

	The Welsh NHS Confederation response to the Finance Committee inquiry into the cost of caring for an ageing population.
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Introduction

1. We welcome the opportunity to contribute to the Finance Committee inquiry into the cost of caring for an ageing population.
2. The Welsh NHS Confederation represents the seven Local Health Boards (LHBs) and three NHS Trusts in Wales. The Welsh NHS Confederation supports our members to improve health and well-being by working with them to deliver high standards of care for patients and best value for taxpayers' money. We act as a driving force for positive change through strong representation and our policy, influencing and engagement work.

Overview

3. As highlighted in our recent briefing, "*Finance and the NHS in Wales*",ⁱ there is little doubt that health and social care services have faced, and will continue to face, enormous challenges over the coming years with increasing demand and expectations. We have the opportunity in Wales to create a sustainable health and social care system that the Welsh population needs and deserves and the recently published Parliamentary Review of Health and Social Care in Wales report provides us with a renewed urgency for discussion and the framework within which vital decisions for the future of our health and social care system can be taken.
4. The current system was designed nearly seventy years ago when life in Wales was very different than it is today. There is a real need to shift, at pace, the health and social care system in Wales away from treatment to an integrated system based on well-being, prevention and early intervention as set out in the Parliamentary Review report.
5. However, one immediate challenge is the need for appropriate levels of funding and a long-term funding model to support the health and social care system. Without adequate funding and new investment for health and social care in the future, the changes outlined in the Parliamentary Review report will not be enough to ensure a sustainable health and care system.

The Terms of Reference for the inquiry are:

To examine patterns in demand for social care services for those of pension age and the related costs of delivery of residential and non-residential care, taking account of the role of informal carers who provide unpaid services to those requiring care;

6. Since the creation of the NHS almost 70 years ago, society has changed dramatically. Our average life expectancy has improved considerably, which is partly down to the success of the NHS and is something to celebrate. However, an ageing population also brings with it a series of fresh challenges for the health and social care sector, and as with all other UK health systems, the NHS in Wales faces these challenges as it works against a backdrop of increasing demand and under increasing financial pressure.

7. An ageing population, coupled with an increasing number of people having multiple and complex needs, means the demand for health and social care services is predicted to grow rapidly in the near future. Wales has the largest and fastest growing proportion of older people (aged 65 and over) of any other UK nation. The population of older people in Wales grew by 77,176 people between 2009-10 and 2015-16 and formed 20.2% of the population in Wales in 2015. In contrast, older people formed 17.7% of the English population in 2015.

8. The number of people aged 65 and over is projected to increase by 50% by 2037 in Wales while the number of young people aged 16-24 is set to decrease by 3% by the same year.ⁱⁱ More than a third of the population of Wales is expected to be over the age of 60 by 2055 and by 2069, those aged over 75 will be the biggest proportion of all age groups.

Wales Population Projections

People Aged:	2016	2020	2025	2030
65-69	195,540	176,970	186,400	207,450
70-74	154,830	179,960	164,790	174,440
75- 79	116,570	132,020	159,990	147,640
80-84	85610	93,160	108,770	133,620
85+	84370	95,430	114,500	141,530
Total	636,920	677,540	734,450	804,680
		+6.37%	+15.31%	+26.33%

*% changes are all from 2016

9. In addition to the projected increase in older people, Wales currently has the highest rates of long-term limiting illness in the UK, which is the most expensive aspect of NHS care. Between 2001-02 and 2010-11 the number of people with a chronic or long-term condition in Wales increased from 105,000 to 142,000.ⁱⁱⁱ This figure is expected to rise for a number of conditions, including cancer, dementia and diabetes.

10. In relation to residential care, the care home market remains a significant part of the national care and support offer. This is a vital sector with who our members work in partnership and together will consider the future services required to meet the change in demographic. The Welsh Government Care Home Steering Group, established to investigate and report on key issues impacting on the care home sector in Wales, includes Carol Shillabeer, the Chief Executive of Powys Teaching Health Board as a member.
11. While we need to be cautious in planning demand for care home placements based purely upon population projections and current use of care homes because demand, as stated below, will be influenced by a range of factors. We can say however, if everything else stood still the changes in population could lead to the need for additional placements in care homes.
12. According to Care Inspectorate Wales, as at March 2017 there were 642 care homes providing 22,217 places for adults over 65.^{iv} Some homes have closed since this time but it is worth highlighting this is about double the average number of daily available NHS beds, which in 2016 – 17 was 10,856.^v Health Boards and Local Authorities spend approximately £369 million on placements in care homes for older people in Wales. This excludes client contributions, third party payments and the fees paid by those individuals who fund their own care. This is a substantial market and contributes significantly both to the economy and employment in Wales.
13. The care home market for older people is far from being in a state of equilibrium with considerable vacancies in the residential care sector together with difficulties in responding to demand for nursing home placements in some areas at the time they are required. Care homes themselves report serious challenges both in terms of funding and workforce recruitment, retention and development. People are also being admitted with more complex needs. The future demand on places in care homes will be dependent upon a range of factors. These include:
 - The growth of the population of older people;
 - The support available from family and friends;
 - The quality of support available to family/ carers is essential;
 - Effective arrangements for assessment and care planning;
 - The development of the range and quality of care and support services in the community together with alternative accessible forms of accommodation such as, for example, extra care housing;
 - More effective treatment and support to individuals with long term conditions. This also involves treatment and support to help individuals manage problems in relation to continence;
 - Development of technology enabled care to help individuals manage their own care and provide additional safeguards; and
 - The development of appropriate care pathways to ensure that individuals have access to rehabilitation and reablement.

14. Finally, the role of informal carers is key. There are estimated to be more than 370,000 unpaid carers in Wales and the contribution they make is enormous, both in terms of care hours provided, the increasing number of elderly carers and the toll on their own health, well-being, employment and leisure opportunities. Research carried out by Carers UK^{vi} found that half of carers (52%) said their health was affected as a result of their caring responsibilities. The amount of care provided by unpaid carers saves the Welsh economy £8.1bn every year.^{vii}
15. Within the Welsh Governments Carers Measure 2010, Health Boards were given a lead role to work with partners including Local Authorities, third sector and importantly carers themselves. The Carers Measure has been repealed with the introduction of the Social Services and Well-being Act 2014 in April 2016. The Act provides new rights for carers and identifies integration of services for carers as a priority under part 9 of the Act. As part of the Social Services and Well-being Act, Health Boards have developed Regional Carers Strategies to support carers within their population. One of the biggest challenges in relation to informal carers is the need to access respite provision which is suitable and accessible in the local area. Currently respite provision is very hard to commission as providers do not appear to have much capacity for this.

To examine the financial pressures on the social care system, such as increases in wages, automatic pension enrolment and staff recruitment and retention difficulties, including the related financial impacts arising from the UK leaving the European Union;

16. The Health Foundation report, *“The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31”*,^{viii} found that in 2014/15 Wales spent £1.2bn on personal social services, excluding family and children’s services. This is worth around £397 per head of population, which is higher than in England (£290). Pressures on publicly funded adult social care in Wales are projected to rise by around 4.1% a year in real terms, using estimates from the London School of Economics and Political Science (LSE). Fully funding these pressures would require an extra £1.0bn by 2030/31, rising to £2.3bn from £1.3bn in 2015/16. The steps taken by the NHS to support and work with other services, and by government to adequately resource them, will have implications for the long-term sustainability of the health and social care.
17. The Wales Public Services 2025 report, *“A delicate balance? Health and Social Care spending in Wales”*,^{ix} highlights that given population and other demand trends, projections suggest there will have to be a near doubling of spending on Local Authority social services for older people by 2030. The report highlights that Wales has pursued a more balanced approach to NHS and social care spending than England over the period 2009-10 to 2015-16, but, even so, spending through Local Authorities on social care for the over 65s is not keeping pace with the growth in the population of older people. The increasing over-65 population in Wales means that spending per older person has fallen by over 12% in real terms over that period and on current population projections, Wales would need to be spending at least an additional £129 million (23%) by 2020-21 (at 2016-

- 17 prices) to bring the per capita spend on Local Authority social services for over-65s back to 2009-10 levels, which is equivalent to a year-on-year growth rate of 2.5%.
18. It must be recognised that Wales made a distinctive set of choices over its spending on health and social care over the period 2009-10 to 2015-16 in responding to complex challenges. Budgets were squeezed and UK Government austerity measures led to an 8.2% reduction in the funds available for day-to-day spending in Wales at a time when demand pressures grew.
 19. An effective interface between health and social care has been crucial in responding to these challenges. Budgets for England have concentrated on increasing health spending while local government spending on social care has declined, whereas in Wales the Welsh Government pursued a more balanced approach. The total health, personal and social service spend per head in Wales was 6.3% higher than that of England in 2015-16, £2,733 compared to £2,571 (2016-17 prices). The day-to-day spending on Local Authority-organised adult social services has remained broadly flat in real terms in Wales, while in England it fell 6.4% over the period 2009 10 to 2015-16.
 20. In relation to the care home sector, as the Public Policy Institute for Wales "*The Care Home Market in Wales: Mapping the Sector*",^x highlights due to the financial pressures it has become more difficult for new entrants to enter the market, particular as capital costs for entry are high. This along with the introduction of the National Living Wage and work place pensions is affecting the financial viability of care homes in Wales.
 21. Care homes in Wales, and throughout the UK, are experiencing serious challenges in terms of financial stability, recruitment of staff, including nurses and registered managers, responding to higher levels of acuity and dependency among their residents, including more complex health conditions, and not least the negative image of care homes. "*The Care Home Market*" Report^{xi} highlights at the current time there are two particular risks that might need to be considered. Firstly, the potential for a large provider to get into major difficulties leading to the sudden withdrawal of a significant number of services from the market. Although the market share of large providers in Wales is comparatively low, this risk is always a possibility and something which needs to be factored in to any future oversight regime. The second particular risk is of ongoing closures of smaller group and single home providers as the economics of the market make them less viable and sales of property more attractive to their owners. Although a policy goal is to support people in the community wherever possible, the significant number of older people aged 85+ projected suggests that demand for care homes is unlikely to reduce during that time without huge investment in alternative provision such as extra care housing.
 22. Finally, in relation to Brexit the implications of a UK withdrawal from the EU are anticipated to affect all parts of the health care system. Many aspects of UK health and social care services have been influenced by European Union policies and legislation. Depending on the settlement, the UK's exit from the EU could have a profound impact on the UK economy and the delivery of public services. The annual funding of the health and

care system depends on the performance of the economy. It is a concern therefore that leading economists have suggested that Brexit could lead to an economic downturn. The Health Foundation has previously estimated that the NHS budget in England could be £2.8 billion lower than currently planned by 2019-20.^{xii} In the longer term, the analysis concludes that the NHS funding shortfall could be at least £19 billion by 2030-31 – equivalent to £365 million a week – assuming the UK is able to join the European Economic Area. If this is not the case, the shortfall will potentially be as high as £28 billion – which is £540 million a week. The repercussions will be felt by NHS and social care in Wales.

23. In addition to finance, the health and care system is heavily reliant on EU workers. While the UK Government has given some reassurance that EU nationals can remain in the UK, we believe the priority must be to ensure that the UK can continue to recruit and retain much needed health and social care staff from the EU and beyond, whilst increasing the domestic supply. Our priority in NHS Wales will be to ensure a continuing ‘pipeline’ of staff for the sector. The immigration system that is in place after the UK leaves the EU will need to ensure that, alongside our domestic workforce strategy, it supports the ability of our sector to provide the best care to our communities and people who use our services.

To consider the financial impact of current Welsh Government policies - including recent social services legislation and reforms to social care funding - on local authorities, care providers and service users;

24. From a NHS perspective the financial impact of the Social Services and Well-being Act 2014 and Well-being of Future Generations Act 2015 is still unclear because it is very difficult to quantify the costs but they have led to increased joint working between health and social care and improved outcome for individuals accessing services.
25. Part 9 of the Social Services and Well-being (Wales) Act 2014 (‘the Act’) puts onto a statutory footing seven Regional Partnership Boards (Boards) which bring together Health Boards, Local Authorities, the third sector and other partners to improve the efficiency and effectiveness of service delivery. The Boards oversee the Integrated Care Fund (ICF) for their region and their purpose is to improve the outcomes and well-being of people in response to the population assessment, also required by the Act. As part of their role in making the best use of resources, Boards are required to promote the use of pooled funds. Pooled funds must be established in relation to care home accommodation functions. Boards must also consider the need for a pooled fund whenever they jointly respond to the population assessment. The NHS highly values the Regional Partnership Boards and across Wales senior joint posts are being created between health and social care.
26. The establishment of the £50 million ICF in 2014-15 has been a key driver for health and social care integration in Wales, focusing initially on enabling older people to maintain their independence at home, avoid unnecessary hospital admission and to prevent delayed discharges. In 2017 the ICF scope was widened to include older people with complex needs and long-term conditions (including dementia), people with learning disabilities, children with complex needs due to disability or illness and carers.

27. The fund has supported collaboration and partnership working across social services, health, housing, the third sector and the independent sector and has built on existing good practice. It has also provided pump-priming money for the development of innovative and new models of service delivery, care and support. Its success comes from providing dedicated resources, joint decision-making and collaborative styles of working to enable public servants to deliver transformational change.

Examples of how ICF Funding has been used across Wales in 2016-17

West Wales: nearly £235,000 was used by the Pembrokeshire Intermediate Voluntary Organisations Team (PIVOT) which aims to improve opportunities for independent living in the community and reduction in social isolation for individuals. The latest figures show 1090 bed days saved and 109 hospital admissions avoided. 100% of recipients surveyed said the service had made things better.

North Wales: nearly £57,000 was used for Occupational Therapy in Wrexham Maelor Hospital and Ysbyty Glan Clwyd to provide a point of contact for families and patients at weekends to expedite supported discharge. Latest figures show this service has supported 138 patients and saved an estimated 60 bed days.

Gwent: nearly £120,000 supported new Patient flow co-ordinators who work to reduce lengths of stay and delayed transfer of care. On average there are 103 patients who are medically fit for transfer and in an acute hospital at the end of each day. This funding aims to reduce this figure by 10%.

Western Bay: funding for a specialised nursing team that has consistently improved hospital admissions avoidance. Last year the service resulted in 70 admissions being avoided.

Powys: £30,000 for the Good Neighbour Scheme, which offers 1:1 befriending support for older people with the aim of providing practical support, reducing isolation and promoting independence. Latest figures show 143 people have used the service (37 new clients in the last quarter) with some 95 volunteers involved.

Cwm Taf: nearly £100,000 for the Complex Discharge Team which supports joined up services between primary care, secondary care, community care, social care and voluntary organisations. To date nearly 200 people have been supported by this scheme.

28. The Public Service Boards (PSBs), introduced as part of the Well-being of Future Generations (Wales) Act 2015, enable public services to commission and plan collaboratively, ensuring services are integrated and that care and support provided improves health and well-being outcomes for the local population. The Population Needs Assessments that have been undertaken will help PSBs to identify priorities and specific

actions they need to meet the health and well-being needs of their citizens and to help tackle health inequalities in their areas. Consideration should be given to involving other partners in the design of local preventative services, including non-devolved public services, local private companies and social movements. By leveraging innovative partnerships, the NHS could find cost-effective and scalable ways to monitor their rising-risk patients, engage more closely with patients and utilise the skills and qualities of local people wherever possible.

29. All partners share a clear vision to transform the way we support individuals, families and communities, adopting a new model of integrated health and social care services. However, finding ways to fund sustainable and cost-effective services is challenging for all sectors. Development of new delivery mechanisms such as social enterprises and encouraging people to take more responsibility for their own health and well-being is not a panacea for all needs. By providing more preventative and early intervention services, we can support people as soon as they need it, help them to remain happily within their family and community, and for some, avoid expensive and disruptive specialist and substitute care. By doing this successfully over time we can take some resources out of specialist and substitute care and into better community and universal services. However, there will still always be a need for some specialist care and a more innovative and sustainable solution is needed.

To consider future social care needs and related costs, including the projected increase in the proportion of the population of Wales of pension age;

30. As highlighted previously, finance has long been a challenge for health and social services, but never more so than since the economic crash nearly a decade ago. Since then, all public services have struggled in the face of public finance austerity and while the NHS and social care have been relatively protected in Wales (compared to England and other Welsh public services), both sectors continue to struggle in the face of an ageing population with increasing chronic and complex health conditions.
31. Such a rise in demand, coupled with constrained financial resources, has made delivering health and care services in the current model increasingly difficult. The NHS is committed to working more efficiently to rise to the challenges it faces. However, it has become increasingly clear that traditional methods of savings are unlikely to deliver what is needed. It is important that we are realistic about the current and future costs of health and care services and we need to work with stakeholders across the health and care sector to fully understand the future resources required to secure the system.
32. Core NHS spending now accounts for more than 50% of the Welsh Government's revenue budget. However, in line with the rest of the UK funding growth, it has not kept pace with the overall growth in Gross Domestic Product – something which the Health Foundation^{xiii} suggests is key to ensuring a sustainable NHS in the future. At the same time social care spending on day to day adult social services has remained broadly flat, but the increasing over 65 population in Wales means that spending per older person has fallen by nearly 13% in real terms over that period.

33. The public finance outlook for the foreseeable future at least remains pessimistic and the indications are that the growth in funding which is badly needed in both health and social care will be very difficult to find and will require difficult choices to be made about public services in Wales.
34. The Health Foundation report,^{xiv} referred to earlier, articulated the financial challenge facing the health and social care sector in Wales over the next fifteen years. The report suggests that a sustainable publicly financed healthcare system in Wales is achievable by 2031, but only with growth in funding in line with growth in GDP in respect of the NHS, plus a 4% uplift year on year in social care funding. The Institute for Public Policy Research^{xv} estimates that across the UK there will be a funding gap to the tune of £13 billion for adult social care, equivalent to 62% of the total expected budget, by 2030-31 and they warn “*on current trends, adult social care is unsustainable*”. Many other public services have been squeezed out as Councils essentially run social care and school provision. Unless funding for adult social care rises at the same rate as pressures, or there is a dramatic change in the rate of efficiency growth for social care services, there is a risk that the level of unmet need in Wales would rise.
35. Both the NHS and Local Government have delivered millions of pounds of recurrent efficiency savings over the past five years, as evidenced in various Wales Audit Office reports.^{xvi} We now need to become more sophisticated in our search for further resource releasing efficiencies, going beyond the delivery of traditional technical efficiencies to consider the efficiency of our resource allocation, based on a better understanding of the outcomes of our spending decisions. As highlighted within the Parliamentary Review, there is further potential to drive technical efficiencies from across the NHS. Our members are working to implement an efficiency programme using benchmark data, but we believe a greater pace could be achieved if Wales adopted a more systematic approach to efficiency, akin to the Carter work in England.^{xvii} Similarly, we urge Welsh Government, Health Boards and Councils to consider the allocative efficiency of their budget processes to ensure they allocate resources to support a preventative model of health and social care.
36. Even then, the demographic trajectory combined with medical and pharmaceutical developments will lead the health and social care sector to continue to need substantial ongoing financial support, which is likely to involve further disinvestment in other public services. We recognise that the funding required is not within the Welsh Government’s gift, even with the introduction of income tax raising powers. But we cannot simply ignore the reality of the problem.
37. Many public-sector leaders – politicians and policy makers – already recognise that the current funding model is no longer fit for purpose. It was designed in the post-war era when the birth rate was falling and the world was a very different place. While we would all champion a free health and social care system for all, those in positions of responsibility need to be honest with the public about what that could mean in the future. Especially if

we don't succeed in securing the shared ownership and changed behaviours from the public.

38. We believe that it is not possible to consider the long-term future of health and social care in Wales without considering the issue of how and to what level the system should be funded in the future as this will impact on decisions we make in the next five to ten years. Short term funding fixes will not suffice if we are to address the serious financial challenges we face. Neither will small scale amendments to the edges of service delivery. Indeed, the recent House of Lords Select Committee report into the long term sustainability of the NHS calls for radical service transformation, long-term funding solutions and immediate and sustained action on adult social care as the three key objectives that must be addressed if the NHS is to make real progress towards achieving long term sustainability.^{xviii} We agree and believe that governments need to consider alternative funding models for the health and social care sector in the future. This could include options such as increasing taxes as well as paying for specific services or rationing others.
39. Finally, health and care providers need to work with education colleagues to ensure that schools and colleges highlight that a career in caring is a positive career choice. Failure to do so will mean less and less young people entering this field of work and the inability to provide care for those who need to receive it. The NHS has already started working in a more coordinated way with our education colleagues, including an event in Cwm Taf UHB where Year 9 were invited into Prince Charles Hospital, Merthyr, to show them the breadth of work undertaken by the NHS to provide 24/7 care and to inspire them to consider a future career within the service.

To assess the fiscal levers available to the Welsh Government to reform the arrangements for funding social care. This will include the consideration of alternative models, including international examples, for the funding of social care to ensure a good quality, fair and sustainable service in a time of increasing demands on the health and social care systems;

40. Some commentators are arguing that we now need a dedicated national health and care fund for integrated health and care. This would require some general taxation but could be gradually built up with more money from hypothecated taxes associated with health and consumption of care. This means using taxes on tobacco, alcohol, unhealthy foods, gambling and inheritance, and possibly a compulsory insurance tax at age 50, to pay for social care in old age. At its 2014 conference the Royal College of Nurses nationally debated whether a possible solution to current challenges would be to introduce patient charges for GP visits. Others have suggested that well-designed user charges would not only raise additional revenue, but would also limit unnecessary demand, encourage greater cost-effectiveness in the use of healthcare services, and promote the adoption of healthy lifestyles.
41. In addition to fiscal levers available to the Welsh Government, to ensure a sustainable health and social care system it is vital that we empower the public to become active

participants in the services that they receive. Changing public attitudes and behaviour is critical, as the Parliamentary Review highlighted we need to put the people in control through *“Strengthen individual and community involvement, through voice and control in health and care, and ensuring all ages and communities have equal involvement”*.

42. There is an urgent need for a meaningful dialogue with the public about the future of public services, their expectations of these services and the different role they need to play. This is vital because evidence shows that public support is critical to delivering and securing policy and behaviour change. Programmes that are most successful in galvanising public support are those which place the public at the heart of the decision-making process, particularly when combined, where appropriate, with enabling legislation. This is borne out by successful national policies and programmes, such as seatbelt laws, the carrier bag levy, road safety campaigns, banning smoking in public places, and most recently in Wales, organ donation. In Wales we now have the legislative framework we need in the form of the Future Generations (Wales) Act 2015 and the Social Services and Wellbeing (Wales) Act 2014, but we still need to win the hearts and minds of the Welsh public.
43. Currently, the Welsh public is being bombarded with messages from public services, voluntary organisations, government, various media outlets and personal networks. Similarly, there are different requirements around public consultation in health and social care. There is an opportunity for effective communication and engagement with the public and patients to be more impactful across the whole public service by developing holistic messaging which would encourage public acceptance of the need for change.
44. There is also a requirement for an open and honest conversation with the public about what the NHS can provide in future. While the NHS is free at the point of contact, it is not free of obligation, and the public will need to be supported in taking more responsibility for their own health. The NHS belongs to us all, and as individuals, we should do what we can to ensure it is sustainable, both now and in the future. In January 2017, the Welsh NHS Confederation conducted a survey^{xix} which provided some encouraging results around the public’s understanding of their role in taking responsibility for their health well-being and a willingness to take action. More than 90% said they have a great deal or a fair amount of responsibility for their own health and well-being, while 55% said they should be doing more to look after their own health and well-being.
45. These ideas may be controversial, but shying away from difficult debates over these issues will not help the health service or social care in the long run.

To consider the findings and conclusions of the Parliamentary Review.

46. The Welsh NHS Confederation welcomed the publication of the Parliamentary Review Report and are pleased to see many of the points raised in the report reflect the evidence submitted by the Welsh NHS Confederation as part of the consultation process, including a number of recommendations that we put forward.

47. The report makes a major contribution to the debate on how to create a sustainable health and care system in Wales. Our members agree that a different system of care is needed – one that is seamless across health and social care, physical and mental health, and secondary and primary community care.
48. The report recognises that we have been moving towards a more integrated system for a number of years and there are many good examples of new models of care that are already working in Wales. The challenge is how we can be more radical and ambitious, to accelerate the pace in moving to a genuinely seamless system. We are particularly pleased the report recognises the need to involve the public in the design and development of new service models. The citizen voice must be part of the solution to the challenges we face, with people being empowered to be actively involved in their own health and wellbeing.
49. While supportive of the Parliamentary Review findings, the report raises concerns around funding of health and social care in the future. The absence of any consideration of the long-term model for funding health and social care is the elephant in the room. We agree it is crucial for us to increase the value we achieve from the funding of health and care. It is also helpful that the report recognises that the level and sources of funding for health and social care remain key national issues. As we develop plans to transform the health and care system we must ensure they are supported by sustainable funding. We have recommended that the report is considered in conjunction with the Health Foundation's 2016 *"Path to Sustainability"* report that analyses the demand and cost pressures facing Wales now and until 2031. Without adequate funding for health and social care in the future, the changes outlined in the report will not be enough to ensure a sustainable health and care system. As the Health Foundation report states *"There is a strong link between spending on social care and the NHS, so any increase in unmet need for social care would be likely to lead to a rise in demand for NHS services"*.
50. Following the Parliamentary Review report we look forward to working with the Welsh Government and other organisations in the health and social care sector to develop a plan of action that will deliver the best services to the people of Wales.

Conclusion

51. The complex nature of finances in the Welsh healthcare system, coupled with various external pressures and challenges it faces, indicates that the growth in funding and the more prudent use of existing resources is needed in health and social care. However, this will be very difficult to find and will require difficult choices to be made about public services in Wales.
52. The NHS and Local Government have delivered millions of pounds of recurrent efficiency savings over the past five years, we now need to become more sophisticated in our search for further resource releasing efficiencies. We need to go beyond the delivery of traditional technical efficiencies to think innovatively and consider the efficiency of our

resource allocation, based on a better understanding of the outcomes of spending decisions.

53. To address the challenges, there is a need for radical service transformation, long-term funding solutions and sustained action on social care if the NHS is to make real progress towards achieving long term sustainability.

ⁱ Welsh NHS Confederation, November 2017. Finance and the NHS in Wales.

ⁱⁱ Welsh Government, StatsWales, July 2013. Population projections by local authority and year.

ⁱⁱⁱ Nuffield Trust, June 2014. A Decade of Austerity in Wales?

^{iv} Welsh Government, June 2017. Services and places regulated by CSSIW, March 2017.

<http://careinspectorate.wales/docs/cssiw/publications/170620annualstatsen.pdf>

^v Welsh Government, Stats Wales 2016 – 17 <https://statswales.gov.wales/Catalogue/Health-and-Social-Care/NHS-Hospital-Activity/NHS-Beds/nhsbeds-by-organisation-site>

^{vi} Carers UK, November 2017. Make connections, get support.

^{vii} Carers Trust, November 2015. Valuing Carers 2015 – the rising value of carers’ support.

^{viii} Health Foundation, October 2016. “The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31”.

^{ix} Wales Public Services 2025, April 2017 “A delicate balance? Health and Social Care spending in Wales”.

^x Public Policy Institute for Wales, October 2015. The Care Home Market in Wales: Mapping the Sector.

^{xi} Public Policy Institute for Wales, October 2015. The Care Home Market in Wales: Mapping the Sector.

^{xii} Health Foundation, July 2016, NHS Finances Outside the EU.

^{xiii} Health Foundation, October 2016. “The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31”.

^{xiv} Health Foundation, October 2016. “The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31”.

^{xv} Institute for Public Policy Research, December 2016. Future Proof: Britain in the 2020s.

^{xvi} Wales Audit Office reports.

https://www.wao.gov.uk/publications?combine=&field_topics_tid_i18n=8&field_sectors_tid_i18n=All&create_d_1=All&field_area_tid_i18n_1=All&field_reports_tid_i18n=57

^{xvii} Operational productivity and performance in English NHS Acute Hospitals: Unwarranted variation, Lord Carter February 2016.

^{xviii} House of Lords Select Committee, ‘The Long-term Sustainability of the NHS and Adult Social Care’, 5th April 2017, HL Paper 151.

^{xix} <http://www.nhsconfed.org/media-centre/2017/02/whole-system-shift-towards-preventative-services-needed>