs as well as service delivery and quality) as well as sustainability would be required.

## Commissioning

- 1.21. The importance of strategic drivers in local commissioning decisions include the Social Services and Well-being (Wales) Act 2014, population needs assessments, demand for services, workforce, market position statements, National Guidance on Commissioning, statutory requirements of procurement, rural/urban factors, regional strategies, visions and plans. However, a range of other local factors are significant in commissioning. These included the nature of the local economy, culture, population profile, local politics, history of service evolution, requirements to reduce costs and increase efficiency and effectiveness through outsourcing, desire to broaden the provider base, and encourage local market development and employment.
- 1.22. Commissioning including market shaping is a critical issue to get right. A majority of councils still take a procurement approach. Some Councils are moving towards a more strategic approach for some of their services. A small number of councils take a strong strategic market shaping approach. Constraints to strategic commissioning include funding and capacity as well as sometimes broader council policy. Different systems and requirements operated by local authorities for commissioning present difficulties for providers who work across areas. Greater clarity and direction are needed on Welsh Government commissioning policy. A robust and consistently applied management information framework (current and future) and mechanisms for good quality analysis, reporting and deployment are essential ingredients.
- 1.23. Austerity has had a substantial impact on commissioning of adult social care in Wales. Capacity for commissioning for many councils has not increased since 2014. Particularly in some smaller authorities, this is a constraint to taking a strategic approach and shaping the local market. However, 3 councils have invested in their commissioning to good effect enabling a strategic approach. Despite some examples of good practice, market shaping, proactive use/updating of Market Position Statements, regional/joint commissioning and developing a productive relationship with providers all need to happen more consistently across Wales. The National Commissioning Board has played a positive role and produced a range of guidance, but its role and available resources would need to be reviewed to enable it to effectively support a proactive development agenda on commissioning.
- 1.24. Further investment is needed to build capacity for commissioning. A focus on skills development and training for commissioning is also required including jointly with the NHS. The full benefits of Councils collaborating to commission at the Regional Partnership Board

level will only be realised if the NHS is also involved. Without further resources for commissioning capacity and skills, councils will not realise their ambitions to innovate and become more flexible or better shape or make the market or be able to address the rebalancing agenda.

## Incentives and Support for Rebalancing

- 1.25. Resources will be central to any rebalancing agenda. Financial and other incentives are essential to enable the rebalancing agenda to be progressed. Both additional capital and operational resources would be required but the priorities and approach that would be taken differs between authorities according to local needs and circumstances. The continuation of short term (i.e. 1 year) Welsh Government grant funding makes for onerous administration and recruitment and retention problems. Greater sustainability and stability are wanted i.e. minimum 3 years funding.
- 1.26. Adult social Care is a complex field and the term 'rebalancing' is not going to have the same meaning or relevance everywhere in Wales. It is seen as an agenda where it will take a number of years of concerted action and resources to make a significant change, in areas where that is a strategic objective. However, a number of operational incentives that would support progress in rebalancing should be considered including: a consistent framework for supporting in-house innovation and for sharing good practice; support for working with smaller community/not for profit providers; piloting cross-council delivery of in-house services; re-enforcement of joint NHS responsibility for shaping the market for care; availability of legal and procurement expertise.
- 1.27. There were difficulties in a number of areas in providing all the care and support that is needed. A particular commissioning problem is a lack of sufficiency of domiciliary care services and nursing care (including for dementia) to meet needs. This was seen as an urgent issue to address. An over-riding consideration is to maintain market stability and maintain services to people.
- 1.28. Rebalancing should not be seen as just about in-housing of care delivery. Other rebalancing options can provide an important and innovative contribution and, potentially, a means of making early progress. The options that were suggested are described in our findings and include:
  - Harmonisation of Terms and Conditions of Care Workers
  - A renewed expansion of Extra Care facilities
  - Greater focus on the individual through increased delivery of outcome focussed care
  - Promotion and expansion of use of direct payments to increase choice and control
  - Importing of proven models of care with resources to adapt and implement them locally and regionally.
  - Incentives and support to progress the 2014 Act drive for Early Intervention and Prevention
  - Further progress on integrated care especially more joint planning and commissioning
  - Realisation of the potential of greater not for profit/social value delivery of care with more support to develop and scale up opportunities.
  - Reviewing the position of self-funders



## Recommendations

- 1.29. A range of recommendations are made as a basis to respond to the remit of this study and to support the development of an agreed policy direction on rebalancing of adult social care in Wales.
- (i) Rebalancing must be considered in the wider context of the challenges facing adult social services in Wales, particularly overall funding levels, narrow profit margins, workforce barriers', sufficiency of supply, including for nursing and dementia care. Urgent action is needed by Welsh Government in concert with its partners to tackle these wider issues and provide sustainable solutions so that a strong foundation is established for progressing any rebalancing.
  - (ii) As a basis for further dialogue with Local Government and key stakeholders in Wales, Welsh Government should issue a clear position statement about rebalancing the Care Sector in Wales which sets out its definition/concept, principles, strategic aims, ambitions and parameters for this policy and clarifies how it is proposed that any implementation is to be shaped, prioritised and made sustainable and above all how it will improve the experience of the individual receiving care and support. Articulating the opportunities and benefits to be gained from rebalancing adult services back to the public sector in any statement would be important.
  - (iii) Whilst a statement of national policy direction for rebalancing would be beneficial, any statement on rebalancing must take account of the wide variation of local and regional requirements and positions on it and local government must own and drive this agenda. No central direction that might fetter Councils discretion in finding local market solutions should be introduced.
  - (iv) Working with local authorities, ADSS Cymru, the WLGA and SOLACE, the Welsh Government should agree and support a rebalancing development programme for adult services and involve those Councils who have a policy to implement or consider in-housing of any services. A Development Programme should also examine the range of wider rebalancing options identified in this Report (see recommendation 19)
  - (v) Financial and other incentives are seen as essential to enable the rebalancing agenda to be progressed. Additional and protected capital and operational resources, including loan facilities, should be identified by Welsh Government if they see rebalancing as a viable option to be considered seriously by Councils. A 21<sup>st</sup> Century Social Care Fund for Wales should be an option contemplated. Any funding provided must be flexible in its terms so that differing local needs and circumstances can be addressed.
  - (vi) Encouragement and tangible support (including financial) should be given to realise opportunities and benefits of rebalancing services in-house that some Councils may identify in the short and medium term. Co-ordination of any regime of support including expertise from the different interests in this issue is essential.
  - (vii) It must be recognised that rebalancing is a multi-faceted issue where there is dependency with a range of other matters, particularly in relation to market shaping and making and partnerships with the NHS. Co-productive discussions involving Regional Partnership Boards with local government and their partners would be essential as an early step in this debate.

- (viii) Further consideration of the interface with the NHS on rebalancing should be given in due course when the Welsh Government have gathered relevant data and intelligence. It is important that any policy direction on rebalancing takes a whole system approach across health and social care.
- (ix) There should be concerted action to enable Councils to achieve greater consistency and parity in strengthened mechanisms with the NHS through improved Regional Partnership arrangements to provide co-productive solutions and to achieve more integrated care and joint commissioning and to support consideration of rebalancing.
- (x) If Welsh Government see it as a viable concept, they should clarify the definition of “Optimal balance” and what it aims to achieve. Whilst strengthened mechanisms to address threats to market stability and failures are required, guidance must facilitate a locally driven approach and not establish any “national target”. Flexibility to shape responses according to the particular service and prevailing local circumstances should be prioritised.
- (xi) Welsh Government should initiate action with local government and partners about the added value, content and operation of any “Working Criteria” for deciding whether services should be in-house or externally delivered. The framework of criteria provided in this Report should be regarded as a starting point for development.
- (xii) There must be clear recognition that rebalancing services in house will have significant financial and operational implications for some Councils all of which must be addressed in the formulation of any policy on rebalancing and in frameworks related to market stability requirements.
- (xiii) The clear risks presented to the private and third sector by rebalancing and more generally to market stability and continuation of a viable mixed market must be seriously considered by Welsh Government in considering any framework for a policy. Financial and operational risks identified in this report should be prioritised in that process
- (xiv) The Welsh Government should review arrangements for grant-funded programmes to reduce the current administrative burdens and instability caused by short-term funding, and to contribute to more strategic commissioning of care and support. More targeted, ring-fenced, 3-year funding for Adult Services would support effective implementation of service change and enable consideration of rebalancing.
- (xv) The implementation of the draft Social Care Wales Social Care Workforce Strategy for Wales should be given a high priority and necessary funding to be implemented effectively to address the range of workforce issues raised in this Report. In particular an urgent need is identifying how harmonisation of terms and conditions and especially pay for care workers can be progressed over the shortest period that is realistic. Delay in finding a solution will have significant adverse implications for workforce supply and continuity of service delivery to vulnerable people in Wales.
- (xvi) The National Commissioning Board offers an established mechanism to make progress and improve commissioning, but its capacity and resources would need to be enhanced and a review of its role undertaken to provide it with the tools to drive change. A realistic timetable over a number of years would be required to embed sustainable and consistent progress.

- (xvii) A revised Commissioning Strategy and new Statutory Guidance should be developed by Welsh Government through the National Commissioning Board to provide more consistency and tackle the variability and promote the development of the function needed across Wales.
- (xviii) Impetus should be given to support all Councils to develop a meaningful strategic approach to market shaping and making across all of their care services. This will require more significant and consistent investment in the Commissioning function and a substantial skills development programme that is funded over a number of years and maximises potential for joint commissioning and integrated care with the NHS. A means of moving this agenda forward should be discussed with and within local government and with other partners.
- (xix) The range of other options for rebalancing identified in this Report should be given serious consideration as an integral part of a rebalancing programme. Priorities that can be progressed at an early stage should be identified. These options provide the potential for innovation and improvements for people using services. All would require additional funding and capacity to make progress.
- (xx) The potential for increased delivery of social care through not for profit/social value models should be given impetus and direction and the recommendations forthcoming from Workstream 2 on this implemented - including support to address an action plan for local authorities on commissioning and procurement of “section 16” organisations for delivering care and support.
- (xxi) Further consideration should be given to the findings from the Baseline Survey that the Third Sector delivers a very small proportion of social care for older adults. The potential and benefits of greater engagement with Third Sector service providers should be explored.
- (xxii) As reported by ADSS Cymru (2019), the Welsh Government should look to lead the development of more consistent criteria for innovation that can be replicated and scaled up. Additionally, developing an accessible database of innovatory practice in Social Care in Wales should be considered. A new approach to identification and sharing of what works, and a stronger role in ensuring it is taken-up and replicated across areas and/or regions is needed across Wales.
- (xxiii) Welsh Government should consider with partners how to find solutions to some of the more significant impediments identified in this report for Councils who want to make progress on rebalancing and effective commissioning. This includes i. the legislative provisions on Councils operating nursing homes, ii. the problems associated with Continuing Health Care and Nursing Care fees, iii. centralised access to expertise on legal and procurement aspects of commissioning and rebalancing.
- (xxiv) The Welsh Government should note the new data collection exercise developed to establish the baseline of provision and feedback on it, and engage with ADSS Cymru and Data Cymru on any plans to repeat the exercise

## 2. Introduction

- 2.1. In July 2018, the Welsh Government published “A Healthier Wales” as one of its responses to the recommendations of a Parliamentary Review of Health and Social Care. It sets out a broad framework of commitments and action to ensure people in Wales have longer, healthier and happier lives and remain active and independent in their own homes for as long as possible. Transforming the way health and social care services are delivered is a major feature of the approach.
- 2.2. The implementation of “A Healthier Wales” is backed up by a £100 million of funding. The Association of Directors of Social Services (“ADSS”) Cymru led several pieces of work in the 2018-19 Delivering Transformation (DTG) programme and has led another significant programme in 2019-20.

### ADSS Cymru

- 2.3. ADSS Cymru is the professional body representing Directors and Heads of Social Services in Wales. Its strategic priorities are:
  - advising the Welsh Government on social care policy through consultation responses, involvement in working groups, and formal / informal representation
  - proposing national strategies and initiatives and engaging with national organisations to promote effective models of service
  - supporting national service developments and supporting the work of local government by promoting the use of best practice models
- 2.4. ADSS Cymru provides a strategic viewpoint on the shape of the social care market in Wales, how and where services are provided and commissioned. It also provides professional advice to the Welsh Government to support the delivery of the strategic vision in *A Healthier Wales*, the manifesto commitments of the First Minister, and other Welsh Government strategic documents.

### Work programme 2019-20

- 2.5. The 2019-20 programme of work agreed with the Welsh Government comprises two workstreams:
  1. Rebalancing the care sector
  2. Mapping co-operative provision
- 2.6. This report covers Workstream 1. It is one of two reports. Given the significant differences between adult services and children’s services, the workstream was split into two separate projects, adults and children, with separate reports for each.
- 2.7. Workstream 2 of the 2019-20 programme examines the current use of co-operative provision and other models of service falling within S16 of the Social Services and Well-being Wales Act 2014 (SSWBA) (see para 2.10 below) in the social care sector and how use of such models can be further developed. Links between the two workstreams have been made during the programme’s implementation and in reporting.

- 2.8. The foundation for the work on re-balancing social care is the First Minister's Leadership Manifesto (2018). This made a commitment to work with local authorities to bring social care services more directly under their control with the aim of achieving more effective integration of health and social care. Since the 1980s social care services have increasingly moved outside the public service and into the private, profit-making sector. However, the Manifesto emphasised rebalancing is not about simply replacing one sort of monopoly with another. Instead it:
- recognises future services will continue to be a mixture of local, regional and national provision, and will continue to draw on public, private and voluntary effort.
  - seeks to re-energise efforts to create s16-type suppliers of social care services in Wales, rebalancing the sector, and bring such services back closer to the public realm
  - supports those local authorities in Wales, seeking to bring social care services back under their direct control.
- 2.9. Part 2 of the statutory Code of Practice (General functions) for the SSWBA also explains the Welsh Government's public services policy is for greater diversity in the delivery of services through mutual organisations, in-sourcing, joint commissioning and community ownership.
- 2.10. The Code of Practice and associated regulations are intended to support local authorities in discharging their duties under the Act. This includes promoting alternative and innovative service models, encouraging the growth and development of new not-for-profit business models, and supporting the growth of social enterprises, co-operative organisations or arrangements, user led services and third sector organisations. Local authorities are obliged to assess what is provided by social enterprises, co-operative organisations and arrangements, user led services and the third sector.
- 2.11. The findings of this study will contribute to local authorities' ability to fulfil their duties under the Act.

## Aims and objectives

- 2.12. The aims of Workstream 1 as set out in the programme agreed between ADSS Cymru and the Welsh Government were to:
- (i) develop an understanding and baseline of the current balance of provision of social care against which to measure progress.
  - (ii) help identify an optimal balance for the future
  - (iii) help inform the development of regulations and guidance on market stability assessments under the Regulation and Inspection of Social Care Act 2016 (RISCA).
  - (iv) Support the Welsh Government in identifying what type of support to local government would be most successful in supporting/incentivising such change, what types of support/at which sectors of provision should support be targeted
- 2.13. Underpinning the achievement of the above were a set of specific tasks. Drawing on these, the main project deliverables were:
- A detailed project plan for workstream 1 within the resources available

- A data collection tool developed with input from local authorities and capable of being used again to measure any future change(s) in the balance of provision.
- separate reports on adult services and children's services

2.14. The aims and objectives agreed with the Welsh Government are reproduced in full in Appendix A.

## This report

- 2.15. This report sets out findings, conclusions and recommendations for rebalancing of adult social care services in Wales. Comments are not attributed to individual bodies. After setting out the methodology, background and context in **Chapter 3 and 4**, **Chapter 5** provides baseline information on the current balance of adult social care by type of provider and across authorities. The data also examines the balance across the main characteristics of residential and domiciliary care.
- 2.16. **Chapter 6** presents the findings from field work with Directors, Heads of Services and others in Councils as well as key stakeholders including providers and the third sector. **Chapter 7** draws conclusions from the evidence gathered and **Chapter 8** sets out recommendations.

## Acknowledgements

- 2.17. The help of all who responded to requests for information and who gave their valuable time and knowledge for discussion across local government and the Third and Care Sector more generally is gratefully acknowledged and appreciated, as is the help of the Project Leadership Group, Reference Group, Social Care Wales, the Welsh Local Government Association and Data Cymru.

### 3. Methodology

- 3.1. Following agreement of this year's Delivering Transformation Grant programme with the Welsh Government, a robust methodology was developed to deliver the required outcomes within the capacity and resources available. At the project's inception, meetings were held with a range of key stakeholders. Awareness raising was undertaken through presentations at an ADSSC conference on 22 June and the Social Services Political Group on 4 July as well as at the National Social Services Conference (11/12 Sept). A desktop literature review of relevant documents was also undertaken. In order to ensure effective governance of the programme, a project leadership group and reference group were established.
- 3.2. The approach to the research needed to fulfil the project's objectives required both quantitative and qualitative data and therefore, was split into two parallel streams.
- 3.3. A baseline exercise was needed to determine as accurately as possible the current balance of provision e.g. how much care and support was delivered by local authorities via their in-house services and externally by providers in the private and third sectors. For this report covering adult services, the data needed to include both residential and domiciliary care.
- 3.4. The latest full financial year, 2018-19, was selected as a sensible and convenient means of examining the latest full-year position on the balance of social care.
- 3.5. The baseline exercise required data from all 22 local authorities. It was undertaken in partnership with Data Cymru. A bespoke data collection form and guidance was co-produced with the help of four local authorities. The baseline study commenced mid-September and, after all returns had been collated and data validation completed, concluded on 13 December 2019. A list of data requested is provided in Appendix E.
- 3.6. Qualitative data was collected via a written survey and semi-structured telephone interviews with either Directors of Social Services or Heads of Adults' Services and from attendance at an All-Wales Heads of Adult Services meeting. In total, the number of semi-structured interviews and meetings undertaken with Councils was 19. There were 19 Written responses from councils and 13 from stakeholders. In addition, 11 telephone interviews and group meetings were undertaken with key stakeholders.
- 3.7. Appendix C sets out all of the participants in this programme of work.

#### Baseline exercise

- 3.8. This was the first time this data had been collected in this format. The co-design of the dataset and guidance was helpful and influenced the design of the data collection form, which had in-built validation checks to aid data quality.
- 3.9. Inevitably, some data quality issues were anticipated but these were generally resolved after follow-up. Perhaps more challenging to local authorities was collating the data from their records in the first place and the work involved in doing so. Some local authorities were unable to provide a breakdown for certain data as it was not recorded. Where necessary, notes are provided against the figures.
- 3.10. In line with the requirements of this year's Delivering Transformation Grant programme agreed with ADSS Cymru, the raw baseline data will be passed to the Welsh Government. Guidance will be produced to accompany the dataset.

- 3.11. The Welsh Government has indicated a desire to repeat the exercise at some point in the future to measure any change in the balance of care. The experience of this first baseline is valuable to inform any future exercises and local authorities were asked for feedback on the data collection after the exercise was completed. Four local authorities responded. A summary of the key points is provided in Appendix 2.
- 3.12. The additional work generated for local authorities by ADSS Cymru's request for baseline data is recognised, and the effort made by teams to respond to the request is appreciated. Overall, the exercise worked well. It benefitted from the help of four local authorities in its design. The guidance which accompanied the request and the data collection form served their purpose. Inevitably, there is scope to improve any future data collection. Clarification was needed on some data requirements and on some specific circumstances of care provision. Some local authorities also had difficulty in providing a detailed breakdown of certain provision. The experience of this first data collection will inform any repeat exercise.
- 3.13. Questions were asked about what the data will show, how the data will be used and the benefits of the exercise to local authorities. This report is a starting point for answering the first two points. The benefits of the baseline work will emerge later as a result of action which will follow this research into the broad theme of rebalancing social care and associated matters. The ultimate aim is to improve the quality of care people receive and the outcomes.



## 4. Background and Context

- 4.1. Substantial levels of daily care and support are delivered successfully to many vulnerable people in Wales. However, adult social care is characterised by a range of pressures resulting in fragile markets and lack of stability in many areas.
- 4.2. In our Report on Innovative Funding Models to Meet Social Care Needs (ADSSC 2019) we set the scene in respect of the broader demands and pressures on social care in respect of an ageing population and this is just as relevant to this study of rebalancing.

### **Table 1: Demands and Pressures on Social Services from an Ageing Population**

While life expectancy has increased, healthy life expectancy has almost stalled meaning prolonged periods of chronic ill health. Currently:

- life expectancy for males is 78.3 years, healthy life expectancy is 65.3 years
- life expectancy for females is 82.3 years, healthy life expectancy is 66.7 years [n.b. These figures will vary significantly between different communities depending on their economic and social status]

The main challenges associated with an ageing population for health and social services can be summarised as:

- more people with chronic conditions including circulatory, respiratory diseases and cancer, greater incidence of dementia and other mental health problems
- higher levels of disability, mobility problems and frailty
- higher risk of falls
- greater risk of hospital admission
- more help needed with self-care tasks
- more people living on their own, loneliness and isolation

By 2035 it is predicted that:

- those over 65 unable to manage at least one self-care activity will rise by 46% - potentially another 120,000 people needing care and support
- older people with a long-term limiting illness will rise by 38%
- older people with dementia will increase by 64%

*ADSSC (2019)*

- 4.3. The same report also contended that:
- “Pressures on social services budgets are well documented. Although Welsh social services budgets have been afforded some protection in recent years this has been insufficient to keep pace with rising demand and cost pressures. For example, while spending by local authorities on adult social services over the last 5 years has remained broadly flat in real terms, spending per capita on older people has reduced by 13% in real terms. These pressures are felt across the social care system in all client groups and by local authorities, independent providers and by third sector organisations”.
  - The relative reduction in Welsh Social Services budgets, compared to the Welsh NHS over the last 5 years and more is relevant here as whilst both are facing increased demands for support, the NHS is dependent on social services to relieve hospital pressures. Whilst the availability of short term-grants has been welcomed by local government, they do not (no matter how large) readily support bold transformation required by the 2014 Act, which requires more certainty and stability in resourcing.

- 4.4. The ADSSC Report – Responding to the Challenges in the Care Home and Domiciliary Care Sector in Wales (2018) pointed to the 2.9% growth per year in demand for care predicted over the next decade. It also highlighted a range of problems impacting adversely on the care sector including workforce turnover, low pay levels, training, career pathway and future supply, stretched levels of funding for the sector, unrealistically low fee levels and tight profit margins as well lack of future stability. In 2019 there were 22,466 beds in 643 care homes in Wales (including nursing homes) and 437 domiciliary care agencies providing support to over 50,000 people (Care Inspectorate Wales – CIW)).
- 4.5. The Foundational Economy has been identified by the Welsh Government within its strategic document Prosperity for All: Economic Action Plan as the basic services and products on which every citizen relies and which keep us safe, sound and civilized. They identify five priority areas for cross-government working – social care, mental health, early years, housing, skills and employability - which have the greatest potential contribution to long-term local and national prosperity and well-being. We know from the ICF report (2018), that the total value to the Welsh economy from adult social care sector alone is estimated to be £2.2bn:
- Over 83,000 direct jobs (60,000 full-time equivalent)
  - Over 31,000 indirect jobs (23,000 full-time equivalent)
  - Estimated to be 6% of total employment in Wales

Most publicly funded long term social care is provided or commissioned by local authorities, although the Community Care Act 1990 was the catalyst for a decisive shift to the point where the private sector has become the dominant model. The bulk of residential and domiciliary care provision has been outsourced by councils in Wales. Following the Southern Cross crisis in 2010, governments at all levels have developed safeguards and systems to plan for care market failures. This is now enshrined in legislation including requirements for market position statements and market overview regimes and on-going work to achieve market stability and protect services to people. In more recent examples of market failures, these arrangements have proved their value.

- 4.6. Increasingly councils have come to see themselves as commissioners rather than providers of services but, in practice, the balance between externally commissioned and in-house services varies substantially from authority to authority. While the SSWBA encourages Councils to look for a more diverse approach to providing services including through not for profit and in-house options, the impact of austerity on budgets and capacity as well as the requirements to achieve “best value” means that despite a few examples of change, generally the rebalancing of services to in-house and not for profit for adult services in Wales is at an early stage of development and maturity.
- 4.7. There is a wide range of literature, reports and guidance (listed at Appendix D) that provides insights and proposed actions to tackle the current problems and deficits in the care sector. ADSSC (2018) reported that key messages from the literature on commissioning and market stability have been consistent (in relation to both care homes and domiciliary care) with the challenges impacting on the supply and range of provision including:
- the changing needs of the population is leading to differing, and sometimes more challenging demand patterns and a reducing need and demand for general residential placements.

- the small number of new entrants to the market due to financial pressures/ uncertainty (such as: high capital costs; rising operational costs; borrowing rates; unpredictable demand; low fees levels);
  - workforce challenges (recruitment and retention of good quality staff and managers);
  - reducing level of care home provider fees and profit levels in real terms, increasing operating costs, higher level of complexity of care
- 4.8. A number of commentators have emphasised the importance of effective commissioning and a need to ensure that the “approach to the whole commissioning cycle is both formally required and carried out as a partnership”. Published practice guidance and reports (Appendix D) for leading national and collaborative commissioning and market shaping developed by the local government-led National Commissioning Board provides a methodology for achieving progress.
- 4.9. The CIW Review of Domiciliary Care (2016) found that domiciliary care is an extremely complex operation and that arrangements for purchasing care in councils and health boards are extremely varied. This they report “comes at a very high cost in terms of potential care and support capacity, duplication and inefficient administration”. In its discussion paper on commissioning domiciliary care IPC (2016) contend the current approach of driving down the price of services to maximise the amount of care a person gets at the lowest possible cost, is now widely recognised as “unsustainable as it threatens the existence of those providers who deliver local services and particularly those in rural areas”. In their report *Messages on the Future of Domiciliary Care Services (2018)* Bolton and Townsend emphasise the critical point that the “crisis” in social care was being generated by the financial challenges faced by councils (due to reductions in government grant) and low prices being paid to providers who cannot deliver services nor recruit the right numbers of staff.
- 4.10. In its evidence to the National Assembly for Wales Finance Committee (2016), ADSSC and WLGA said: “Social Care Wales have developed a five-year strategic plan covering care and support at home in Wales. This plan recognises the need for a systematic change to the way care and support at home is provided. The strategy identifies the need for Welsh Government to realign funding and to explore the options available to increase and maximise the resources invested in care and support at home”. CSSIW’s review (2016) of domiciliary care supports this view, noting that whilst simplifying and standardising processes will make some parts of the system more efficient and may save some money, this will not be enough on its own.
- 4.11. The WLGA (2017) undertook a study “Market Analysis of Care Homes for Older People in Wales” which set out the opportunities and challenges facing the sector and made a number of recommendations to achieve changes to services and how they are secured to benefit people using them. This analysis still has currency and resonance in examining the feasibility of rebalancing.
- 4.12. The literature consistently highlights the effects of insufficient overall funding levels for social services and the impact of reduced budgets on councils’ approach to providing services. The Competition and Marketing Authority (2018) advised in its report on the Care Home Market in England and Wales that “The current model of service provision cannot be sustained without additional public funding; the parts of the industry that supply primarily local authority -funded residents are unlikely to be sustainable at the current rates local authorities pay. Significant reforms are needed to enable the sector to grow to meet the expected substantial increase in care needs.”

- 4.13. The new legislative framework for social services in Wales and the resulting change programmes that councils across Wales are implementing, place a priority on putting the individual at the centre of services and supporting them to achieve their personal outcomes. There has been training and guidance to support councils to move to outcome-focussed commissioning and delivery of care (SCW, WLGA “tool kit”). Despite the progress being made, it is clear from the literature that there is still some way to go to embed outcome-focussed practice consistently. In examining the feasibility of rebalancing, ensuring that the needs of people using services are fully recognised represents a key challenge.
- 4.14. The recent legislation (SSWBA, RISCA) has provided a new framework for a different relationship between commissioners and providers of social care, which coupled with the increased demands for care from population trends and the impact of austerity on public funds, makes a partnership based, co-productive approach essential. The requirements to produce market position statements (MPS) and “publish local market stability reports which review the sufficiency of care and support in their area and these reports must take account of the population assessment” (SCW factsheet 2017) is also a significant change. These issues are central to any rebalancing of the care market at a local or regional level.
- 4.15. This overview of the background and context of rebalancing illustrates the multi-faceted and inter-dependent nature of this agenda. The complex picture presented suggests that a sophisticated and well-evidenced response is required, and that differing local and regional requirements and circumstances must be taken into account in developing any national policy direction for rebalancing.

## 5. Baseline Survey

- 5.1. Baseline data on residential and domiciliary care was obtained from local authorities in a bespoke data collection exercise. The work was undertaken in partnership with Data Cymru whose assistance is acknowledged and appreciated. This is a summary of the key points that emerge from this substantial new database.

### Adults – Residential Care

- 5.2. In 2018-19, local authorities commissioned and delivered nearly 4 million bed days of adult residential care. The need was met by a combination of local authority in-house provision, private sector and third sector providers.

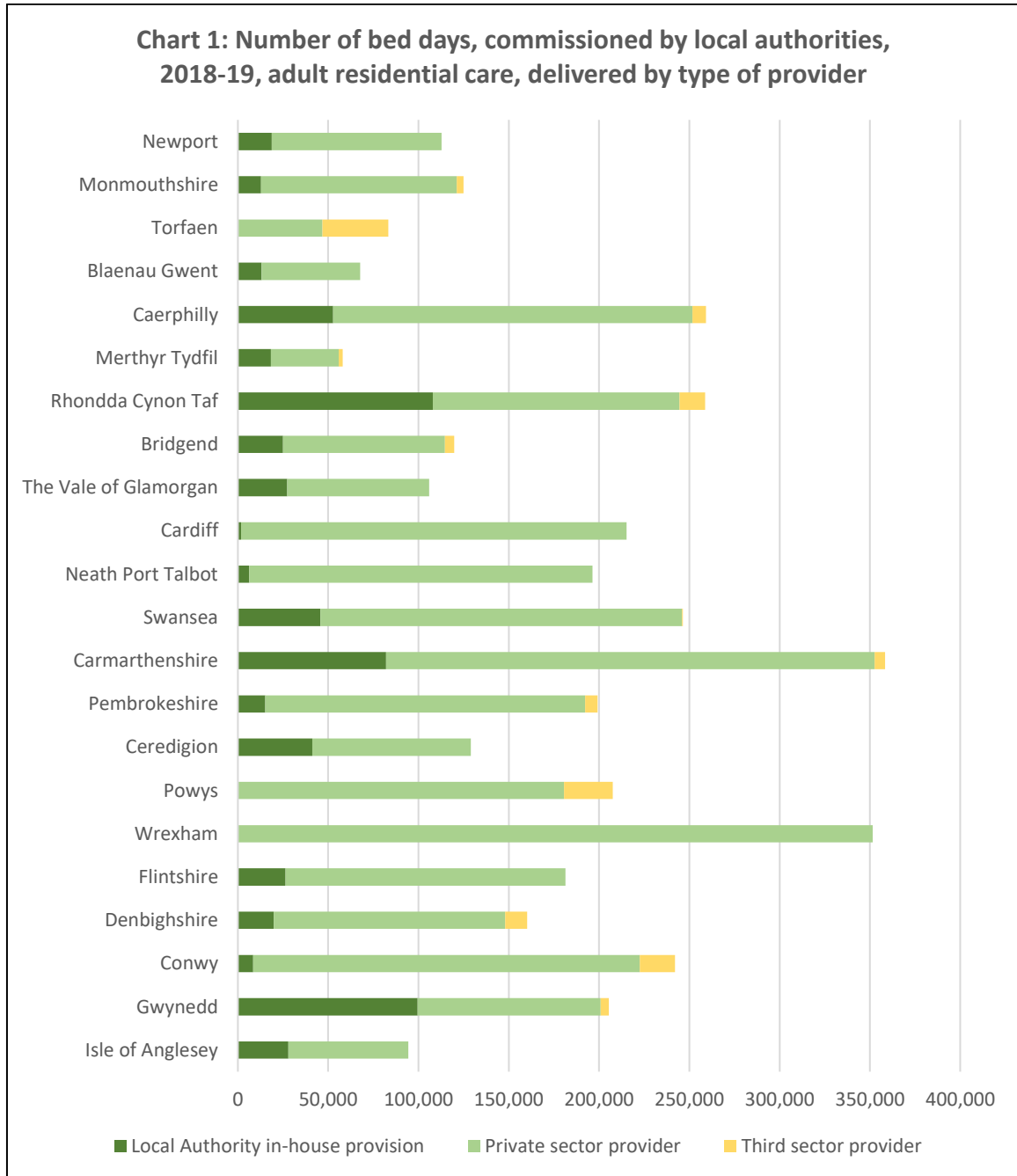
**Table 2: Total number of bed days commissioned by local authorities and delivered in 2018-19, by local authority**

Local Authority	Total number of bed days delivered in 2018-19
Isle of Anglesey	94,357
Gwynedd	205,373
Conwy	242,026
Denbighshire	160,182
Flintshire	179,126
Wrexham	351,495
Powys	207,627
Ceredigion	128,920
Pembrokeshire	199,174
Carmarthenshire	358,418
Swansea	246,403
Neath Port Talbot	196,303
Cardiff	215,294
The Vale of Glamorgan	105,924
Bridgend	119,754
Rhondda Cynon Taf	258,793
Merthyr Tydfil	58,071
Caerphilly	259,226
Blaenau Gwent	54,581
Torfaen	83,240
Monmouthshire	125,009
Newport	112,780
<b>Wales</b>	<b>3,962,076</b>

Source: ADSS Cymru/Data Cymru 2019

- 5.3. The figures in the above table include all bed days which were commissioned in 2018-19 and delivered during the same financial year. They also include care which was commissioned before April 2018 and the bed days which were delivered during the 2018-19 financial year.

5.4. In 2018-19, most of the adult residential care commissioned by local authorities – four out of every 5 bed days – was delivered by private providers. Local authorities delivered 16% of total bed days using their own care homes. The remaining 4% of bed days were delivered by third sector providers. Chart 1 below shows the delivery of bed days by type of provider for each local authority.



Source: ADSS Cymru/Data Cymru 2019

5.5. The proportion of provision delivered by the different types of provider varied considerably across local authority areas. Gwynedd was the local authority with the highest proportion of delivery using its own residential care (48%). Total provision was evenly split with private providers (49% each). After Gwynedd, Rhondda Cynon Taf was the second highest using

its own provision with 42%, followed by Ceredigion (32%), Merthyr Tydfil (31%) and the Isle of Anglesey (30%).

- 5.6. At the other end of the scale, the use of local authority provision was lowest in several authorities (Conwy, Wrexham, Powys, Pembrokeshire, Neath Port Talbot, Cardiff, Torfaen and Monmouthshire). All provided 10% or less of total bed days commissioned in 2018-19. Three local authorities – Wrexham, Powys and Torfaen – do not have any provision of their own.
- 5.7. While the average figure of provision delivered by the private sector was 80% across Wales, several local authorities are very heavily, or totally, dependent on it. They include Wrexham, Neath Port Talbot, and Cardiff, where the private sector delivered more than 90% of bed days commissioned by local authorities in 2018-19.
- 5.8. The third sector delivered a significant proportion of bed days in Torfaen (44%). In Powys it delivered 13% of bed days and 8% in Conwy and Denbighshire, but lower proportions were evident in a further 6 Councils (RCT, Gwynedd Carmarthenshire, Bridgend, Caerphilly, Monmouthshire).

## Characteristics of placements

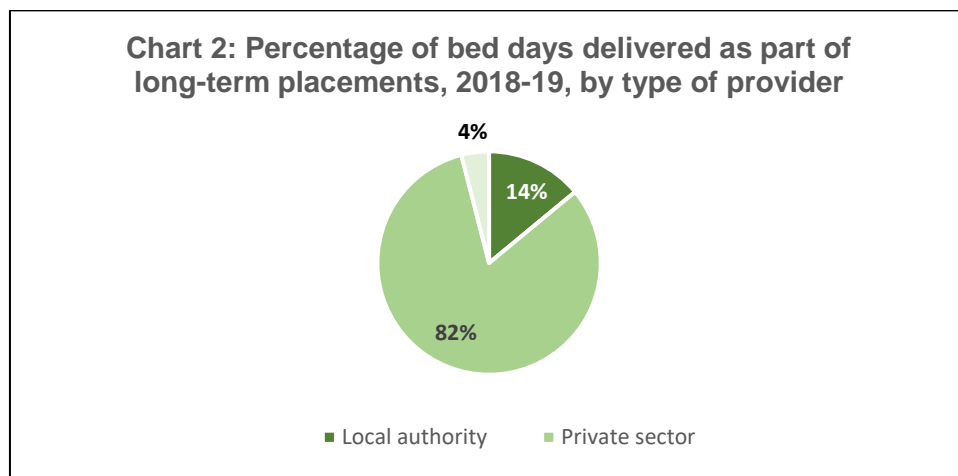
- 5.9. Of all the bed days delivered in 2018-19, more than nine out of every ten (93%) were as part of long-term placement of people in residential care. Temporary placements accounted for 2% and short-term / respite placements 5%.

**Table 2: Total number of adult residential care bed days commissioned by local authorities and delivered in 2018-19, by type of placement**

	Number of bed days delivered in residential settings by type of placement						Total	
	In house		Private		3rd Sector		No.	%
	No.	%	No.	%	No.	%		
Long-term placements	533,409	82	3,040,997	96	132,845	91	3,707,251	93
Temporary placements	18,351	3	53,411	2	3,211	2	74,973	2
Short-term / respite placements	98,206	15	87,599	3	9,451	6	195,256	5
<b>Total</b>	<b>649,966</b>	<b>100</b>	<b>3,182,007</b>	<b>100</b>	<b>145,507</b>	<b>100</b>	<b>3,977,480</b>	<b>100</b>

Source: ADSS Cymru/Data Cymru 2019

- 5.10. The breakdown across the different types of provider was similar to the picture for Wales overall. The most notable difference was for local authorities' own residential care provision, which indicated a higher proportion of bed days used for short-term and respite placements (15%).
- 5.11. Of the 3.7 million bed days which were long-term placements, more than four out of every 5 (82%) were delivered by providers in the private sector. Local authorities delivered 14% using their own provision and the third sector 4%.



Source: ADSS Cymru/Data Cymru 2019

- 5.12. Overall, more than four out of every five adult residential care bed day (82%), were delivered in the local authority's own area. Table 3 below provides a detailed breakdown.

**Table 3: Total number of adult residential care bed days commissioned by local authorities and delivered in 2018-19, by location of placement**

	No. of bed days delivered in residential settings						Total	
	In house		Private		3rd Sector			
	No.	%	No.	%	No.	%	No.	%
In-county	644,309	99	2,480,166	78	120,290	83	3,244,765	82
Out-of-county	5,491	1	578,063	18	19,490	13	603,044	15
Outside Wales	166	0	123,778	4	5,727	4	129,671	3
<b>Total</b>	<b>649,966</b>	<b>100</b>	<b>3,182,007</b>	<b>100</b>	<b>145,507</b>	<b>100</b>	<b>3,977,480</b>	<b>100</b>

Source: ADSS Cymru/Data Cymru 2019

- 5.13. Of the remainder, 15% of bed days were delivered out of the local authority's area but in Wales and 3% outside Wales. Both out of county and out of Wales options may reflect an individual's choice, which can also reflect a move to be near family members. For Wales overall, nearly nine out of every ten bed days delivered in 2018-19 (87%) were in residential care homes. Table 4 below compares provision across the different types of provider.

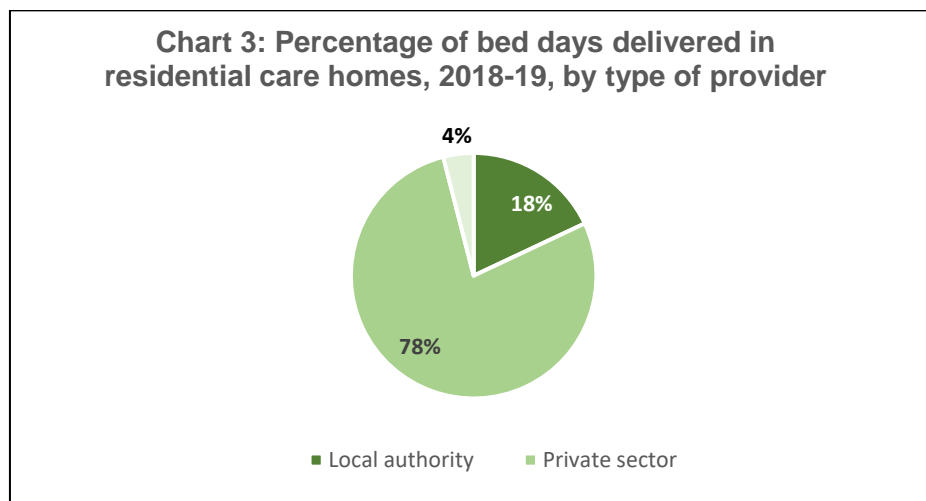
**Table 4: Total number of bed days delivered in adult residential settings, 2018-19, by type of setting and type of provider**

	No. of bed days delivered in residential settings						Total	
	In house		Private		3rd Sector			
	No.	%	No.	%	No.	%	No.	%
Residential care homes	624,569	96	2,704,214	85	134,308	89	3,463,091	87
Other types of residential care setting	25,397	4	477,793	15	11,199	7	514,389	13
<b>Total</b>	<b>649,966</b>	<b>100</b>	<b>3,182,007</b>	<b>100</b>	<b>150,632</b>	<b>100</b>	<b>3,982,605</b>	<b>100</b>

Source: ADSS Cymru/Data Cymru 2019

- 5.14. Chart 3 overleaf compares the volume of care, as measured by bed days provided in residential homes, by type of provider.





Source: ADSS Cymru/Data Cymru 2019

- 5.15. Nationally in 2018-19, 78% of bed days were provided in private care homes. The balance was provided by local authority homes (18%) and third sector (4%).

**Table 5: Percentage of residential care for adults, by type of provider, Wales, 2018-19**

Local Authority	Percentage of bed days by type of provider			Total %
	In House (%)	Private sector (%)	3 <sup>rd</sup> sector (%)	
Isle of Anglesey	30	70	0	100
Gwynedd	48	49	2	100
Conwy	3	88	8	100
Denbighshire	12	80	8	100
Flintshire	15	85	0	100
Wrexham	0	100	0	100
Powys	0	87	13	100
Ceredigion	32	68	0	100
Pembrokeshire	8	89	3	100
Carmarthenshire	23	75	2	100
Swansea	19	81	0	100
Neath Port Talbot	3	97	0	100
Cardiff	1	99	0	100
Vale of Glamorgan	26	74	0	100
Bridgend	21	75	4	100
Rhondda Cynon Taf	42	53	6	100
Merthyr Tydfil	31	65	4	100
Caerphilly	20	77	3	100
Blaenau Gwent	19	81	0	100
Torfaen	0	56	44	100
Monmouthshire	10	87	3	100
Newport	17	83	0	100
<b>Wales</b>	<b>16</b>	<b>80</b>	<b>4</b>	<b>100</b>

Source: ADSS Cymru/Data Cymru 2019

## Domiciliary Care

5.16. In 2018-19, local authorities commissioned and delivered more than 11 million hours of domiciliary care through their own in-house teams and/or by private and third sector providers (Table 7). In 2018-19, most of the domiciliary care commissioned by local authorities (85%) was delivered by providers in the private sector. Local authorities delivered 12% of total number of hours of Domiciliary Care using their own teams. The remaining 3% was delivered by third sector providers. 12 Councils commission their Domiciliary Care services from the Third Sector. Torfaen (44%) is by far the largest example and only Powys (13%) of the remaining 11 commission over 10% of their services from that source. Four Councils reported that all (or very nearly all) Domiciliary Care was delivered by private sector providers (Conwy, Denbighshire, Pembrokeshire, Ceredigion). In seven other local authority areas, the proportion delivered by the private sector was 90% or more. 3 Councils delivered over 20% of Domiciliary Care in-house (Caerphilly, Carmarthenshire and Anglesey) with a further 2 delivering significantly more in-house (Flintshire 81%, Gwynedd 45%). The details are set out in the table below.

**Table 6: Total number of hours of domiciliary care commissioned by local authorities and delivered in 2018-19, by local authority**

Local Authority	Total number of hours of care delivered in 2018-19
Isle of Anglesey	217,176
Gwynedd	590,728
Conwy	615,052
Denbighshire	247,558
Flintshire	36,671
Wrexham	379,740
Powys	580,540
Ceredigion	239,522
Pembrokeshire	482,784
Carmarthenshire	647,685
Swansea	751,604
Neath Port Talbot	522,590
Cardiff	1,346,875
The Vale of Glamorgan	737,747
Bridgend	549,826
Rhondda Cynon Taf	880,325
Merthyr Tydfil	159,084
Caerphilly	664,745
Blaenau Gwent	294,000
Torfaen	344,417
Monmouthshire	455,889
Newport	351,713
Wales	11,096,271

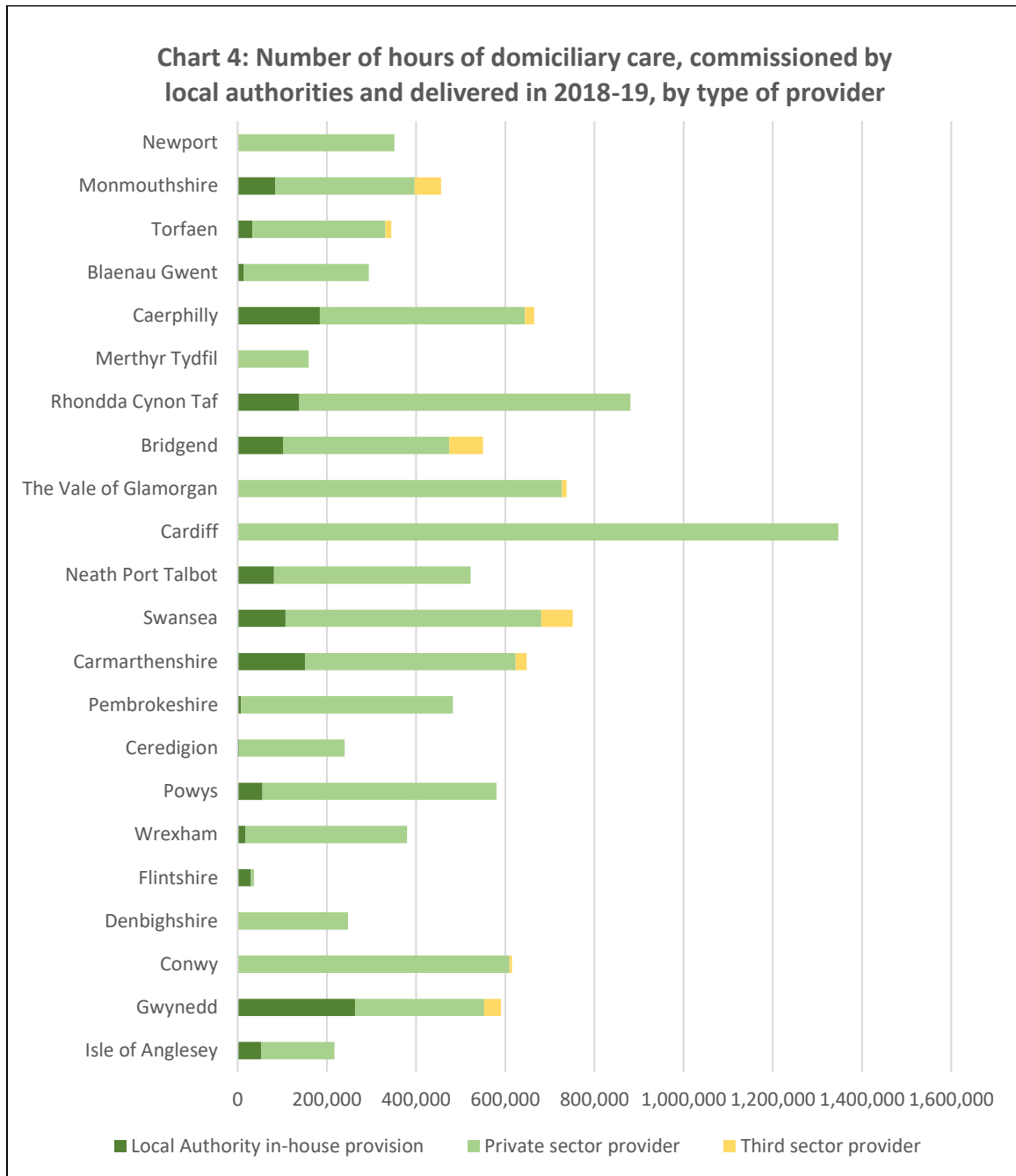
Source: ADSS Cymru / Data Cymru 2019

**Table 7: Percentage of Domiciliary Care for adults, by type of provider, Wales, 2018-19**

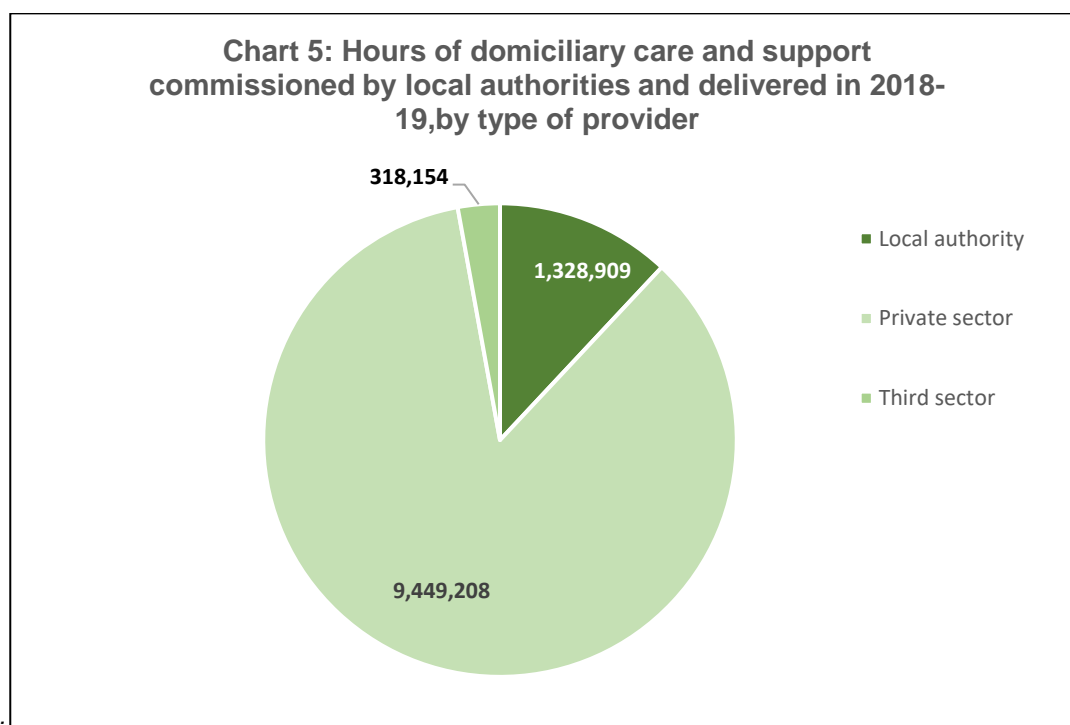
	Percentage of care by type of provider			Total %
	In House	Private sector	3 <sup>rd</sup> sector	
	%	%	%	
Isle of Anglesey	24	76	0	100
Gwynedd	45	49	6	100
Conwy	0	99	1	100
Denbighshire	1	99	0	100
Flintshire	81	19	0	100
Wrexham	5	95	0	100
Powys	10	90	0	100
Ceredigion	1	99	0	100
Pembrokeshire	2	98	0	100
Carmarthenshire	23	73	4	100
Swansea	14	76	9	100
Neath Port Talbot	16	84	0	100
Cardiff	0	100	0	100
The Vale of Glamorgan	0	98	2	100
Bridgend	19	68	14	100
Rhondda Cynon Taf	16	84	0	100
Merthyr Tydfil	0	100	0	100
Caerphilly	28	69	3	100
Blaenau Gwent	5	95	0	100
Torfaen	10	87	4	100
Monmouthshire	19	68	13	100
Newport	0	100	0	100
<b>Wales</b>	<b>12</b>	<b>85</b>	<b>3</b>	<b>100</b>

Source: ADSS Cymru/Data Cymru 2019

- 5.17. The figures in the above table include domiciliary care which was commissioned in 2018-19 and delivered during the same financial year. They also include domiciliary care which was commissioned before April 2018 and which was delivered during the 2018-19 financial year.



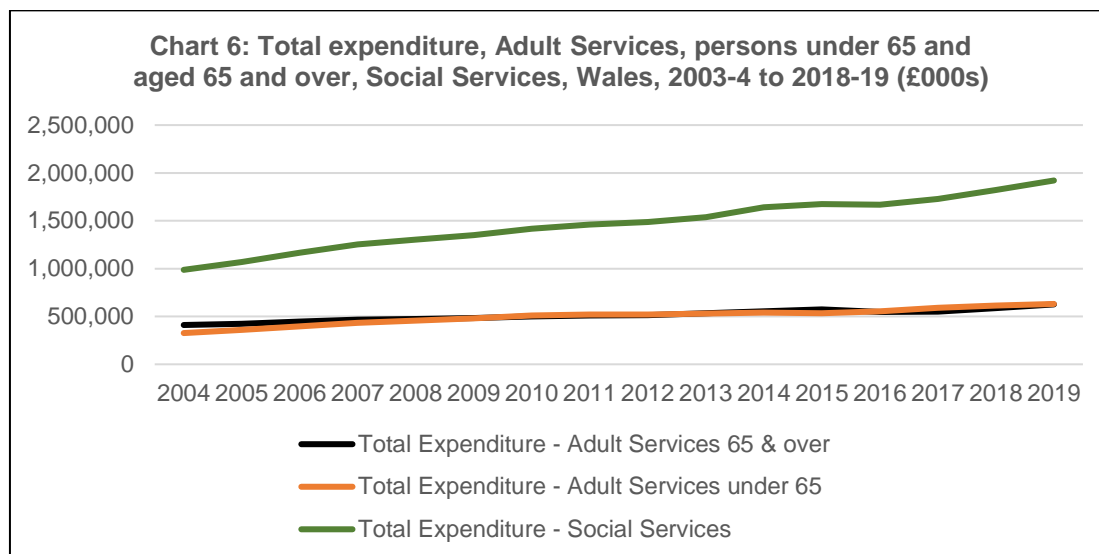
Source: ADSS Cymru/Data Cymru 2019



Source: ADSS Cymru/Data Cymru 2019

## Financial Expenditure

- 5.18. Expenditure data was also requested by the Welsh Government. Careful consideration was given to the information needed, the scale of work and resource required to collect and audit the information via a new exercise, and when the information was needed. The use of the official revenue outturn figures, which are typically published in October each year, was determined to be appropriate and while there is not a direct read-across to the structure of the new baseline data collected, they provide a reasonable financial context and background to the work.
- 5.19. Overall expenditure by local authorities in Wales on social services in 2018-19 amounted to £1.92 billion, of which £626 million was spent on older people over 65 years old, £631 million was spent on adults under 65, and £659 million on children's services. This is shown in Chart 6.
- 5.20. In respect of expenditure on older people over 65, the Wales position varies across Wales by local authority, according to population, level of need, local circumstances and budget priorities. Chart 7 below shows this picture in relation to spending on nursing home placements, residential care placements and on home care. Table 8 provides the detailed expenditure figures by local authority for these categories. At the Wales level, £285m is spent on care home placements (nursing and residential care) and £187m on domiciliary care. Chart 6 shows that whilst total expenditure on social services in Wales has risen substantially over the last 15 years, spending on people over 65 has only increased marginally, when demand from that cohort has increased significantly over the period.

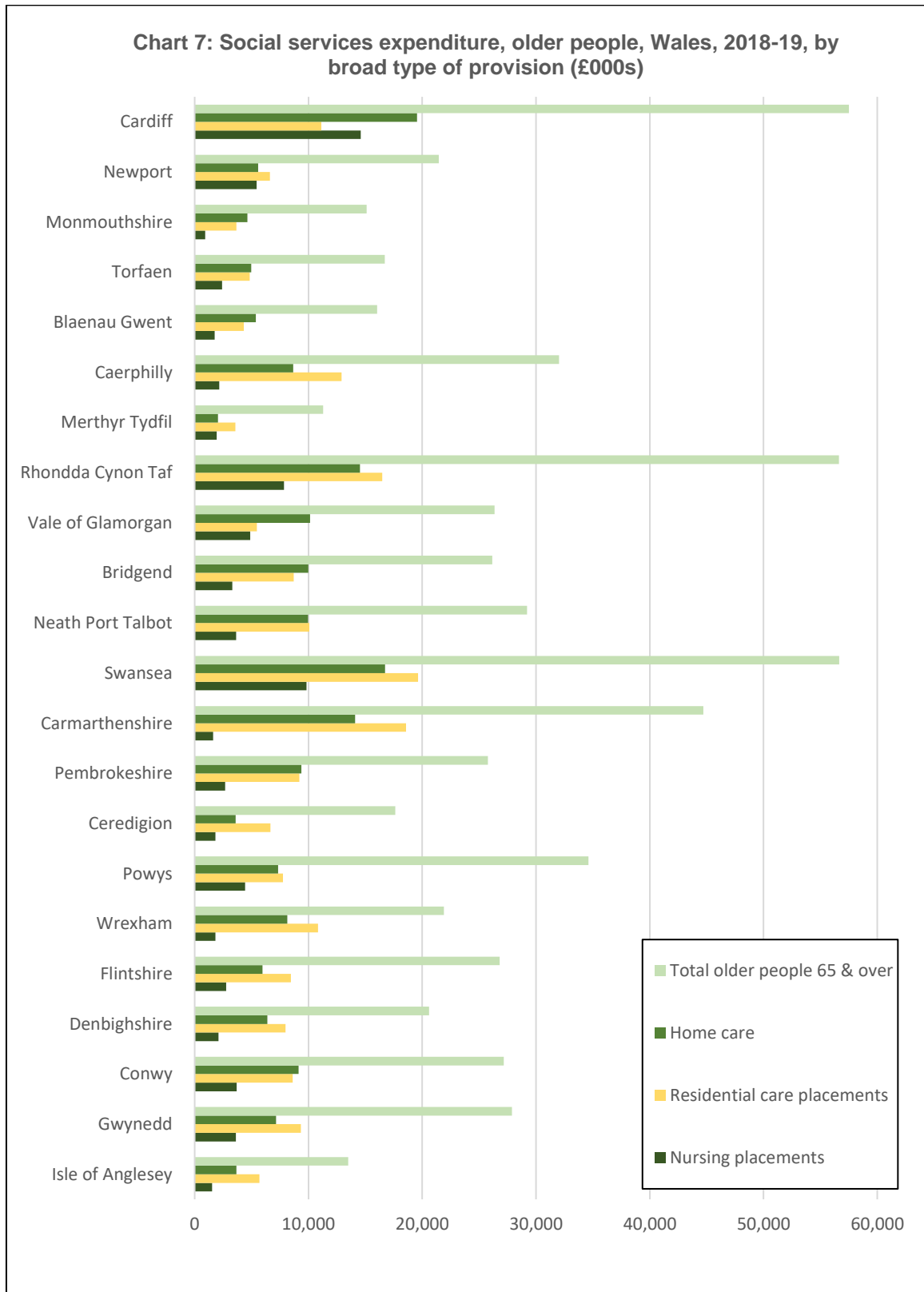


Source: Stats Wales

**Table 8: Expenditure on older people services by main type of provision, Wales, 2018-19 (£000s)**

	Nursing placements	Residential care placements	Home care	Total older people aged 65 & older
Isle of Anglesey	1,538	5,680	3,677	13,495
Gwynedd	3,619	9,325	7,151	27,898
Conwy	3,698	8,620	9,128	27,180
Denbighshire	2,096	7,993	6,391	20,603
Flintshire	2,764	8,460	5,961	26,798
Wrexham	1,814	10,840	8,141	21,900
Powys	4,423	7,766	7,327	34,603
Ceredigion	1,819	6,667	3,602	17,642
Pembrokeshire	2,676	9,192	9,388	25,772
Carmarthenshire	1,619	18,578	14,093	44,703
Swansea	9,819	19,644	16,742	56,644
Neath Port Talbot	3,649	10,085	9,955	29,208
Cardiff	14,608	11,135	19,554	57,510
The Vale of Glamorgan	4,881	5,462	10,148	26,355
Bridgend	3,311	8,711	9,978	26,154
Rhondda Cynon Taf	7,846	16,477	14,521	56,628
Merthyr Tydfil	1,944	3,575	2,051	11,300
Caerphilly	2,163	12,915	8,657	32,032
Blaenau Gwent	1,755	4,325	5,383	16,029
Torfaen	2,400	4,832	4,965	16,709
Monmouthshire	915	3,675	4,629	15,117
Newport	5,445	6,607	5,577	21,464
<b>Wales</b>	<b>84,802</b>	<b>200,563</b>	<b>187,018</b>	<b>625,743</b>

Source: Stats Wales



Source: Stats Wales

## 6. Findings

- 6.1. This chapter presents a summary of the main findings from the field work. This included initial engagement with 7 key stakeholders, 23 responses to and analysis of a written questionnaire, 20 interviews with councils, 7 interviews/meetings with or written responses from other stakeholders and a survey of direct payment practitioners and selected housing associations (see Appendix C for details of programme participants). Throughout this chapter the term “stakeholders” is used to refer to participants listed at appendix C who are not Councils. The capacity and resources available for this Workstream meant that the main attention and focus was on rebalancing in respect of domiciliary care and residential care, mainly for older adults. However, this does not diminish the importance of including services for younger adults in this debate in the future.

### General

- 6.2. Discussion about rebalancing prompted respondents to put the issue into a wider perspective and order of priority. A number of general points were made.
- 6.3. The majority of respondents said that overall funding of social services, capacity, recruitment, terms and conditions of care workers and the strength of partnership working with health are the fundamental issues that need to be dealt with to give a decent foundation for looking at rebalancing. This would help to tackle barriers to market shaping and managing demand and resources effectively. Rebalancing was generally seen as a complex and difficult issue that had to be considered in this broader context rather than as an isolated issue.
- 6.4. There are whole system issues within the health and social care sector in Wales which have not yet been resolved, such as continuing health care funding, sufficiency of nursing and dementia care, impact of prudent health care policies such as hospital ‘closures’ or / reducing beds numbers to focus on acute care, investment in general practitioner cluster networks, and the impact each of these approaches has on ‘adult social care’.
- 6.5. Stakeholders voiced concerns about the future. They highlighted the growing number of people with social care needs, with increased needs and complexity, and the increasing pressure on scarce resources. They recognise the considerable financial pressures local authorities are under and the efforts of some local authorities to change, being prepared to work with providers to ensure their area has capacity and can respond to future needs. However, this picture was very variable and there needed to be a much more substantial and consistent response to work co-productively with providers in all council areas.

### Rebalancing

- 6.6. Our discussions with participants in the field work sought initially to establish their understanding of what was meant by rebalancing and how it was being looked at in individual areas as well as more broadly by stakeholders. There was much debate about the concept and whether it was just about in-housing of services or wider in nature. The scope of the First Minister’s statement and its emphasis on maintaining a mixed market, whilst looking at whether services could be brought back to the public sector had not been widely appreciated. There were however a range of views on this subject and differing positions taken and acceptance that the rebalancing debate was a formative one at this stage.



**Table 10: Options for Rebalancing Suggested by Respondents**

- In-housing Domiciliary Care to achieve Market Stability and protect services
- In housing of Residential Care by LA purchase or leasing of existing care homes
- Rebalancing by building or extending care homes in LA ownership or jointly with NHS
- Rebalancing by employee buy-out, refurbishment of care homes on the market
- Rebalancing by building additional Extra Care provision by LA or in joint venture with Housing Associations
- Rebalancing towards the individual through extension of Direct payments
- Rebalancing towards more outcome focussed and improved quality care
- Rebalancing through more integrated care with the NHS and joint commissioning
- Rebalancing by extending partnership and relationship-based working with providers
- Rebalancing towards more Early Intervention and Prevention responses
- Rebalancing towards greater involvement of the Third Sector
- Rebalancing to more strategic commissioning and stronger and more consistent market making and shaping

See also paragraphs 6.85 – 6.100  
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- 6.7. There was a strongly expressed opinion by a number of respondents that rebalancing should not result in any major change of policy direction. Services are still implementing the 2014 Act and embedding the change – whilst managing impacts of austerity. Change is beginning to happen and could be helped by more investment and smarter and more consistent communications. No sudden significant change to the market balance is wanted.
- 6.8. A clearer definition of what is meant by rebalancing and what it aims to achieve is needed. Whilst a number of councils would want clear discretion and choice for local policies and solutions, firmer general (but not statutory) guidance is needed to make progress including clarity on rebalancing at the regional level, its position in the overall priorities and future direction and sustainability.
- 6.9. A number of participants commented that services are increasingly commissioned on a joint basis with other local authorities and with the NHS and therefore decisions to rebalance by one authority must take account of implications for standing agreements and implications for other partners.
- 6.10. A group of council respondents reported that despite the theoretical attractions of public services, in detailed analysis there are more advantages to having a mixed market that allows responsiveness, flexibility, efficiency and less paperwork/procedures. It was thought that providing more in-house would present “logistical challenges” and be much more expensive. Some examples were given to support that position:
- One council reported that recent tender exercises had shown that the cost of providing services in-house would be substantial - £3m for care homes and £1.3 m for 100 domiciliary care workers (there are 500 in total)
  - Another Council told us that they had worked out costs of bringing in domiciliary care services. Including HR, some manager costs etc. there was difference of £10-12 per hour (higher) for council provision than for external providers. This was said to be a

conservative estimate. Also there needs a critical number of staff to be able start up an in-house service from scratch.

- Another council estimated that it was 25% cheaper to outsource services than provide them in house

- 6.11. Some councils are testing the market to see what the cost is of providing in house domiciliary care compared to an external provider by tendering. If more cost-effective for these councils then they will look at providing the care. One Council want to expand their in-house provision around specialist and complex care including dementia. This has political support but would cost an additional £600,000 for only an additional 4% of the market. Progress will depend on the 20-21 Revenue Support Grant settlement. Other barriers include recruitment and retention, compliance with the Registration and Inspection of Social Care Act 2016, systems, capacity, and time needed for change. The assumption that in-house would be substantially more expensive, is not a straight forward issue according to some Councils; generally, with National Living Wage, the gap in terms of cost is closing anyway and also reduction of other costs need to be considered e.g. the costs of commissioning. Some respondents suggested that a strategic focus needs to be on developing in-house responses where the market has failed to provide an effective solution
- 6.12. Any debate on rebalancing needs to take account of the large number of homes registered for both nursing and residential care under the new registration arrangements. This makes rebalancing more difficult if approached purely from a council perspective. Trends in the care home sector are towards dementia and high level, complex care so market shaping by both the local authority and the local health board jointly should take account of these clear trends in any rebalancing. The NHS also purchase substantial amounts of home care for Continuing Health Care, but councils do not have any details of these services or their cost. These issues need to be factored in for any decision to bring services in-house because of integration, supply, market risks etc. Welsh Government are undertaking further analysis of this issue with the NHS
- 6.13. The Welsh Government is asked by stakeholders to consider the clear financial implications of moving away from private providers to more in-house local authority services. Stakeholders raised questions about the full cost of in-house provision given the higher wage rates, higher pension costs and the need to increase staff resources to have sufficient internal capacity to manage in-house services. They feel the true cost of rebalancing is likely to outweigh the, currently very modest surpluses providers make. Providers also wanted to see transparency in any cost comparisons made. The position of some providers with older buildings/facilities who might lose contracts as a result of rebalancing and whose facilities become de-registered needs to be considered; this becomes a significant challenge and very costly to re-register under RISCA.
- 6.14. There was generally strong council and stakeholder support for continuation of a mixed market and to have a robust and vibrant independent sector of providers. In respect of rebalancing in-house, there were a range of positions adopted by Councils ranging from (i). those who were positive and already engaged (ii) those who are considering and market testing in-housing for pragmatic service delivery reasons (iii). those who want to maintain a mixed market but would consider some/more in-housing if the capital and other resources were provided and (iv). those who were opposed to rebalancing and wanted to strengthen and grow their relationship with and services purchased from the private/third sector.

- 6.15. There was recognition from some councils that they cannot continue to rely on the private sector if they continue to pay them the current fee levels. This unsustainability echoed what was reported by the Competition and Market Authority (2018). However, if provision is in-house, it has to be recognised that it will be substantially more expensive. Stakeholders report that some providers are struggling with relatively low fees which mean very tight operating margins and questions on viability. Many care homes are operating on a margin of 2% whereas 5-10% is seen as being necessary for viability. There was a firm view from some respondents that re-balancing could not on its own address capacity or quality issues as in house services would deplete and destabilise existing market and make it more difficult for remaining providers to make a profit which is likely to impact on the quantity and quality of the services they provide. There was a clear view from some that it would be misguided to think services were or would necessarily be of higher quality just because they're provided in house.

## Rebalancing Factors

- 6.16. The Welsh Government asked us to examine what key issues must be considered (e.g. quality, sustainability, issues for providers; market stability; unintended consequences etc.) in any decision whether or not to change the balance between care delivered by in-house, private and third sector providers. In written responses, a number of helpful comments were made which can be summarised as:

**Strategic:** Having a clear and robust rationale for changing or not. This rationale needs to be informed by the local context. Undertaking a full appraisal of options. The key issues to be considered – cost, quality, accessibility, location, equality and human rights impacts, workforce, risks. Impact on the whole market and sustainability of individual services and the wider sector.

**Financial Stability:** Each local authority has to consider the impact of de-commissioning any private provider for impacts on a different local authority or other services that a private provider may be providing elsewhere.

**Sustainability:** Better terms and conditions offered by the council mean that the private/third sector will lose staff as the balance of provision moves. If in-house provision subsequently needs to change, it will be difficult to get any interest from the external market. Citizens should be helped to help themselves, through developing knowledge and capacity about a range of local community and third sector resources.

**Qualifications & Registration:** Impacts of the new registration requirements to be considered. Current difficulties in training enough to be registered managers. Improve attraction, recruitment and retention by upskilling and professionalising the workforce.

**Safeguarding:** ensuring the safety of vulnerable adults – where providers are finding it hard to recruit sufficient staff and staff leave or are TUPE transferred to in-house services.

**Quality of service** and the ability to respond to changing demands. Strategies and policies which have the ambition to improve the quality and consistency of care and support

**Unintended Consequences** e.g. range of issues for providers in respect of on-going viability if their contracts reduce considerably, RISCA compliance, impact on the workforce, destabilising of the market, loss of providers' trust, loss of reputation.

6.17. A framework for rebalancing was proposed by one council covering:

- (i) Balance of number of people requiring care (demand) with the optimum model of care (at home/institutional care)
- (ii) Affordability – looking at costs of delivery – in-house is usually more expensive
- (iii) Personal Outcomes – how that is achieved and resourced, options available, how they are accessed etc
- (iv) Balance of service model so that the individual’s independence is promoted, and care is not over provided
- (v) Explicit intent to facilitate a move to social value models on a community level basis i.e. small groups but this is not a panacea as costs still have to be covered.

## Market Drivers

6.18. The Welsh Government asked us to identify the ‘system conditions’ (at national, regional and local level) relevant to the purpose of this work stream that have driven, and continue to drive, commissioning decisions. This issue was included in our written questionnaire and discussed at interview.

**Table 11: Challenges, influences and drivers, Adult Services**

- Statutory duties
- Increasing demand and complexity of needs
- Fee levels to sustain market stability
- Workforce issues
- Budgets and financial pressures
- Terms of additional funding (e.g. Integrated care Fund; Delivering Transformation Grant)
- Grant funding (short-term nature; administrative burden)
- Deficits in provision/ supply of nursing and dementia care
- Level of Joint commissioning with LHBs
- Role and capacity of RPB to engage in market shaping
- Partnership and relationship-based working with private sector providers
- Variable utilisation of the Third Sector as delivery partner

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6.19. Neary all respondents referred to the importance of strategic drivers in local commissioning decisions such as SSWBA population needs assessments, demand for services, workforce, Market Position Statements, National Guidance on Commissioning, statutory requirements of procurement as well as local demographics, rural/urban factors, strategies, visions and plans. A range of other regional and local factors were reported as significant in commissioning. These, in summary, included:

- ❖ development of a regional common contract framework, a common specification and a common review process and service frameworks (2 regions)
- ❖ promotion of collaboration across regional areas including need to work in partnership with health and jointly fund packages of care
- ❖ budgetary constraints which will link to the affordability and sustainability of services; affordability and value for money whilst ensuring equitability

- ❖ Continuity of service - receive care from the same team of carers on a regular basis
- ❖ “What Matters” to individuals, to be listened to, be given flexibility around their care and support
- ❖ The importance and requirement to respond to the needs of carers in the community in order to avoid carer breakdown, including young carers
- ❖ Focus on well-being, prevention and promoting independence - helping people stay at home for longer, choice e.g. direct payments.
- ❖ Ability to shape and influence the private sector in a way that supports the strategic intention
- ❖ How we can improve our joint working with our third/independent partners
- ❖ Shared values and relationship with the provider and the ability of the market to support service requirements
- ❖ The need to respond to provider failures within the market – failures of both finance and quality which can lead to care home closures and the termination of contracts
- ❖ Provider business decisions about accepting and/or continuing a service request.

- 6.20. The need to achieve savings in service delivery costs was reported by most councils as a main driver for shaping the market; this was supported by costings by some Councils which showed a significant difference between the hourly rate for internal homecare and external domiciliary care. Influences on the outsourcing of residential care included costs of running and maintaining ageing care homes, the need to provide alternative models of care such as Extra Care as well as operational savings that could be attained.
- 6.21. Lack of sufficiency of domiciliary care services and nursing care (including for dementia) was reported as a market driver. The need to maintain market stability and maintain services to people was a strong factor reported.
- 6.22. Legislative and regulatory requirements were seen as significant influences on commissioning. All local authorities in Wales faced challenges to deliver more collaborative, integrated, targeted and more preventative approaches, and at the same time to address budget pressures, staffing reductions and increasing and changing demand. Workforce was also a common concern e.g. in relation to supply, competition, terms and conditions, expectations, increasing skill demands and in some areas, Welsh speaking staff

## Optimal Balance

- 6.23. The Welsh Government asked us to seek to establish a local government view on the optimal balance between in-house and externally-commissioned level of provision, recognising that this may vary according to local conditions, and bring forward with a formal endorsement from WLGA. This matter prompted much debate with a wide range of viewpoints but a general consensus that if this was a valid concept, then it should be driven by local and regional circumstances and service requirements
- 6.24. An optimal balance was seen as a difficult concept. An arbitrary national target was not wanted. It had to be a locally driven approach and according to the specific service, with ability to “flex” up and down according to prevailing circumstances. Whilst, for example, a

one-third in house target for domiciliary care would be reasonable for some councils, for others either a lower figure or no target is the preference and certainly not set nationally.

- 6.25. For councils where market failure had been experienced, in-housing some provision was the right approach to help manage risks of market instability, give greater assurance of good quality care and offer flexibility. This is seen as a strategic approach to manage the market and avoid the problem of failing providers working on the edge of viability.
- 6.26. A small number of councils had not externalised their services to the same extent as others and were better placed on rebalancing. A small number of councils had increased their proportion of in-house home care to protect against market failure, but also as a strategic decision to stabilise delivery of services and to improve quality of care. Recent experience with one national provider and their exit from the market highlighted the real risks of relying on just private providers. However, a more common position was to commission external providers as a policy and give priority to value for money. Whilst there was less appetite for in-housing residential care, (see table 11 below), there were examples of councils taking the initiative in this market.
- One council are working with the LHB to deal with the market failure in nursing care. A project to build a 100-bed home that the LHB will operate is being considered. It will help manage delayed transfers of care and deal with problems of poor-quality nursing homes. In principle commitment to deliver from both parties has been agreed. This direct provision would be first in Wales and they are confident they can overcome legal difficulties and that the care home will improve quality and costs. Continuing Health Care patients will be included.
  - Another council are building 32 additional beds on to their own home. Some beds will be long-term, some short-term and some step-down type provision. Some support from the LHB is being given including staff to get people in, assess and out home again. Funding will be from the local authority, ICF and some from the LHB. It is expected to open in 2021. The council also have 2 other care homes and are looking to double their size.

**Table 12: Reasons why local authorities are not increasing, or planning to increase, their own residential care for Adults**

- Substantial capital costs
- No better than private sector/more expensive to provide
- On-going maintenance costs
- Management capacity required
- Registration and other RISCA requirements
- Advantages of the Extra Care model
- Reducing demand for residential care
- Emphasise on independence in own home
- Demand for dementia and nursing care
- Workforce demand and supply
- Need to increase Domiciliary Care provision
- Negative perception of Care Homes by public
- Drive to meet personal outcomes
- Local political position
- Lead time required to open new home

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## Market Stability

- 6.27. The Welsh Government asked that this programme of work should help inform development of regulations and guidance on market stability assessments under RISCA. Respondents cited the local and regional mechanisms established in recent years following unexpected market exits. The Escalating Concerns Statutory Guidance (2009) was also mentioned as well embedded but now thought to need updating. Through the development of market position statements and market stability regimes locally and regionally it was felt that progress was being made but it was recognised that there is further ground to be covered. The national groups working on regulations would be influential in shaping responses to this matter.
- 6.28. It was strongly contended by both councils and stakeholders that the market will only remain stable if there is an appropriate mix of providers with the necessary skill and ability to respond to a range of different situations and requirements. Stakeholders said that losing contracts can affect the overall sustainability of a private/third sector provider who have various loans from banks that are performance or service level related. Private/third sector providers are concerned that their services diminish to the point at which they can no longer operate. The engagement of the sector from an early stage is seen as critical by councils with the implications for providers carefully examined.
- 6.29. Stakeholders report that the markets for care and support are fragile. In some areas very fragile. There are reports of the number of providers decreasing as a result of increasing costs and in some areas, exiting because they are unable to make them work financially or due to concerns about their capacity and ability to deliver quality care in such circumstances. Some providers are also reported to be considering pulling out because of future changes. In respect of provider market intentions, it cannot be assumed that the market will or wants to grow. There was a call from some to stop regarding residential/nursing care as “a last resort” and not only focus on care in the community as the road to health and well-being. This tendency has led to a lack of investment and low expectations from relatives and families about care and support their loved one in care homes. Further work is being undertaken by the National Commissioning Board to more fully understand the market and this could be critical to shaping any rebalancing.
- 6.30. There are therefore market risks to rebalancing. If providers lose contracts and exit the market, capacity will reduce and the general absence of new providers entering markets, notably in residential care which required heavy capital investment, will make it more difficult to regain capacity. If capacity and provision reduced, it could lead to increased costs as the laws of supply and demands take hold. There could also be impacts on local nursing care provision. The forecast is for further increases in demand for nursing and there are risks provision will not be there to meet demand due to current pressures, narrow margins, and the need to invest in improvements to accommodation. The dual goals of quality care and good outcomes were uppermost in the minds of stakeholders. At the end of the system are people in need and often in very difficult circumstances, and doing the best for them is the priority. Consequently, there were questions and indeed challenges to the concept of rebalancing from providers. Common questions included:
- Is there a need for rebalancing?
  - Why re-balance:
  - What are the benefits of re-balancing?
  - What are the risks?
  - Is there an optimal balance?

- 6.31. Providers say expectations of quality are very high and rightly so, but extremely difficult to deliver with the money available. Providing high quality services with engaged, well trained and rewarded employees requires an appropriate level of funding and the current very low hourly rates in some areas work against this. In domiciliary care, the time staff have to care for a person has reduced significantly over the years while the needs of residents have increased.
- 6.32. Stakeholders understand the long-term future for residential care is likely to change with Care in the Community keeping people in their own homes for as long as possible is seen as the clear direction of travel. Some forms of residential care, supported housing and Extra Care will be needed. So too will nursing provision, dementia care and specialist residential care e.g. for people with mental health needs. Pressures on providers which lead to a reduction in provision raises questions on how the needs of some people can be met
- 6.33. Capital funding is a challenge for new developments and for investments in improving existing premises. Many care homes are old and unsuitable in relation to modern day standards and expectations. Considerable investment is needed to improve buildings, if indeed this is a cost-effective option, or to replace. Providers in the private sector and third sectors are constrained in their ability to secure funding for the development and improvement of care homes with the nature of the short-term revenue models. Providers need greater clarity around income for the future and stability, with a move away from annualised contracting or spot purchasing. Regular re-commissioning of services and support can also be unhelpful for service continuity.
- 6.34. Councils and stakeholders suggest that there are real risks to the already fragile and stretched care home and domiciliary care markets from any ill-judged rebalancing. There is a delicate balance of contracts which providers rely on from local authorities, the NHS and individual self-funders, which could be affected by rebalancing leading to more fragile and unstable local care markets. The fragility of the domiciliary care market, its marginal profits, workforce turnover etc raised particular risks to in-housing. De-stabilising this market which many individuals rely on must be avoided.
- 6.35. For some areas it is not about rebalancing in the sense of changing the balance between in house and private sector provision but about growing the overall level of provision/local capacity and filling gaps to meet care and support need i.e. rebalancing to a level of provision to reach sufficiency.
- 6.36. Councils and stakeholders raise the importance of considering the views and preferences of service users who might be very happy with their current care providers. Changing to a predominantly in-house local authority model is likely to remove choice for service users whose care is wholly or partly funded by the council as well as for those using direct payments and self-funders
- 6.37. Rebalancing must deal with the threats to market stability from market failures. More robust legislation is needed to deal with the true risks to delivery of services to vulnerable people. There should be a stronger framework for testing market stability and how it can respond to market failures. Rebalancing back to councils should not it was suggested by some respondents just be a response to a concern about market failure but because it is better value for money and better outcomes for individuals.
- 6.38. The Welsh Government has been working with a range of Stakeholders including local government on development of regulations and guidance on market stability assessments under the Regulation and Inspection of Social Care Act. Reports and recommendations



from this process are awaited and will need take into account findings from this report as they are finalised. Analysis of the systems and processes that have already been introduced to respond effectively when a provider fails should inform the framework for market stability requirements placed on Councils.

## Risk and Opportunities

- 6.39. The Welsh Government asked us to identify risks and opportunities within the current market pattern, including matters around resilience/fragility of the private sector (and third sector, if relevant). These issues were included in the written questionnaire and in interviews and meetings. In general, it was clear that councils were mindful of the risks of causing market instability and took a measured, evidenced and risk-assessment approach to any significant changes to their services and the impacts on people using services. Stakeholders and especially providers were concerned that the apparent risks were taken seriously.
- 6.40. Risks and opportunities to rebalancing were identified across five areas: strategic, financial, care market, people and operational. Overall, councils have identified twice as many risks as opportunities in changing the current balance of care, however a good number of strategic and operational opportunities were identified.

**Table 13: Risks and Opportunities to Rebalancing in Wales**

Strategic Risks	Strategic Opportunities
<ul style="list-style-type: none"> <li>• Challenges associated with meeting demand in rural counties.</li> <li>• Potential increased scrutiny of the Council by way of regulation</li> <li>• Potential for judicial review (in relation to the decision-making process) from providers in relation to any decision to transfer services in house</li> <li>• Potential to further decrease the ability of local communities to support and care for people who need support by affecting their capacity to do so if services transfer in house</li> <li>• Inability to make dynamic and flexible commissioning decisions</li> <li>• A significant number of 'private' companies are local/regional/Welsh SME's, this could have an impact on the Welsh and local economy</li> <li>• Providers who have various loans from banks that are performance or service level related could be threatened by rebalancing.</li> </ul>	<ul style="list-style-type: none"> <li>• Shared strategic understanding of need and common commissioning framework of delivery to meet regional, joint and local priorities.</li> <li>• Better utilisation of strategic commissioning capacity which would avoid duplication of effort, align strategic objectives and maximise use of available resources.</li> <li>• Development opportunity of market position intelligence and stability reports which more accurately reflect the market recognising that providers work across boundaries including health and local authorities.</li> <li>• There is an opportunity to proactively move towards a more regional/ joint approach to commissioning.</li> <li>• Building resourceful communities-enabling initiative to flourish</li> <li>• Greater balance between the private, third sector and in-house would create opportunities, greater choice and flexibility of response for service users.</li> </ul>

Financial Risks	Financial Opportunities
<ul style="list-style-type: none"> <li>• the level of funding being allocated to local authorities for social care services</li> <li>• Pressure to achieve savings favours externalising certain services and further opportunities to commission more from the private sector</li> <li>• in-sourcing of care homes would increase councils' capital estate and also the risks associated with this (e.g. liabilities for ongoing maintenance of the properties)</li> <li>• care homes are mainly privately owned: it would not be financially viable to change the balance by in-sourcing unless the Welsh Government provided significant investment</li> <li>• Increase in costs for national terms and conditions, back office support, staff training, sickness, and annual leave which require replacement costs plus costs of registration</li> <li>• Principal barriers are increased operational costs (direct costs), and increased transactional and management costs (indirect costs).</li> <li>• Limitations linked to availability of land / accommodation / office space and capital resources necessary to invest</li> <li>• Capital Investment to create additional/ alternative capacity especially into care homes.</li> <li>• External organisations are able to access other funding such as grants, charitable donations, investments. The added benefits and added value from this could be lost</li> </ul>	<ul style="list-style-type: none"> <li>• Income generation for the Council from people who want to purchase care and support that is not a statutory service</li> <li>• The establishment of new services and provision such as extra care which could be delivered in-house will reduce pressure on other services and strengthen internal resources and capacity.</li> </ul>

<b>Care Market Risks</b>	<b>Care Market Opportunities</b>
<ul style="list-style-type: none"> <li>• Destabilising the sector by rapidly growing in house service.</li> <li>• Smaller private and third sector providers would leave the care sector</li> <li>• The current fragility in the market vs the time it takes to nurture and develop alternative markets. Loss of contracts, reduced capacity and exit of the market and no new providers entering markets</li> <li>• In-housing Domiciliary Care risks include lack of choice for individuals, de-stabilisation of small business affecting the local and regional economy, provision will be more expensive putting more financial pressure on already stretched budgets.</li> <li>• Far less funding available from other sources to help private and third sector providers maintain a presence in the market</li> <li>• Much larger, corporate private providers either known or unknown to the council could pursue a 'buyout' of smaller, local companies – this could result in a monopoly of what's left by bigger companies</li> <li>• External organisations can run at a loss in the short term, which means that they are more flexible in terms of making investments in services that initially will show a loss but will result in longer term gains. External organisations are better placed to access investment for development of capital projects</li> <li>• Some organisations (e.g. third sector) will rely on income from service contracts to help fund wider charitable aims/services, this could de-stabilise charities and reduce ability for them to engage with wider work</li> </ul>	<ul style="list-style-type: none"> <li>• Improved joint commissioning for some services and increased collaboration on certain projects that are relevant to 2 or more local authorities and Health</li> <li>• Developing alternative models of care and support:</li> <li>• Development of alternative markets-Community Catalysts/micro enterprise</li> </ul>

People Risks	People Opportunities
<ul style="list-style-type: none"> <li>• recruitment and retention of suitably trained and qualified staff</li> <li>• Impact of Regulation and Inspection requirements on the work force.</li> <li>• That TUPE legislation would have a significant impact with the transfer of any service in house</li> <li>• Reduction in choice of providers for self-funders</li> <li>• Could reduce choice and control for people – i.e. fewer providers for people to choose from</li> <li>• Disruption to service users - service users can become attached to the provider and often providers will also offer a range of additional services to people that they support</li> </ul>	<ul style="list-style-type: none"> <li>• increase use of Direct Payments and Co-operatives to pool service user resources and offer greater choice, independence and potential cost effectiveness</li> <li>• More in-house provision would provide more equity for care staff.</li> <li>• Improved recruitment and retention if in house services expanded</li> </ul>

Operational Risks	Operational Opportunities
<ul style="list-style-type: none"> <li>• Assumption that voluntary sector will be able to fill gaps</li> <li>• not enough provision to meet the needs of all people that have been assessed as requiring a domiciliary care service.</li> <li>• Delivering all services in house and not having a contingency plan for alternative provision</li> <li>• implications for RISCA registration (new registrations, changes to Statements of Purpose), and potential impacts on Job Evaluation for pertinent staff and managers.</li> <li>• Increased bureaucracy</li> <li>• We could see a reduction in providers that offer specialisms</li> <li>• External organisations have more flexibilities in terms of staff policy and T&amp;Cs that enable them to be more responsive to service needs and service developments</li> </ul>	<ul style="list-style-type: none"> <li>• Bringing certain services in house could address capacity and quality problems in certain service areas e.g. Domiciliary Care. This could significantly reduce waiting times for services, DTOC and reduce time spent managing service disruptions</li> <li>• Improved oversight and control over services remaining in the independent sector in order to challenge poor quality provision and drive up good quality</li> <li>• 3rd sector – reinvest in to local area / innovation / added value / additionality</li> <li>• Co-operatives and Social enterprises to deliver Social Care</li> <li>• In housing Domiciliary Care could increase resilience and provide control over quality. Using patch-based commissioning could reduce costs, improve partnership working with designated providers and efficiencies of placements.</li> </ul>

	<ul style="list-style-type: none"> <li>• Re-balancing through smaller manageable geographical patches would provide stability to organisations to deliver, whilst at the same time maintaining the framework of providers to provide contingency</li> </ul>
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*All Tables ADSS Cymru 2020*

## Criteria for Rebalancing

- 6.41. The Welsh Government remit for this programme included the requirement to “Seek to develop working criteria for whether services are best located in house or commissioned having regard to such factors as risk, cost, the nature of the services, specialist services and the state of the market” This was an issue included in the written questionnaire and followed up in interviews with Councils.
- 6.42. There was some critical questioning of the concept of “working criteria” to decide whether services are best located in-house or commissioned. It was suggested that each local authority is best placed to understand the context of social care delivery within its locality; drawing on its knowledge of the market, the political context and most importantly the needs of its citizens. Nevertheless, a wide range of suggestions for “Working Criteria” were submitted by councils. Analysis of these responses have produced the following assessment of areas where the “outline” criteria could be determined in further discussion and development work.

### **Table 14: Councils views on working criteria to apply in any consideration of rebalancing**

#### Strategic

- Population Needs Assessment, Equality Impact Assessments, Care Market Position Statements
- Geography, culture, transport, local economy including employment market, care workforce, Welsh language
- Consultation on service change – politics, stakeholders, service users/families, public perception

#### Financial

- Level of capital investment and delivery resources required and availability
- Financial analysis i.e. Value for Money, unit costs comparison, set up costs, economies of scale for more costly and specialist services, Potential for cost escalation e.g. pay staff for down time when calls are cancelled or there are gaps in rotas

#### Care Market

- Impact on the market sustainability – need to ensure a resilient, flexible, sustainable and stable market.
- Risk of market failure or market dominance by a costly provider and other threats to service continuity
- Local sector conditions (rural/urban); infrastructure, service availability, experience/expertise; track record

**People**

- Impact of re-location on citizens and outcomes, equalities and human rights
- Internal impacts – commissioning / contracts roles. degree of expertise required for delivery, investment in skills/knowledge needed including specialist services, availability of staff including managers
- Impacts on Private/Third sector e.g. recruitment and retention challenges faced by the sector locally

**Operational Delivery**

- Quality of services being provided locally – satisfaction of individuals and their families, inspections/monitoring results, achieving personal outcomes, concerns, risks
- The nature and availability of services – range and type, flexibility including meeting urgent or fluctuating needs, levels of demand
- Transactional, managerial and governance processes for providing service

*ADSS Cymru 2020*

- 6.43. Utilising the suggested “working criteria”, it would be feasible to develop a framework for examining rebalancing decisions that provided some consistency of approach across Wales, whilst allowing local and regional circumstances to be given prominence. Further work on the range of suggested criteria and their respective priority could be a starting point. At its simplest, a “traffic light” system and scoring matrix could be deployed. A more sophisticated model could also be considered with weightings for different criteria. However, it is essential that this approach of “working criteria” is seen to be helpful and the investment of time and resources in its production worthwhile and add value. Its production must be driven from a commissioning and service delivery perspective and not shaped as a “top down” model. Further work would be needed on a co-productive basis with ADSS Cymru involvement and a range of other stakeholders. Some respondents suggested a tool of “working criteria” would be better positioned as part of a Commissioning Strategy rather as a separate product.

## Support and Incentives for Rebalancing

- 6.44. Welsh Government asked us to help to identify what type of support to local government would be most successful in supporting/incentivising change and what types of support/at which sectors of provision should support be targeted. There was a strong response to this question both in written returns and during interviews.

**Table 15: Respondents’ Requests to the Welsh Government**

- Addressing overall funding deficiencies in older people’s services
- Financial and other support for effective shaping and management of markets
- Funding to incentivise rebalancing that is long term and protected
- Ending of 1year grant funding regimes and instead provide more stability (e.g. 3 years)
- Action on workforce harmonisation to mitigate turnover, difficult recruitment and “poaching” particularly by the NHS
- Investment in commissioning capacity to realise ambitions to innovate and become more flexible.
- Invest to save approaches in promoting early intervention/ prevention

- Support for smaller authorities to examine rebalancing
- Recognition that authorities who have outsourced all or most of their service would find it more difficult to bring services back in-house
- Further consideration of Nursing Fee levels adequacy
- Support for establishment and development of social enterprises in social care
- New framework for identifying and spreading effective and best practice and scaling up or adapting proven service models

- 6.45. There are significant, long terms costs of supporting people with complex needs, their families and carers within their own homes and these need to be reflected more accurately in the future funding of health and social care. Overall funding of social services was the highest priority to be tackled for both councils and stakeholders.
- 6.46. A consistent message from respondents was that more financial and other support and incentives were needed to support the effective shaping and management of care markets, better engagement of providers and achieving stability in difficult times both now and over the next decade. Where rebalancing was supported as a concept there were more specific calls for funding and support (see below).
- 6.47. Financial and other incentives for both councils and Private/Third Sector are seen as essential to make progress with rebalancing. Potential options in residential care to re-balance include purchase or leasing of private care homes, employee buy-out, refurbishment of homes on the market or new build. Transitional support would be needed to pursue any of these options. For domiciliary care there would be higher costs of internal provision (wages and pensions), TUPE arrangements and management capacity to consider.
- 6.48. Rebalancing would need to be fully costed and there would need to be assurances around how these proposals align to procurement regulations to ensure that local authorities keep within the legislative requirements. A number of respondents referred to the need for a fully assessed rationale for changing the balance of services that encompassed both factors important to the Council, providers and individuals using services
- 6.49. A majority of respondents suggested that there would need to be assurances that any additional funding was long term (and some that funding should be ring fenced to social services for this function) and that this was a sustainable strategy for the future.
- 6.50. Funding would need to be adequate to ensure that all employees within the social care sector receive wages that reflect the complexity, responsibilities and demands that the work requires of them.
- 6.51. Invest to save approaches in promoting early intervention/ prevention (EIP) may take some years to change the nature of demand and expectations, and in the meantime, we have to deliver and improve our care and support services. There needed to be a “twin track” approach to funding this. Public Health Wales are focussing on social determinants of health to develop prevention and early intervention responses. There also is a Building a Healthier Wales Steering Group with social services representation. These initiatives have the potential to provide a strategic impetus for development of EIP responses.
- 6.52. Incentives for local authorities to support the establishment and development of social enterprises in social care are needed. Any financial or business support to pilot internal or

community-based provision would encourage not for profit organisations to develop and have greater access to the market.

- 6.53. Specific areas for funding to be considered include for workforce harmonisation and ending of competition for staff, training, career pathways etc and funding capacity to manage rebalancing at the local level and influence it at regional level. There are difficulties for some smaller authorities in looking at rebalancing – rurality issues around transport, time to travel, diverse communities, shrinking working age population as well as terms and conditions. The capacity for managing a bigger in-house function is currently not available. The problems of being a small authority in this context is the lack of economies of scale and efficiency. Any support needs to reflect the differing circumstances of councils – it is difficult and costly for councils who do not have currently any in-house provision to start to provide services themselves.
- 6.54. Funding for nursing care is also a huge pressure – and concern - for some providers. The fee paid by the NHS for nursing is calculated using the mid-point of the NHS pay scale but this does not reflect the better terms and conditions including pension that NHS employees enjoy. This puts the private sector at a disadvantage when competing to recruit nurses. It is also less attractive as care homes do not have all the support infrastructure that the NHS makes available for its staff.
- 6.55. Service delivery incentives were also proposed by Councils e.g.
- for cross council (ie.one council delivering for another) delivery of in-house services to be piloted;
  - Reinforcement that the NHS has a joint responsibility for responding to challenges like rebalancing – through better joint commissioning and market shaping. Creating real “parity of esteem” in partnership working;
  - Advice and case studies on working with smaller community/not for profit providers and how they can be facilitated to grow and develop support networks.
- 6.56. Councils and stakeholders identified the need for a more consistent framework for identifying and spreading effective and best practice. There were questions about scaling up or adapting proven services and practices and the continuing challenge of spreading ideas and getting them taken up across Wales instead of each area seeking to generate its own solutions and not learning from elsewhere in the UK.
- 6.57. Whilst the benefits of additional funding through the Integrated Care Fund and the Delivering Transformation Grant were recognised, there was a strong call for an end to short term (i.e. 1 year) Welsh Government grant funding which was onerous to administer and caused recruitment and retention problems. More sustainable arrangements i.e. 3 years were wanted by councils. Others would like to see a return to “ring fenced” Revenue Support Grant for Social Services considered. This issue was echoed by stakeholders who contended that the nature of grant funding is challenging for continuity and sustainability.

## Commissioning

- 6.58. The Welsh Government remit asked for the study to take account of what considerations councils currently go through when reviewing their commissioned and other services. Effective commissioning underpins, or should underpin, investment in public services. The National Commissioning Board for Health and Social Care in Wales emphasises it is much



more than simply organising and buying services, pointing to anticipating change, planning to meet future demands and making effective use of budgets (ADSSC 2015). There is a wide range of helpful guidance published on commissioning nationally (see appendix D) and we were told about a number of examples of local guidance available. The national guidance describes what is a complex process with many different stages, from engaging stakeholders, identifying needs and desired outcomes, considering options for shaping services, priority setting, and procuring high quality and cost-effective services. It also underlines the value of effective monitoring and evaluation to ensure outcomes and value for money are achieved. In many areas, current practice does not reflect this.

- 6.59. There was wide acknowledgement from respondents about the importance of commissioning in achieving effective social services and effective and cost-efficient outcomes for individuals. There was also a high degree of recognition that further attention to and investment in the function was needed and would pay dividends. The more common themes that influence the current pattern of care across Wales included nature of local economy, culture, population profile, trends and needs, local politics, history of service evolution, requirements to reduce costs and increase efficiency and effectiveness through outsourcing, a desire to broaden the provider base, and encourage local market development and employment. A large majority of councils reported that the nearly all of their domiciliary and residential care is commissioned with private/third sector providers. A few councils have “externalised” all of their services. Despite this trend to outsourcing several councils had retained in house services for reablement, dementia, respite and supported living. Achieving well-developed, long term relationships with private and third sector partners and a partnership approach in delivering person-centred care on a “whole sector” basis based on trust, and commitment to quality was seen as a key success factor for some councils although for others it was described more as “work in progress”.
- 6.60. A minority of councils reported a history of having some services that are provided in house because this is promoted by the local politicians, with little appetite to de-commission those services. The view was that that local communities and service users in these areas are keen to retain council provided services with some holding that private services are not as good. However even in these areas, private and third sector provision was more dominant than in-house provision.
- 6.61. Across Wales there is a mixed but evolving approach taken to commissioning. A majority of councils reported that a procurement approach dominated - best value for money and cost with a mixed economy - this was undertaken within the accepted principles of commissioning, frameworks and use of the ‘light touch’ regimes and re-contracting processes. Other areas were moving towards a more strategic approach for some services and making progress using the Market Position Statement and commissioning strategies, (which were developed jointly with others in two regions). A small number of councils reported that their approach is already very much a strategic market shaping one.
- A large rural county has taken a strategic approach to planning accommodation for older people for the future. This has included:
    - Taking an evidence-informed approach in the development of a robust commissioning strategy.
    - Engaging widely with the general public, and with other stakeholders to explore emerging findings and develop commissioning intentions.

- A multi-disciplinary Project Board and operational team was established which critically had commitment to the agenda at most senior level in each organisation to make progress. Stakeholders were also engaged. An in depth understanding of both demand and supply across all accommodation for older people in the county was created a “live” analysis which can be refreshed regularly.
- An engagement survey involving semi-structured focus groups was held to gain a better understanding of what people in the County both wanted and needed in terms of their future accommodation. The analysis of current supply and demand has enabled the development of a series of commissioning intentions for each local community area.

Source: IPC Oxford Brookes University

- 6.62. Some respondents suggested that central commissioning units across all local authority functions are a mistake. They held that social care commissioning is a specialist area and there are real risks in taking a generic approach. Where this was happening, purchasing tended to be driven by procurement legislation and by cuts to council budgets. Quality assurance and monitoring is essential to get right or otherwise there will be risks and problems for individuals whatever the approach taken.
- 6.63. The constraints to taking a more strategic approach were said to include budget and staffing reductions, short term funding streams, value of contracts, capacity, procurement legislation, ensuring a level playing field. A market shaping/making approach was said to require an investment of time and, crucially broadening, the local understanding of commissioning.
- “Principles have come in through the Act – such as greater focus on outcomes, but the very individual nature of outcomes, combined with reporting pressures on ‘making a difference’, means that it has been hard to make the step change from ‘time and task’ commissioning to more flexible, outcomes-based commissioning, that in turn requires greater shared trust between commissioner and provider”
- 6.64. The impact of “Brexit” on procurement rules was questioned by a number of respondents and early clarification sought as to whether any changes were likely to be introduced and if this would change the approach to commissioning, particularly for processes, protections and burdens.
- 6.65. Services for older people in particular are increasingly complex and costly. An effective service response requires good management information and intelligence about future service requirements including at regional and national levels. It was recognised that these areas require development. However, it was contended that it is essential that the Management Information framework should not just be set at a broad level but also enable Councils to get to grips with the important detail below that necessary for the rebalancing agenda to be progressed.
- 6.66. Stakeholders identified the differences between local authorities in fees and rates paid, quality expectations, overall approach, requirements and partnership working. Planning and commissioning care are also variable according to the type of provision. The different systems operated by local authorities for commissioning and invoicing, and different requirements for monitoring and recording information present difficulties for those providers of residential care and domiciliary care which work for more than one local authority area.

There are strong views that cost/price tends to outweighs other considerations. More than one stakeholder described this as “a race to the bottom”.

- 6.67. A number of councils are working with local providers to develop a relationship-based approach to commissioning. Developing mature and productive relationships which are founded on trust and honesty and clear strategic intentions is seen as the best approach in the medium and long term. However, stakeholders report that procurement rules are sometimes used as a reason not to try and form long-term relationships and developments. More empathy from local authorities and health boards, with a demonstrably greater commitment to partnership working and co-production is sought. There was a strong call for more joined-up discussion on strategies for commissioning plans between providers, the local authority and the NHS with providers to be seen as genuine partners and co-producers.
- 6.68. Some councils suggested that continuing to shape the market will require on going investment and a change in culture to develop effective relationship-based commissioning arrangements. One council wrote:
- “In order to move towards a more strategic approach, we would need to invest more time working with providers in order to achieve any strategic commissioning aim that would be agreed. Joint ownership by providers and commissioners of a commissioning strategy is key to success.”
- 6.69. Pressures for providers in the private and third sectors include operating with very narrow margins and in some cases, services which are becoming unsustainable and unviable. Some providers have exited, or are considering exiting the market. Others are not bidding for new contracts, particularly where TUPE arrangements apply and they would have to take on staff from another provider. There is also some concern that the third sector, while diverse in terms of its make-up, is seen as “third rate”, whereas the sector has considerable skills, experience and track records in delivering good quality support.
- 6.70. Councils are conscious of the 2014 Act drive for early Intervention and prevention (EIP) and a number are looking closely at what they can do to develop these services and embed the principle in commissioning in addition to other areas such as IIA, assessment etc. Progress was reported including through community connectors, but comments suggested that this agenda still had some way to go. The problem with developing commissioning of EIP is largely about funding, capacity and loss of posts.
- 6.71. Capacity for commissioning is reported as a general problem – there has been no recent investment in the commissioning function and for many Councils the capacity available for commissioning has not increased since 2014. Particularly in some smaller authorities, this was a constraint to taking a strategic approach to commissioning and shaping the local market. However, 3 councils reported they had invested in their commissioning function and integrated it internally (which was regard as critical in understanding service requirements when commissioning services), with good outcomes that facilitated a strategic approach to commissioning.
- 6.72. Investment in capacity for commissioning is needed. Further cuts are anticipated next year and commissioning is seen as an “easy target” over cuts to front line services. Without investment in commissioning capacity councils will not realise their ambitions to innovate and become more flexible or better shape the market or be able to address the rebalancing agenda.

“It’s seen as “back office” and has taken more than its fair share of cuts in overall costs”.

- 6.73. One council cited evidence that although there is limited benchmarking data to support commissioning investment, it has been argued that for every £100K of externalised services 2-3 % should be allocated for commissioning and contracting. (Ref: Elliot D Sclar: You don’t always get what you pay for: the economics of privatisation 2000).
- 6.74. Whilst there were examples of good practice, market shaping, proactive use/updating of Market Position Statements and developing a productive relationship with providers all need to happen more consistently across Wales. The guidance already published by the National Commissioning Board to help shape commissioning strategies and practice provide a clear agenda for action.
- 6.75. A question posed by some respondents was “do councils pay lip service to Market Position Statements (MPS) or is the process used to shift decision-taking, resource allocation etc”.? Responses suggested that it is a mixed-picture with some good examples of practice and others restricted in their ambitions by capacity available. In some councils the issue was a need to act upon the MPS to plug the gaps identified and meet future demand and shape the market proactively – using it as a “live” process.
- 6.76. Projects and initiatives to develop and improve commissioning were underway in several councils and included:
- An example described by one council involves a clearer strategic approach being developed through an enhanced location-based project with integrated teams covering Information Advice and Assistance/Single Point of Access and community connectors which are helping to shape services at a local level on a patch basis. This is helping to identify needs and gaps.
  - Another example of a local approach cited was to be fair to providers and supportive, building a partnership approach and engagement with providers. Key elements included a care portal where there is access to standards, best practice etc. Sharing collective information was also seen as good.
  - Another example was where a council had secured funding to implement a vanguard model which streamlines processes and ensures a person-centred approach. They have teamed up with another council in a similar position so that they can learn from one another. This project will explore how they can work more closely and effectively with providers.
  - A project was underway in one council to move commissioning to include more regular monitoring and financial checks so that stability and sustainability of the local care markets is achieved.
- 6.77. A range of proposals were suggested to improve and develop commissioning and related skills and support more strategic market making and shaping approaches:
- Professionalisation of the social care commissioning function
  - Support and funding to develop social services commissioning teams and less reliance on corporate procurement
  - Recruiting the commissioner with the right skill sets who can develop relationships with providers
  - Clear added value benefit at regional level from commissioning - not focussed on priorities for part of the region.

- Investing in capacity for commissioning and training for skills, market shaping etc.
- Building on the NCB Guidance by developing practical tools
- Improved access to support services for commissioning and expertise e.g. TUPE, legal advice, outcome-focussed commissioning

- 6.78. The Welsh Government is intending to develop more training with the Planning Academy established with Cardiff University. To date this has focused on healthcare planning but there is a desire to expand it to cover social care commissioning.
- 6.79. Stakeholders suggestions for improvements in commissioning ranged from specific elements of the commissioning approach to an overhaul of the whole commissioning process and strategic intent. Some initial work is being done and providers and provider representatives say they are prepared to invest time and effort in working with local authorities to develop new approaches. Stakeholders called for Welsh Government policy to shape and improve the framework for commissioning. Greater clarity and direction are needed on commissioning. There is plenty of good practice in the field, but it is a mixed picture.
- “a revolution in funding social care, in commissioning and in delivery, and new models are needed” (stakeholder)
- 6.80. Councils and stakeholders considered that private providers, can provide innovation, flexibility and speed of response but developing a better understanding of their capabilities and trust with them is prerequisite to effective delivery of care and flexibility to meet individuals needs and outcomes.
- 6.81. Examples of providers and service users being engaged early in the process of new service developments and contracting were cited positively. However, it was said that this did not happen frequently or early enough in the majority of cases. Providers were often not involved until the public consultation phase. Providers would like more early involvement and engagement, more dialogue, with closer working – co-production – to develop longer-term working relationships not only for new developments but also for delivering day-to-day services and support. The Third sector providers engaged stated that they consider themselves to be part of public services. However, they would benefit from being seen as true partners not simply as providers with which local authorities’ contract.
- 6.82. Providers expressed concern about the commissioning of general provision e.g. where several different types of service are brought together and commissioned as one. They questioned the ability of just one organisation to deliver effectively, particularly where very different services and support requiring very different skills are involved. If a provider cannot deliver everything and there are not robust partnership arrangements in place to deliver the support, gaps can emerge in people receiving the help they need when they need it.
- 6.83. Providers need greater clarity around income for the future and stability, with a move away from annualised contracting or spot purchasing. Regular re- commissioning of services and support can be unhelpful for service continuity. For some staff, TUPE can create uncertainty and unfairness for them and the people they care for. Stakeholders emphasise re-commissioning is by no means the only way to improve and redesign services. There needs to be a longer-term dimension to local authorities’ identification of needs and planning. Long-term working relationships are vital as well as partnerships which share reward and risk with capital and revenue funding, or guarantees with a flexible delivery solution which can adapt to changing needs or markets.

- 6.84. Gwent and North Wales regions are making progress towards a regional approach to commissioning but, more generally, this is an area for further development across Wales. If one council in a regional partnership were to take a different direction on rebalancing from the others then market conditions could be made more difficult and not support integration. There are also potential cross-boundary impacts for neighbouring regions where providers work across a number of areas. Stakeholders report moves by some local authorities to develop a more holistic approach to outcome-focused care and support delivery plans. However, there are inconsistencies between authorities, even within a regional partnership board area. Area-based procurement is still considered to be dominant. Stakeholders do not consider commissioning by health boards and local authorities to be joined up anywhere near to the extent it needs to be.

## Rebalancing Options

- 6.85. It was clear that participants did not see rebalancing being just about in-housing of services and contended that it should be viewed as a wider concept that took a ‘whole system’ approach. A range of other rebalancing options were proposed as important contributions to the debate and potentially as a means of making early progress.

### Rebalancing Terms and Conditions

- 6.86. Harmonisation of terms and conditions across the care sector – private/third sector//council/NHS - was seen as a priority challenge and especially pay - to avoid current competition for staff and attendant recruitment and turnover problems. It was proposed that a franchise option should be considered whereby funding was dependant on signing up to nationally agreed terms and conditions for care staff.

### Rebalancing towards Integrated Care

- 6.87. Rebalancing towards integrated care would be welcomed especially more joint planning and commissioning. Services have been addressing this for some time but further progress – and capacity to achieve it – is still needed with renewed emphasis, building on the examples of effective partnership working across Wales. The broad view of stakeholders is that there is still some considerable way to go to achieve true integration between health and social care service and the “whole system” approach set out in “A Healthier Wales”.

### Rebalancing towards Extra Care

- 6.88. A substantial number of councils have developed Extra Care schemes and a number of those are also looking at future options. It is important to retain a balance and not to saturate the market, but the Extra Care model is simple and it works well. However, Extra Care is seen by some as an expensive model and needs further consideration in terms of costs and supporting people to move at the optimum time as well as acting as a bridge for residential care. Injection of Welsh Government capital, new loan facilities for councils and enhanced partnerships with registered social Landlords (RSLs) as well as operational revenue would help rebalance towards Extra Care providing a more individual focussed service with more choice.

### Rebalancing towards Not-for-Profit Organisations

- 6.89. Not for profit/social value care is seen as an area of huge potential. There are however barriers including costs and skills. There is also a capacity problem for councils in taking this forward and a range of challenges to developing this model at scale so as to have a

real impact and for it to be sustainable in the longer term. The development of not for profit care agencies including community level micro care co-operatives was mentioned but there was a concern that such services would fall below the threshold for regulation. Our report on workstream 2 will report in more detail about developments.

## Rebalancing towards Outcome Focused Care

- 6.90. 6.90 Outcome-focussed care is progressively being addressed with additional funding, training and evaluation of the difference being made. However, there is still a lot further to go before outcomes become fully embedded. Whilst there will always be some need for time and task delivery in terms of the operational management of a dispersed workforce across a geographical patch, moving from time/task delivery to outcome-based responses is the clear aim but depends on trust and good relationships with providers on a partnership basis. There are risks and costs in such a transition and progress cannot be achieved through crude incentives; it must be based on shared objectives and principles and recognition of the complex situations and wide range of outcomes wanted.

### Rebalancing Towards Direct Payments

- 6.91. Rebalancing to the individual e.g. direct payments was supported by a number of councils. Further work was needed to promote direct payments, raise confidence that the support is appropriate and safe, address the workforce capacity and quality issues. More extensive take up of direct payments could free up some demands on councils and allow better use of the workforce. The lack of registration and regulation of personal assistants was however raised as a concern.
- 6.92. A more detailed analysis of these issues was undertaken following engagement with direct payment practitioners. There was strong support for rebalancing towards the individual. Well informed, empowered supported people are more likely to be able to maintain, improve or rebalance their independence be enabled to regain/retain as much responsibility over their lives as possible. Rebalancing within direct payments should include a move from the emphasis being on direct payments and more about meeting people's outcomes and the availability of appropriate, bespoke services and solutions.
- 6.93. Direct payments are a good fit for meeting the SSWBA's objectives of choice, voice and control. However, people should always be given choice of how their care and support is met. Whilst it may improve uptake of direct payments to actively offer direct payments, it is not beneficial to make it the default service.
- 6.94. The RISCA registration excludes direct payments and there is a perceived danger that less scrupulous, unqualified people may result in working for people using Direct Payments. However, the flip side to this is that family members who may not have wanted to be registered may still be able to work and support people they know and care about.
- 6.95. Accredited training programmes for direct payment users and employees should be explored. This could even be a national programme covering such matters as being a good employer/employee, safeguarding, confidentiality, how to work in some-one's home, transferable skills, making the most of your funds

## Self-Funders

- 6.96. Decisions about rebalancing need to consider how changes to the market will affect those who fund their own care. Stakeholders believe that support for self-funders is under-developed. Some Councils also contended that it is an issue that needs to be reviewed and addressed in the light of their duties under the Social Services and Well-being (Wales) Act 2014.



## 7. Conclusions

- 7.1. The findings from this workstream are based on engagement with nearly every social services department in Wales and a good number of stakeholders. Respondents from councils held a range of senior roles (directors, heads of service and commissioning leads). The conclusions therefore have a good degree of reliability and validity. This Report was written before the outbreak of the Covid-19 pandemic and therefore does not take account of its implications for adult social services, and in particular for care homes.

### Baseline

- 7.2. Local authorities provide significant levels of care and support to over 80,000 adults in Wales daily. Residential care and domiciliary care are delivered to vulnerable people with a range of complex and enduring needs but councils commission the bulk of this from the private sector. The adult care market in Wales is fragile and facing a range of pressures, especially on funding and the workforce and this is not sustainable for the future.
- 7.3. The baseline survey conducted for this report shows that in 2018-19, local authorities commissioned and delivered nearly 4 million bed days of adult residential care. The proportion of this provision delivered by the different types of provider varied considerably across local authority areas. Six councils delivered over 30% of residential care themselves in their areas (range 31-49%) but whilst the average figure of provision delivered by the private sector was 80%, several local authorities are more heavily, or totally, dependent on it.
- 7.4. In 2018-19, local authorities commissioned and delivered more than 11 million hours of domiciliary care through their own in-house teams and/or by private and third sector providers. In 2018-19, most of the domiciliary care commissioned by local authorities (86%) was delivered by providers in the private sector. Local authorities delivered 12% of the total number of hours of domiciliary care using their own teams. The remaining 3% was delivered by third sector providers. 4 councils reported that all (or very nearly all) domiciliary care was delivered by private sector providers. In seven other local authority areas, the proportion delivered by the private sector was 90% or more.

### Workforce

- 7.5. The workforce was a common theme in interviews and in written responses. The need for harmonisation on pay and conditions was seen as a priority. However, the effective implementation and funding of the Draft Social Care Wales Workforce Strategy and the range of issues it tackles was also regarded as essential. Training and development were particularly highlighted. It was suggested that in addition to supporting the private sector workforce more consistently, there is more scope for upskilling and deploying the in-house workforce, who may work with other professionals e.g. to provide a more specialist, reablement service to people with complex needs etc.

### Rebalancing

- 7.6. Whilst rebalancing is an important issue to consider, it is essential it is not seen in isolation and is addressed in the wider context of the challenges facing adult social services in Wales. This includes dealing with overall funding levels, a range of workforce issues,

effective commissioning and sufficiency of services and partnership working with the NHS. Looking at rebalancing as part of a ‘whole system’ solution would provide a stronger foundation for progress. Whilst the main focus and available capacity for this Workstream has been on residential and domiciliary care for older adults, it is important that this debate should also include services for younger adults under 65 years old. An alternative term for rebalancing that would be understood by the public should also be considered.

- 7.7. Overall, there was no significant endorsement of rebalancing for adult services in Wales but generally an interested but cautious position dominated by funding required and a concern to maintain market stability and continuity of services. A range of positions are adopted by councils on rebalancing - from those who were positive and already engaged, to those who are considering it or in particular would consider it if capital and other resources were provided, through to those who were opposed to rebalancing and wanted to strengthen and grow their relationship with the private/third sector. The middle of that spectrum was the most dominant position.
- 7.8. Rebalancing is a multi-faceted issue where there is dependency with a range of other matters, particularly in relation to market shaping and making and partnerships with the NHS, neighbouring councils and providers. There is a wide variation in response, position and direction of councils across Wales. There can be no single uniform national policy. A more co-ordinated and cohesive central policy direction might pay dividends, but it would need to be co-produced with local government and partners, ensure local circumstances and political decisions can prevail and offer differing options to achieve strategic market shaping locally and regionally. There are few “quick wins” and a sustainable and resourced plan is needed over a reasonable period of time. Achieving greater consistency and ensuring effective practice in commissioning service can be shared and implemented has been an objective of the local government-led National Commissioning Board but greater resourcing and capacity and a redefined role would be needed to give it impetus and traction to progress the rebalancing agenda.
- 7.9. The definition of what is meant by rebalancing and its aims is met with differing interpretations. Clearer general guidance from the Welsh Government is required on meaning, purpose, priority, future direction and sustainability. However, no statutory or central direction that might fetter councils’ discretion to find local solutions are wanted. A clear call is made that rebalancing should not result in any major change of policy direction. Services are still implementing the 2014 Act and concentrating on embedding that change would be sensible at the moment.
- 7.10. Councils and stakeholders support continuation of a mixed market and want to have a robust and vibrant independent sector of providers. Continued reliance on the private sector at current fee and marginal profit levels is seen as unsustainable. But there are clear financial and operational implications of moving away from private providers to more in-house local authority services. It has to be recognised that for most, it will be substantially more expensive to rebalancing towards more in-house provision.
- 7.11. There are a number of risks and opportunities to rebalancing. Councils identified these across strategic, financial, care market, people and operational areas. Overall, twice as many risks as opportunities in changing the current balance of care emerged from analysis. Major risks included destabilising the sector, exacerbating market fragility, impact on the Welsh and local economy, reduced choice and control for people using services. However, a good number of strategic and operational opportunities were identified including addressing capacity and quality problems, better utilisation of strategic and joint

commissioning capacity and market position intelligence and also development of new markets.

- 7.12. The risks of rebalancing must be taken seriously. Providers in the private and third sectors face a range of pressures including increase costs and very narrow profit margins and services at the edge of viability. There are risks to rebalancing include loss of contracts, reduced capacity and exit of the market and no new providers entering markets. Increases in demand for nursing care, for example, would not then be met. The market will only remain stable if there is an appropriate mix of providers with the necessary skill and ability to respond to a range of different situations and requirements.
- 7.13. Overall sustainability of private/third sector provision needs to be considered. Providers who have various loans from banks that are performance or service level related could be threatened by rebalancing. Private/third sector providers will reach a ‘tipping point’ if their services decrease to a point where they will find it difficult to continue to operate. The engagement of the sector from an early stage is critical, with a clear rationale for any rebalancing clearly demonstrated and for risks to be formally assessed.
- 7.14. The development of “working criteria” to decide whether services are best located in-house or commissioned is not a concept widely accepted. There is a good argument made that each local authority is best placed to understand the context of social care delivery within its locality and using this knowledge to develop its own criteria. However, a range of proposals for “working criteria” are presented in our findings and it is suggested that criteria could be readily determined and a “tool” produced through further dialogue and co-productive work. However, it is essential that this approach of “working criteria” is seen to be helpful and adds value proportionate to the investment of time and resources that would be needed in its production.

## Optimal Balance

- 7.15. The concept of an “optimal balance” was not readily understood or accepted as valid. Clarity about the meaning of the term is needed. An arbitrary national target is not wanted – it has to be a locally driven approach and according to the particular service with ability to “flex” up and down according to prevailing circumstances. In relation to managing market stability and failures, a one-third in house target for domiciliary care may be reasonable for some councils but not for others who would prefer a lower figure or no local target at all.
- 7.16. A range of factors must be considered if changing the balance of care provided in house or by private or third sectors. These include strategic, financial, care market, people and operational issues. In summary, a clear rationale for any change, that considered financial and operational impacts (and for other councils/LHBs as well as service delivery and quality) as well as sustainability would be required.

## Commissioning

- 7.17. The importance of strategic drivers in local commissioning decisions include the Social Services and Well-being (Wales) Act 2014, population needs assessments, demand for services, workforce, market position statements, National Guidance on Commissioning, statutory requirements of procurement, rural/urban factors, regional strategies, visions and plans. However, a range of other local factors are significant in commissioning. These included nature of local economy, culture, population profile, local politics, history of service

evolution, requirements to reduce costs and increase efficiency and effectiveness through outsourcing, desire to broaden the provider base, and encourage local market development and employment.

- 7.18. Commissioning including market shaping is a critical issue to get right. A majority of councils still take a procurement approach. Some areas are moving towards a more strategic approach for some of their services. A small number of councils take a strong strategic market shaping approach. Constraints to strategic commissioning include funding and capacity as well as sometimes broader council policy. Different systems and requirements operated by local authorities for commissioning present difficulties for providers who work across areas. Greater clarity and direction are needed on Welsh Government commissioning policy. A robust and consistently applied management information framework (current and future) and mechanisms for good quality analysis, reporting and deployment are essential ingredients. The Management Information framework should not just be set at a broad level but also enable Councils to get to grips with the important detail below that necessary for the rebalancing agenda to be progressed. Robust citizen level data to understand current and future population needs for health and social care at local, regional and national levels needs investment and there are opportunities to inform the planned Digital Strategy for Health and Social care
- 7.19. Austerity has had a substantial impact on commissioning of adult social care in Wales. Capacity for commissioning for many councils has not increased since 2014. Particularly in some smaller authorities, this is a constraint to taking a strategic approach and shaping the local market. However, 3 councils have invested in their commissioning to good effect. Despite some examples of good practice, market shaping, proactive use/updating of Market Position Statements, regional/joint commissioning and developing a productive relationship with providers all need to happen more consistently across Wales. The National Commissioning Board has played a positive role and produced a range of guidance, but its role and available resources would need to be reviewed to enable it to effectively support a proactive development agenda on commissioning. 'Healthier Wales' called for a review of spending across health and social care, which may inform future joint commissioning endeavours, targeted to areas of priority needs.
- 7.20. Further investment is needed to build capacity for commissioning. A focus on skills development and training for commissioning is also required including jointly with the NHS. The NHS tend to use the term "planning" rather than commissioning, yet there's a mixed market in NHS, with independent contractors and use of private sector for direct care provision. The full benefits of Councils collaborating to commission at the RPB level will only be realised if the NHS is also involved. Without further resources for commissioning capacity and skills, councils will not realise their ambitions to innovate and become more flexible or better shape or make the market or be able to address the rebalancing agenda.

## Incentives and Support for Rebalancing

- 7.21. Resources will be central to any rebalancing agenda. Financial and other incentives are essential to enable the rebalancing agenda to be progressed. Both additional capital and operational resources would be required but the priorities and approach that would be taken differs between authorities according to local needs and circumstances. The continuation of short term (i.e. 1 year) Welsh Government grant funding makes for onerous administration and recruitment and retention problems. Greater sustainability and stability are wanted i.e. minimum 3 years funding.

- 7.22. Adult social Care is a complex field and the term ‘rebalancing’ is not going to have the same meaning or relevance everywhere in Wales. It is seen as an agenda where it will take a number of years of concerted action and resources to make a significant change, in areas where that is a strategic objective. However, a number of operational incentives that would support progress in rebalancing should be considered including: a consistent framework for supporting in-house innovation and for sharing good practice; support for working with smaller community/not for profit providers; piloting cross-council delivery of in-house services; re-enforcement of joint NHS responsibility for shaping the market for care, availability of legal and procurement expertise. Another example is opportunities arising from investment in digital technologies and other innovative service models in social care where there is relatively little investment in the research needed to find out what works best, to experiment locally and to spread that practice.
- 7.23. There were difficulties in a number of areas in providing all the care and support that is needed. A particular commissioning problem is a lack of sufficiency of domiciliary care services and nursing care (including for dementia) to meet needs. This was seen as an urgent issue to address. An over-riding consideration is to maintain market stability and maintain services to people.
- 7.24. Rebalancing should not be seen as just about in-housing of care delivery. Other rebalancing options can provide an important and innovative contribution and, potentially, a means of making early progress. The options that were suggested are described in our findings and include:
- Harmonisation of Terms and Conditions of Care Workers
  - A renewed expansion of Extra Care facilities
  - Greater focus on the individual through increased delivery of outcome focussed care
  - Promotion and expansion of use of direct payments to increase choice and control
  - Importing of proven models of care with resources to adapt and implement them locally and regionally.
  - Incentives and support to progress the 2014 Act drive for Early Intervention and Prevention
  - Further progress on integrated care especially more joint planning and commissioning
  - Realisation of the potential of greater not for profit/social value delivery of care with more support to develop and scale up opportunities.
  - Reviewing the position of self-funders

## 8. Recommendations

8.1. The following recommendations are made:

- (i) Rebalancing must be considered in the wider context of the challenges facing adult social services in Wales, particularly overall funding levels, narrow profit margins, workforce barriers, sufficiency of supply, including for nursing and dementia care. Urgent action is needed by Welsh Government in concert with its partners to tackle these wider issues and provide sustainable solutions so that a strong foundation is established for progressing any rebalancing.
- (ii) As a basis for further dialogue with Local Government and key stakeholders in Wales, Welsh Government should issue a clear position statement about rebalancing the Care Sector in Wales which sets out its definition/concept, principles, strategic aims, ambitions and parameters for this policy and clarifies how it is proposed that any implementation is to be shaped, prioritised and made sustainable and above all how it will improve the experience of the individual receiving care and support. Articulating the opportunities and benefits to be gained from rebalancing adult services back to the public sector in any statement would be important.
- (iii) Whilst a statement of national policy direction for rebalancing would be beneficial, any statement on rebalancing must take account of the wide variation of local and regional requirements and positions on it and local government must own and drive this agenda. No central direction that might fetter Councils discretion in finding local market solutions should be introduced.
- (iv) Working with local authorities, ADSS Cymru, the WLGA and SOLACE, the Welsh Government should agree and support a rebalancing development programme for adult services and involve those Councils who have a policy to implement or consider in-housing of any services. A Development Programme should also examine the range of wider rebalancing options identified in this Report (see recommendation 19)
- (v) Financial and other incentives are seen as essential to enable the rebalancing agenda to be progressed. Additional and protected capital and operational resources, including loan facilities, should be identified by Welsh Government if they see rebalancing as a viable option to be considered seriously by Councils. A 21<sup>st</sup> Century Social Care Fund for Wales should be an option contemplated. Any funding provided must be flexible in its terms so that differing local needs and circumstances can be addressed.
- (vi) Encouragement and tangible support (including financial) should be given to realise opportunities and benefits of rebalancing services in-house that some Councils may identify in the short and medium term. Co-ordination of any regime of support including expertise from the different interests in this issue is essential.
- (vii) It must be recognised that rebalancing is a multi-faceted issue where there is dependency with a range of other matters, particularly in relation to market shaping and making and partnerships with the NHS. Co-productive discussions involving Regional Partnership Boards with local government and their partners would be essential as an early step in this debate.
- (viii) Further consideration of the interface with the NHS on rebalancing should be given in due course when the Welsh Government have gathered relevant data and intelligence. It is

important that any policy direction on rebalancing takes a whole system approach across health and social care.

- (ix) There should be concerted action to enable Councils to achieve greater consistency and parity in strengthened mechanisms with the NHS through improved Regional Partnership arrangements to provide co-productive solutions and to achieve more integrated care and joint commissioning and to support consideration of rebalancing.
- (x) If Welsh Government see it as a viable concept, they should clarify the definition of “Optimal balance” and what it aims to achieve. Whilst strengthened mechanisms to address threats to market stability and failures are required, guidance must facilitate a locally driven approach and not establish any “national target”. Flexibility to shape responses according to the particular service and prevailing local circumstances should be prioritised.
- (xi) Welsh Government should initiate action with local government and partners about the added value, content and operation of any “Working Criteria” for deciding whether services should be in-house or externally delivered. The framework of criteria provided in this Report should be regarded as a starting point for development.
- (xii) There must be clear recognition that rebalancing services in house will have significant financial and operational implications for some Councils all of which must be addressed in the formulation of any policy on rebalancing and in frameworks related to market stability requirements.
- (xiii) The clear risks presented to the private and third sector by rebalancing and more generally to market stability and continuation of a viable mixed market must be seriously considered by Welsh Government in considering any framework for a policy. Financial and operational risks identified in this report should be prioritised in that process
- (xiv) The Welsh Government should review arrangements for grant-funded programmes to reduce the current administrative burdens and instability caused by short-term funding, and to contribute to more strategic commissioning of care and support. More targeted, ring-fenced, 3-year funding for Adult Services would support effective implementation of service change and enable consideration of rebalancing.
- (xv) The implementation of the Social Care Wales draft Social Care Workforce Strategy for Wales should be given a high priority and necessary funding to be implemented effectively to address the range of workforce issues raised in this Report. In particular an urgent need is identifying how harmonisation of terms and conditions and especially pay for care workers can be progressed over the shortest period that is realistic. Delay in finding a solution will have significant adverse implications for workforce supply and continuity of service delivery to vulnerable people in Wales.
- (xvi) The National Commissioning Board offers an established mechanism to make progress and improve commissioning, but its capacity and resources would need to be enhanced and a review of its role undertaken to provide it with the tools to drive change. A realistic timetable over a number of years would be required to embed sustainable and consistent progress.
- (xvii) A revised Commissioning Strategy and new Statutory Guidance should be developed by Welsh Government through the National Commissioning Board to provide more consistency and tackle the variability and promote the development of the function needed across Wales.

- (xviii) Impetus should be given to support all Councils to develop a meaningful strategic approach to market shaping and making across all of their care services. This will require more significant and consistent investment in the Commissioning function and a substantial skills development programme that is funded over a number of years and maximises potential for joint commissioning and integrated care with the NHS. A means of moving this agenda forward should be discussed with and within local government and with other partners.
- (xix) The range of other options for rebalancing identified in this Report should be given serious consideration as an integral part of a rebalancing programme. Priorities that can be progressed at an early stage should be identified. These options provide the potential for innovation and improvements for people using services. All would require additional funding and capacity to make progress.
- (xx) The potential for increased delivery of social care through not for profit/social value models should be given impetus and direction and the recommendations forthcoming from Workstream 2 on this implemented - including support to address an action plan for local authorities on commissioning and procurement of “section 16” organisations for delivering care and support.
- (xxi) Further consideration should be given to the findings from the Baseline Survey that the Third Sector delivers a very small proportion of social care for older adults. The potential and benefits of greater engagement with Third Sector service providers should be explored.
- (xxii) As reported by ADSS Cymru (2019), the Welsh Government should look to lead the development of more consistent criteria for innovation that can be replicated and scaled up. Additionally, developing an accessible database of innovatory practice in Social Care in Wales should be considered. A new approach to identification and sharing of what works, and a stronger role in ensuring it is taken-up and replicated across areas and/or regions is needed across Wales.
- (xxiii) Welsh Government should consider with partners how to find solutions to some of the more significant impediments identified in this report for Councils who want to make progress on rebalancing and effective commissioning. This includes i. the legislative provisions on nursing homes, ii. the problems associated with Continuing Health Care and Nursing Care fees, iii. the role and scale of third sector delivery of care, iv. sharing and use of good practice and effective and proven models, v. centralised access to expertise on legal and procurement aspects of commissioning and rebalancing
- (xxiv) The Welsh Government should note the new data collection exercise developed to establish the baseline of provision and feedback, and engage with ADSS Cymru and Data Cymru on any plans to repeat the exercise



## Appendix A

### ADSS Cymru work programme 2019/20: Workstream 1 – Rebalancing the Care Market in Wales

Workstream 1 of the DTG for 2019-20 seeks support from ADSS to evaluate the feasibility of rebalancing the Care Market in Wales. The context for this work is established by the First Minister's Leadership Manifesto (2018) which said:

“We will work with local authorities to bring social care services more directly under their control, so that integration of health and social care can be achieved more effectively”.

“Ever since the Thatcher reforms of the 1980s, social care services have been moved more and more outside the public service and into the private, profit-making sector. We need to rebalance the market, ensuring that we do not simply replace one sort of monopoly with another.”

The aims and activities of this Programme were agreed by Welsh Government as:

- i. Develop an understanding and baseline of the current balance of provision of social care against which to measure progress
  - map the current balance of in-house and externally-commissioned social care services, nationally, regionally (RPB level) and locally (local authority level), drawing on available data to establish the current baseline.
- ii. Help identify an optimal balance of provision of social care for the future
  - Identify the ‘system conditions’ (at national, regional and local level) relevant to the purpose of this work stream that have driven, and continue to drive, commissioning decisions. This should take account of what considerations LAs currently go through when reviewing their commissioned and other services, incl processes when a provider fails and should lead to an explanation of why and how the current pattern of provision has arisen.
  - Identify risks and opportunities within the current pattern, including matters around resilience/fragility of the private sector (and third sector, if relevant).
  - Seek to develop working criteria for whether services are best located in house or commissioned having regard to such factors as risk, cost, the nature of the services, specialist services and the state of the market
  - Take account of the emerging health and social care workforce strategy (p.32 “A Healthier Wales”), including work on a developing a skilled commissioning workforce.
  - Seek to establish a local government view on the optimal balance between in-house and externally-commissioned level of provision, recognising that this may vary according to local conditions, and bring forward with a formal endorsement from WLGA.

- iii. Help inform development of regulations and guidance on market stability assessments under the Regulation and Inspection of Social Care Act.
  - Engage with WG to ensure this workstream is linked to development of market stability provisions, including:
    - a) engaging with technical groups on market stability in Summer/Autumn 2019 and consultation exercise in 2020
    - b) Reports and recommendations under this workstream should take account of market stability provisions.
  
- iv. Support the Welsh Government in identifying what type of support to local government would be most successful in supporting/incentivising such change, what types of support/at which sectors of provision should support be targeted
  - In the context of the earlier analysis of 'system conditions', identify what approaches and incentives would assist local government in moving towards an optimal balance (e.g. support for local/regional partnerships), supported by evidence-based costings where possible
  - Provide a report with recommendations for moving forward

## Appendix B

### Tables

Table 1: Demands and Pressures on Social Services from an Ageing Population

Table 2: Total number of bed days commissioned by local authorities and delivered in 2018-19, by local authority

Table 3: Total number of adult residential care bed days commissioned by local authorities and delivered in 2018-19, by type of placement

Table 4: Total number of adult residential care bed days commissioned by local authorities and delivered in 2018-19, by location of placement

Table 5: Total number of bed days delivered in adult residential settings, 2018-19, by type of setting and type of provider

Table 6: Percentage of residential care for adults, by type of provider, Wales, 2018-19

Table 7: Total number of hours of domiciliary care commissioned by local authorities and delivered in 2018-19, by local authority

Table 8: Percentage of Domiciliary Care for adults, by type of provider, Wales, 2018-19

Table 9: Expenditure on older people services by main type of provision, Wales, 2018-19 (£000s)

Table 10: Options for Rebalancing Suggested by Respondents

Table 11: Challenges, influences and drivers, Adult Services

Table 12: Reasons why local authorities are not increasing, or planning to increase, their own residential care for Adults

Table 13: Risks and Opportunities to Rebalancing Identified by Respondents

Table 14: Councils views on working criteria to apply in any consideration of rebalancing

Table 15: Respondents' Requests to the Welsh Government

### Charts

Chart 1: Number of bed days, commissioned by local authorities, 2018-19, adult residential care, by type of provider

Chart 2: Bed days delivered as part of long-term placements, 2018-19, by type of provider

Chart 3: Bed days delivered in residential care home, 2018-19, by type of provider

Chart 4: Number of hours of domiciliary care, commissioned by local authorities and delivered in 2018-19, by type of provider

Chart 5: Hours of Domiciliary Care and support commissioned by local authorities and delivered in 2018-19, by type of provider

Chart 6: Total Expenditure on Social Services in Wales compared to Expenditure on Adults over 65 years of age and adults under 65 years of age - 2003-4 – 2018-19

Chart 7: Social services expenditure, older people, Wales, 2018-19, by broad type of provision

## Appendix C

### Participants in Work Programme

#### Project Leadership Group

- Chair – Giovanni Isingrini ADSS Cymru
- Neil Ayling ADSS Cymru
- Jake Morgan ADSS Cymru
- Alison Ward, Chair SOLACE
- Naomi Alleyne WLGA

#### Reference Group

- Sue Evans Chief Executive, Social Care Wales
- Dave Street, Chair National Commissioning Board
- Vicky Poole, Deputy Chief Inspector, CSSIW
- Gill Pratlett, Chair All Wales Heads of Adult Services Group

#### Project Initiation

- Naomi Alleyne Welsh Local Government Association
- Sue Evans, Chief Executive, Social Care Wales
- Dave Street, Chair National Commissioning Board
- Vicky Poole, Deputy Chief Inspector CSSIW
- Bruce McLernon National Providers Forum
- Mary Wimbury, Care Forum Wales
- Nesta Lloyd-Jones NHS Confederation Wales

#### Written Survey

Completed Questionnaires returned by:

##### Councils

- Gwynedd
- Conwy
- Isle of Anglesey
- Denbighshire
- Flintshire
- Powys
- Ceredigion
- Pembrokeshire
- Carmarthenshire
- Swansea
- Neath Port Talbot
- Cardiff
- The Vale of Glamorgan
- Bridgend
- Rhondda Cynon Taf
- Merthyr Tydfil

- Caerphilly
- Torfaen
- Monmouthshire

**Others**

- Gwent Regional Partnership
- UK Home Care Association
- Care forum Wales
- National Commissioning Board
- Housing Association representatives (4)
- Direct Payment Officers Group (5)

**Interviews – Councils**

- Isle of Anglesey - Alwyn Jones
- Gwynedd – Aled Davies
- Conwy - Andrea Williams
- Denbighshire - Phil Gilroy
- Flintshire – Neil Ayling
- Powys - Dylan Owen
- Ceredigion - Donna Pritchard
- Pembrokeshire - Jason Bennett
- Carmarthenshire – Jake Morgan
- Swansea - David Howes
- Cardiff - Clare Marchant
- The Vale of Glamorgan - Amanda Phillips
- Bridgend – Sue Cooper, Pete Tyson
- Rhondda Cynon Taf - Neil Elliot
- Merthyr Tydfil - Angela Edevane
- Caerphilly – Dave Street
- Torfaen - Gill Pratlett
- Monmouthshire - Julie Boothroyd, Erin Parkin, Ceri Yorke
- All Wales Adult Heads of Services - meeting

**Stakeholder Engagement – Interviews, meetings or written responses**

- Social Care Wales – Sue Evans
- CIW – Vicky Poole
- National Commissioning Board – meeting
- Bruce McLernon, Chair National Providers Forum
- National Providers Forum – meeting
- Age Alliance Wales – meeting
- Hafod Housing
- Clwyd Alyn Housing Association
- Pobl Group
- Linc Cymru

## Appendix D

### Baseline data and guidance

<b>Residential care: adults</b>	
<p>1. Number of bed days delivered in residential care settings in the 2018-19 financial year:</p> <p>a. that were:</p> <ul style="list-style-type: none"> <li>i. commissioned <b>and</b> delivered in 2018-19</li> <li>ii. commissioned before April 2018 but delivered in 2018-19</li> </ul> <p>2. Number of bed days delivered in Local Authority residential care settings in the 2018-19 financial year:</p> <p>a. that were:</p> <ul style="list-style-type: none"> <li>i. long-term placements</li> <li>ii. temporary placements</li> <li>iii. short-term/respite placements</li> </ul> <p>b. that were:</p> <ul style="list-style-type: none"> <li>iv. in-county placements</li> <li>v. out-of-county placements</li> <li>vi. out-of-country placements</li> </ul> <p>c. in:</p> <ul style="list-style-type: none"> <li>vii. residential care homes</li> <li>viii. other types of residential care setting</li> </ul> <p>3. Number of bed days delivered in private sector residential care settings in the 2018-19 financial year:</p> <p>a. that were:</p> <ul style="list-style-type: none"> <li>i. long-term placements</li> <li>ii. temporary placements</li> <li>iii. short-term/respite placements</li> </ul> <p>b. that were:</p> <ul style="list-style-type: none"> <li>iv. in-county placements</li> </ul>	<p><b>Bed days delivered:</b> for local authority homes, this is the number of bed days delivered in a residential care setting owned by a local authority.</p> <p>For private or third sector care homes, this is the number of bed days paid for by the local authority and delivered in the 2018-19 financial year.</p> <p>This includes bed days provided in the 2018-19 financial year which were commissioned in the previous year or years, as well as new bed days commissioned in the year.</p> <p><b>Local authority residential care settings:</b> residential care settings owned and managed by a local authority.</p> <p><b>Private sector residential care settings:</b> residential care settings owned and managed by a private/independent organisation.</p> <p><b>Third sector residential care settings:</b> residential care settings owned and managed by voluntary or community organisations, charities, social enterprises, co-operatives and housing associations.</p> <p>Note: Please see the provider list tab for a list of private and third sector residential settings.</p> <p><b>Long-term placements:</b> most residential placements for adults are long-term placements. These are mostly permanent arrangements.</p> <p><b>Temporary placements:</b> placements that are not intended to be permanent and are unlikely to exceed 52 weeks. A plan to return home is usually in place.</p> <p><b>Short-term/respite placements:</b> placements for a period not exceeding 8 weeks.</p>

<ul style="list-style-type: none"> <li>v. out-of-county placements</li> <li>vi. out-of-country placements</li> <li>c. in:             <ul style="list-style-type: none"> <li>vii. residential care homes</li> <li>viii. other types of residential care setting</li> </ul> </li> <li>4. Number of bed days delivered in third sector residential care settings in the 2018-19 financial year:             <ul style="list-style-type: none"> <li>a. that were:                 <ul style="list-style-type: none"> <li>i. long term placements</li> <li>ii. temporary placements</li> <li>iii. short term/respite placements</li> </ul> </li> <li>b. that were:                 <ul style="list-style-type: none"> <li>iv. in-county placements</li> <li>v. out-of-county placements</li> <li>vi. out-of-country placements</li> </ul> </li> <li>c. in:                 <ul style="list-style-type: none"> <li>vii. residential care homes</li> <li>viii. other types of residential care setting</li> </ul> </li> <li>d. in accommodation or care homes provided by:                 <ul style="list-style-type: none"> <li>ix. co-operatives</li> <li>x. social enterprise</li> <li>xi. housing associations</li> </ul> </li> </ul> </li> </ul>	<p><b>In-county placement:</b> a residential care placement within your local authority's area/boundary.</p> <p><b>Out-of-county placement:</b> a residential care placement within another local authority area in Wales.</p> <p><b>Out-of-country placement:</b> a residential care placement outside Wales.</p> <p><b>Other types of residential care setting:</b> residential care settings used to accommodate people with physical or mental health issues or learning disabilities. It does not include hospice accommodation.</p> <p><b>Co-operative:</b> a jointly owned and democratically controlled enterprise e.g. a care co-operative owned by care givers and receivers (and other stakeholders); a worker co-operative.</p> <p><b>Social enterprise:</b> a for-profit or not-for-profit organisation. A business created to further a social purpose in a financially sustainable way.</p> <p><b>Housing association:</b> A Registered Social Landlord.</p>
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<p><b>Domiciliary support: adults</b></p>	
<ul style="list-style-type: none"> <li>1. Number of hours of 'general' domiciliary support delivered in the 2018-19 financial year:             <ul style="list-style-type: none"> <li>a. that were:                 <ul style="list-style-type: none"> <li>i. commissioned and delivered in 2018-19</li> <li>ii. commissioned before April 2018 but delivered in 2018-19</li> </ul> </li> </ul> </li> </ul>	<p><b>Hours delivered:</b> for local authority domiciliary support providers, provide the number of hours of support delivered in the 2018-19 financial year.</p> <p>For private and third sector domiciliary support providers, provide the number of hours of support paid for by the local authority and delivered in the 2018-19 financial year.</p>



<p>b. by:</p> <ul style="list-style-type: none"> <li>iii. local authority domiciliary support providers</li> <li>iv. private sector domiciliary support providers</li> <li>v. third sector domiciliary support providers</li> </ul> <p>2. Number of hours of reablement delivered in the 2018-19 financial year:</p> <p>a. that were:</p> <ul style="list-style-type: none"> <li>i. commissioned and delivered in 2018-19</li> <li>ii. commissioned before April 2018 but delivered in 2018-19</li> </ul> <p>b. by:</p> <ul style="list-style-type: none"> <li>iii. local authority domiciliary support providers</li> <li>iv. private sector domiciliary support providers</li> <li>v. third sector domiciliary support providers</li> </ul> <p>3. Number of hours of domiciliary support delivered in the 2018-19 financial year for individuals in Extra Care:</p> <p>a. that were:</p> <ul style="list-style-type: none"> <li>i. commissioned and delivered in 2018-19</li> <li>ii. commissioned before April 2018 but delivered in 2018-19</li> </ul> <p>b. by:</p> <ul style="list-style-type: none"> <li>iii. local authority domiciliary support providers</li> <li>iv. private sector domiciliary support providers</li> <li>v. third sector domiciliary support providers</li> </ul> <p>4. Number of hours of domiciliary support delivered in the 2018-19 financial year to individuals in Shared Lives schemes:</p> <p>a. that were:</p>	<p>This includes the number of hours of domiciliary support delivered in the 2018-19 financial year which were commissioned in the previous year or years, as well as new provision commissioned in the 2018-19 year.</p> <p><b>‘General’ domiciliary support:</b> all domiciliary support <u>excluding</u> reablement, domiciliary support provided to individuals in Extra Care settings and domiciliary support provided to individuals in Shared Lives Schemes (as these are collected separately).</p> <p><b>Reablement:</b> reablement is a short and intensive service, usually delivered in the home, which is offered to people with disabilities and those who are frail or recovering from an illness or injury.</p> <p><b>Extra Care:</b> include the number of hours of <b>domiciliary</b> support delivered to individuals in Extra Care housing schemes. Extra Care housing schemes enable individuals to live independently, with care and support if needed.</p> <p><b>Shared Lives schemes:</b> include the number of hours of <b>domiciliary</b> support delivered to individuals in Shared Lives schemes. Shared Lives schemes are services for vulnerable adults that allows them an opportunity to be supported in approved carers’ family homes.</p> <p><b>Local authority domiciliary support providers:</b> domiciliary support providers owned and managed by a local authority. Where consortium arrangements are in place, each local authority consortium member should provide the figures for the support delivered to their own service users.</p> <p><b>Private sector domiciliary support providers:</b> domiciliary support providers owned and managed by a private/independent organisation.</p> <p><b>Third sector domiciliary support providers:</b> domiciliary support providers owned and managed by a third sector/voluntary organisation.</p>
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<ul style="list-style-type: none"><li>i. commissioned and delivered in 2018-19</li><li>ii. commissioned before April 2018 but delivered in 2018-19</li><li>b. by:<ul style="list-style-type: none"><li>iii. local authority domiciliary support providers</li><li>iv. private sector domiciliary support providers</li><li>v. third sector domiciliary support providers</li></ul></li></ul>	
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## Appendix E

### Feedback on baseline data collection

The Welsh Government has indicated it may repeat the baseline data exercise at some point in the future to measure any change in the balance of provision. The experience of this first baseline is valuable to inform any future exercises. Local authorities were asked for feedback on the data collection after the exercise was completed.

Four local authorities responded. The following summarises the key points:

- Difficulties experienced in completing the return and the time needed to do it. The way data on commissioned services is recorded by some authorities meant it was not easy to extract the required data. Cutbacks in resources limits the ability of local authorities to respond to such requests.
- Much of the information is not necessarily recorded on a single IT system, which meant data had to be combined from manual records, spreadsheets and from the Welsh Community Care Information System. There were challenges in avoiding double counting and ensuring accuracy.
- There was a call for consideration to have been given to what data is already collected by local authorities e.g. for performance indicators, and for that to be reused rather than the data requested, which was similar but not the same.
- Data collection should be aligned to other returns e.g. children and adult data for Welsh Government returns is split by aged 17 and under and aged 18 and over, whereas the baseline exercise used a split of under 25 and 25 and over. This meant data previously produced could not be used.
- There was a view that information requirements should be part of the performance framework and based on information local authorities are already required to collect. Deviating from current local and national collection to focus on one-off exercises caused difficulty for some local authorities.
- One authority expressed concern about different interpretations of the guidance and the potential impact on the quality of data. Adult reablement was quoted as an example (note: given gaps in the responses from local authorities, reablement data has not been used in the report).
- Questions were asked about what the data will show, how the data will be used, and the benefits of the exercise to local authorities. One respondent questioned the value of the exercise. Another said there is never any problem doing analysis that adds value to the service.

## Appendix F

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#### Introduction

A limited literature review was undertaken to inform the consultation process for this work programme on the feasibility of re-balancing the care sector in Wales as set out in the First Minister's Manifesto (2018).

The inclusion criteria for selection of studies were that documents had to be in English. For the purposes of this review, the papers were selected based on use of free access documents only and for ready comparison, examples from the UK only and predominantly from Wales. The earliest date for documents to be searched was 2008. The Review was undertaken through desk top research and analysis. The key search words used were 'social care' 'social services' 'NHS' 'older people' 'adult services' 'learning disability' 'physical disability' 'mental health' 'carers', 'care home' 'domiciliary care, 'commissioning', 'contracting', 'market stability' 'market shaping' 'funding' 'costs' 'integration'

Given the restricted time and capacity for this review, the focus was on the main themes of the strategic and policy factors influencing the operation of the care market, alongside the "system" conditions and drivers for commissioning decisions. These factors are seen as of central importance in examining whether re-balancing services back to the public sector is feasible and to look at the likely implications. Additionally, the further improvement of quality of care was identified and included as an expected outcome from any re-balancing including a greater focus on providing person centred care.

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