Bwrdd Iechyd Prifysgol Hywel Dda University Health Board

PWYLLGOR CYLLID A PHERFFORMIAD
FINANCE AND PERFORMANCE COMMITTEE

DYDDIAD Y CYFARFOD: **DATE OF MEETING:**	30 June 2026
TEITL YR ADRODDIAD: **TITLE OF REPORT:**	Continuing Healthcare (CHC)
CYFARWYDDWR ARWEINIOL: **LEAD DIRECTOR:**	Andrew Carruthers, Chief Operating Officer
SWYDDOG ADRODD: **REPORTING OFFICER:**	Matthew Richards, Head of Commissioning Mental Health and Learning Disabilities and Head of Substance Misuse Services Julia McCarthy, Head of Long-Term Care Richard Jenkins, Assistant Finance Director Commissioning, BI and Value

Pwrpas yr Adroddiad (dewiswch fel yn addas) **Purpose of the Report** (select as appropriate)
Er Sicrwydd/For Assurance

ADRODDIAD SCAA
SBAR REPORT

Sefyllfa / Situation

This report provides assurance to the Finance and Performance Committee (FPC) regarding the measures and controls in place to ensure that all Continuing Healthcare (CHC) expenditure is necessary and aligned with agreed criteria. It also outlines the underlying factors contributing to the 2026/27 Month 1 and 2 financial position, together with the mitigating actions being implemented.

Cefndir / Background

CHC is a statutory responsibility of the Health Board, delivered in accordance with the *Continuing NHS Healthcare: The National Framework for Implementation in Wales* (for adults) and the *Children's Continuing Care Guidance for Wales*. In addition, NHS funding is provided under Section 117 of the Mental Health Act, which places a joint responsibility on Health Boards and Local Authorities to meet the aftercare needs of individuals with mental health conditions.

These services are delivered through three core teams:

- Long Term Care Team
- Mental Health and Learning Disabilities Commissioning Team
- Children's Continuing Care Team

Summary	Total Budget 26/27
Carmarthenshire Total	11,730,580
Ceredigion Total	4,825,043
Pembrokeshire Total	11,714,705
LTC Total	28,270,328
Children Total	871,692
Mental Health Total	14,214,082
Learning Disability Total	25,824,458
MHLD Total	40,038,540
GRAND TOTAL	69,180,561

CHC represents a significant area of expenditure, with a total budget of £69.1 million for 2026/27. It operates within a complex, system-wide context and is influenced by all areas of healthcare delivery, particularly in relation to inpatient flow and the management of risk within community settings.

The service is delivered within a comprehensive statutory and legislative framework, alongside regulatory oversight from Care Inspectorate Wales (CIW) and Healthcare Inspectorate Wales (HIW), resulting in extensive governance requirements. Expenditure is inherently variable, reflecting the high cost and complexity of individual care packages, which are often associated with significant clinical risk.

In addition, CHC encompasses a broad range of commissioning responsibilities, including market development, partnership working, financial management, and robust quality assurance arrangements. These functions are integral to the effective operation of the wider health and care system.

Commissioning of CHC services is required to comply with the following policies and frameworks:

NHS Continuing Healthcare (CHC) Framework
(National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care)

Sets out the process for assessing, determining, and commissioning fully funded NHS care for individuals with a primary health need. It places a legal duty on health boards to ensure eligibility decisions are consistent, evidence-based, and person-centred.

Children's Continuing Care (Children's CC)
(National Framework for Children and Young People's Continuing Care)

Provides guidance on assessing and meeting the complex health needs of children and young people. Emphasises multi-agency working, timely assessment, and ensuring packages of care are tailored, equitable, and regularly reviewed.

Mental Health Act 1983 – Section 117 Aftercare

Places a joint statutory duty on health boards and local authorities to provide aftercare services to eligible individuals discharged from hospital under certain sections of the Act. Aftercare must meet needs arising from mental disorder and is free of charge, requiring ongoing review and coordination.

Mental Capacity Act 2005 (MCA) and Deprivation of Liberty Safeguards (DoLS)
Provides the legal framework for decision-making on behalf of individuals who lack capacity. DoLS ensures that any deprivation of liberty in care settings is lawful, proportionate, and subject to appropriate authorisation and review.

Commissioning Code of Practice
(NHS Wales Commissioning Framework / Code of Practice, where applicable)

Sets out the expectations for safe, effective, and value-based commissioning of services as well as expectations on transparent and fair fee setting and uplift processes. It requires robust quality assurance, responsible use of resources, and alignment with population needs and prudent healthcare principles.

Responsible Body Guidance (Commissioning Responsibility Framework)

Provides clarity on which organisation holds responsibility for commissioning and funding an individual's care.

Sustainable Care Planning Policy (CHC)

Sets out the principles for developing and maintaining care packages that are safe, effective, equitable, and make best use of resources. It requires that care is person-centred whilst also being proportionate, deliverable, and sustainable over time, balancing individual needs with wider system responsibilities.

The provision of services to meet the healthcare needs of an individual is typically through commissioning an independent or third sector provider.

Categories of care are set into 4 areas:

1. Care Homes - this includes Nursing and Residential Care at standardised rates.
2. Domiciliary Care/Supported Living – this includes agencies who provide care in peoples' own homes.

3. Placements/Services with individual costs – these are bespoke packages of care specific to an individual, generally more Complex/Specialist.
4. Independent sector hospitals - mainly Mental Health secure placements

Eligibility

The organisation fulfils its statutory CHC duties by implementing a structured, standardised assessment pathway aligned to the National Framework.

- All individuals with a potential CHC need are identified with the completion of a nursing assessment.
- Where indicated, a full multidisciplinary team (MDT) assessment is undertaken using the Decision Support Tool (DST), considering the nature, intensity, complexity, and unpredictability of need.
- For individuals with rapidly deteriorating conditions, a Fast Track pathway is in place to ensure immediate access to funding and care.
- Joint funding decisions are supported by an MDT recommendation with supporting evidence of assessed health needs.
- S117 mental health aftercare needs are clearly identified and evidenced.

CHC Decision-Making and Sign-Off Arrangements

The organisation operates a robust governance framework for eligibility and commissioning decisions:

- Funding requests are scrutinised and quality assured.
- Recommendations are submitted to a panel for formal ratification.
- Panels review and confirm:
    - Quality and completeness of evidence
    - Consistency with the National Framework
    - Appropriateness of MDT recommendations
    - Outcomes required
    - Application of the sustainable care planning policy
    - Provider selection and suitability
    - Cost and timescales for review

- Commissioning authority is provided as outlined below:

Level 1	General Manager	£0 - £384 / week
Level 2	Service Director	£384.01 - £961 / week
Level 3	Deputy COO	£961.01 - £1442 / week
Level 4	COO	£1442.01 - £1923 / week
Level 5	CEO	£1923.01 + / week

This layered approach ensures:

- Consistency and defensibility of decisions
- Appropriate oversight of financial and clinical risk
- Clear audit trail for challenge and appeal processes

Quality Assurance, Review and Package Management

The organisation has established robust processes for the ongoing quality assurance and management of funded packages:

- Routine reviews are undertaken at three months post-placement and annually thereafter, or sooner if care needs change.
- High-cost, complex, or time-limited placements are reviewed more frequently, in line with initial agreements.
- Ongoing case management ensures packages remain aligned to current needs, with timely adjustments made in response to deterioration or improvement.
- A proactive focus is maintained on progression and step-down opportunities at the earliest appropriate point.

Financial Position

In Month 1 the level of expenditure on CHC, Long Term Care (LTC), Mental Health and Learning Development (MHLD) care increased significantly when compared to the latter half of 2025/26. The expenditure by month in 2025/26 and Month 1 2026/27 is detailed in the table over:

	2025/26												2026/27
	MTH 01	MTH 02	MTH 03	MTH 04	MTH 05	MTH 06	MTH 07	MTH 08	MTH 09	MTH 10	MTH 11	MTH 12	MTH1
Funded Nursing Care	£279,423	£288,860	£278,520	£272,203	£347,537	£299,345	£306,410	£301,694	£345,682	£314,554	£262,735	£334,723	£313,340
General Nursing	£533,274	£517,819	£519,115	£524,813	£610,581	£537,017	£580,539	£550,536	£591,438	£577,111	£530,705	£595,251	£585,987
Elderly Mentally Ill Nursing Home	£813,858	£912,974	£851,989	£903,809	£1,067,849	£970,080	£971,894	£937,706	£1,026,834	£1,034,577	£870,389	£1,002,805	£1,094,789
Community Based/Home Care Support	£306,728	£323,771	£311,205	£352,332	£316,476	£334,230	£315,266	£414,445	£385,301	£138,677	£295,095	£330,477	£371,866
Adult Palliative Care	£82,016	£87,549	£94,270	£114,186	£114,994	£81,108	£78,821	£82,466	£101,297	£107,340	£148,015	£181,095	£131,509
Respite	£4,514	£1,746	£5,813	£19,668	£14,203	£9,144	£12,770	£14,365	£7,748	£8,120	-£1,836	£6,040	£10,250
Children	£100,708	£108,195	£350,619	£67,203	£116,602	£114,105	-£146,772	£80,734	-£852,308	£75,934	£58,246	£243,830	£76,163
Mental Health	£1,002,411	£1,008,313	£1,006,309	£1,057,917	£1,119,422	£1,180,246	£1,296,484	£1,251,236	£1,343,138	£1,172,391	£1,209,129	£861,697	£1,268,890
Learning Disablity	£1,912,242	£2,050,291	£1,946,993	£2,071,916	£2,014,745	£2,223,845	£2,097,219	£2,052,252	£2,132,725	£2,297,856	£1,978,045	£2,036,959	£2,233,437
Grand Total	**£5,035,174**	**£5,299,518**	**£5,364,834**	**£5,384,046**	**£5,722,410**	**£5,749,119**	**£5,512,631**	**£5,685,436**	**£5,081,857**	**£5,726,560**	**£5,350,524**	**£5,592,878**	**£6,086,232**

This was due to growth in some areas during 25/26 which would have had part year effect on the projection in that year but has translated into a full year effect impact in the opening position for 26/27.

In addition, a new approach to growth allocation of budget identified in the IMTP annual plan did not wholly reflect the actual pressures seen.

Annual Plan 2026/27

The new approach for the 2026/27 annual plan for CHC was:

- To identify likely demand based upon a 5-year average across each type of care rather than basing demand on previous year's growth as had been done previously.

- To allocate that funding to counties, MHLD at the start of the financial year rather than to hold it centrally and allocate in year (this change in approach to allocating at the start of the financial year does not alter the total level of funding allocated to service areas)

The table below compares 2025/26 outturn with the M1 2026/27 Forecast Out-turn (FOT) based upon packages in place at the end of M1 2026/27 (excluding inflation) this is the historical forecasting basis and has been revised at M2 2026/27 to reflect 12 month rolling average.

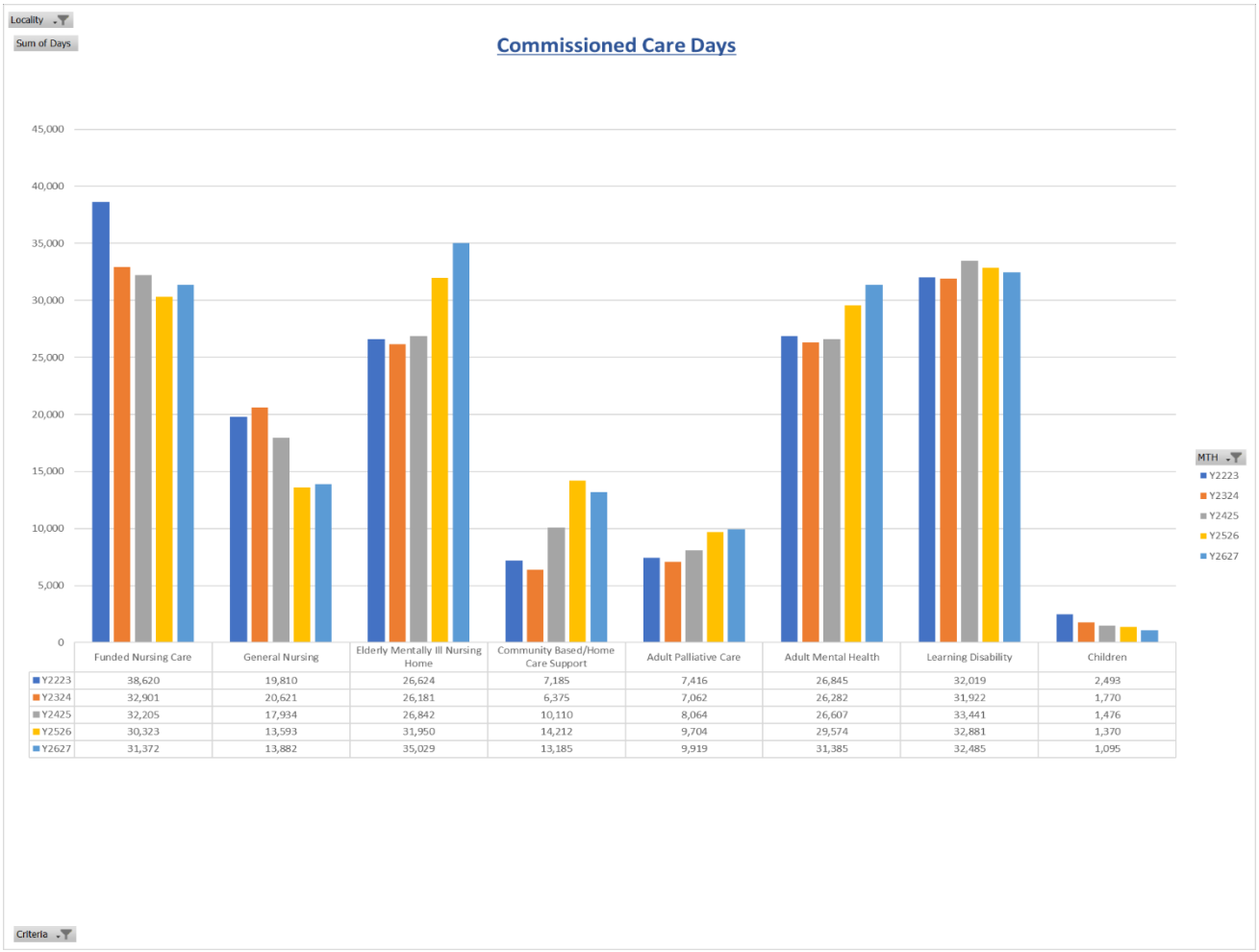
	EOY2526	M1 EOY 2627	FYE Increase 25/26 - 26/27	Notes
Carmarthenshire	**£11,090,936**	**£12,340,888**	**£1,249,952**	In FY26/27, based on the active packages in the DB, we are forecasting costs for Carms LTC will be £12.3M (exc inflation). This is a 11.27% (£1.2M) increase on 25/26 FY costs and consistent with the increase in commissioned care days seen from FY 24/25 to FY25/26. The main areas where costs have increased is EMI, 17.94% increase and General Nursing 7.73% .
EMI			£967,000	EMI increase is £1,250.60, with 5,410 additional days, 100% HB funded, FY cost increase £967K.
General Nursing			£223,000	This is due to part year effect in 25/26 compared to FY impact 26/27 (additional 295 days commissioned, FY impact £396K offset by £173K for packages ended in 25/26) resulting in a net £223K additional cost in 26/27.
Ceredigion	**£4,093,622**	**£3,916,234**	**-£177,388**	
Pembs	**£11,652,098**	**£12,528,450**	**£876,351**	Pembs EMI commissioned care days has reduced for base rate packages by 14%, However bespoke commissioned care days have increased 61.2%
EMI - JF Bespoke			£568,536	9 new JF Bespoke packages were commissioned in April 26, 3,628 additional care days increasing costs by £413K, 1,383 less care days than 25/26 reducing costs by £152K and 2,077 additional due to FY effect of packages starting mid year 25/26, increasing costs by £307K,
EMI - HB Bespoke			£301,076	6 new packages 1,453 additional care days increasing costs by £254K, 745 less care days than 25/26 (ended packages in 25/26) reducing costs by £174K and 1198 additional due to FY impact of packages starting mid year 25/26, increasing costs by £221K,
LTC Total	**£26,836,657**	**£28,785,572**	**£1,948,915**	
Adult Mental Health	**£13,563,308**	**£14,518,755**	**£955,447**	In FY26/27, based on the active packages in the DB, we are forecasting costs for Adult Mental Health will be £14.5M (exc inflation). This is a 7.04% (£955K) increase on 25/26 FY costs
CCAPS - Care provided within independent sector specialist facility/low secure (in or out of area			£662,714	MH CCAPS costs have increased by £663K, due to 2 new packages of care £483K and the net effect of commissioning an additional 220 days of care increasing costs by £187K
Residential & Nursing placements			£193,864	9 new packages of care commissioned in 26/27 increasing FY costs by £452K, offset by a reduction in cost of (£259K) which is the net effect of the ended packages versus the FY effect of packages started in 25/26
Learning Disabilities	**£24,842,935**	**£25,299,575**	**£456,640**	In FY26/27, based on the active packages in the DB, we are forecasting costs for Learning Disabilities will be £25M (exc inflation). This is a 1.84% (£457K) increase on 25/26 FY costs and consistent with the increase in commissioned care days seen from FY 24/25 to FY25/26.
CCAPS - Adults with LD receiving care in an independent hospital/specialist facility in or out of area			£234,479	2 new packages of care increasing costs by £625K offset by (£391K) reduction in costs for packages ended in 25/26, forecasted 234 additional days
Dom Care			£190,436	11 packages starting in FY25/26 (£195K increase) there was also a reduction in FY 25/26 of £234K for under utilised packages (not yet reported in FY 26/27) offset by a reduction in costs due to 25/26 ended packages (£240K reduction in costs)
MH & LD TOTAL	**£38,406,243**	**£39,818,330**	**£1,412,087**	
Children	**£788,591**	**£786,762**	**-£1,829**	Based on 7 packages of care (3 Carms, 3 Pembs, 1 Cered), average cost of £112K per year
Grand Total	**£66,031,490**	**£69,390,664**	**£3,359,173**	

The table also includes the 2026/27 full year effect of packages that were in effect for part of full-year 2025/26 plus any new packages starting since April.

Previous years increased growth and new packages in Month 1 2026/27 impacted on Carmarthenshire, Pembrokeshire, MHLD budget areas by a total of £3,538,390.

Ceredigion and Childrens saw a reduction of £-179,217

There was a movement in packages totalling an additional 4,745 commissioned days of care in 2025/6 which is the equivalent of an additional 13 full-year equivalent (FYE) placements.



	Funded Nursing Care	General Nursing	Elderly Mentally Ill Nursing Home	Community Based/Home Care Support	Adult Palliative Care	Adult Mental Health	Learning Disability	Children
Y2223	38,620	19,810	26,624	7,185	7,416	26,845	32,019	2,493
Y2324	32,901	20,621	26,181	6,375	7,062	26,282	31,922	1,770
Y2425	32,205	17,934	26,842	10,110	8,064	26,607	33,441	1,476
Y2526	30,323	13,593	31,950	14,212	9,704	29,574	32,881	1,370
Y2627	31,372	13,882	35,029	13,185	9,919	31,385	32,485	1,095

During Month 1, the IMTP growth and inflation allocations were also added to the budget lines, and this further impacted the variance between service areas. The table below shows the IMTP growth allocation per service area which totalled £344k but was insufficient to meet the growth seen leaving a £3,800k shortfall. In addition, growth allocation was distributed mainly to Ceredigion and Childrens which were not impacted by actual growth. This was due to the IMTP use of a five-year average to establish growth.

Summary	26/27 Budget	IMTP Growth Allocation	26/27 Budget (Base + Growth)	FY Forecast	Variance	Inflation Budget	Forecast Inflation	Variance	Total Budget	FY Forecast	Variance
Carmarthenshire Total	11,149,721	32,142	11,181,862	12,375,572	1,193,710	548,718	656,682	107,964	11,730,580	13,032,254	1,301,674
Ceredigion Total	4,446,505	166,559	4,613,064	3,916,234	-696,830	211,979	185,754	-26,225	4,825,043	4,101,988	-723,055
Pembrokeshire Total	11,089,999	41,810	11,131,809	12,534,049	1,402,240	582,896	609,557	26,661	11,714,705	13,143,607	1,428,901
Children Total	682,920	140,865	823,785	858,762	34,977	47,907	0	-47,907	871,692	858,762	-12,930
Mental Health Total	13,432,855	54,962	13,487,817	14,530,538	1,042,722	726,265	897,820	171,555	14,214,082	15,428,359	1,214,277
Learning Disability Total	24,567,749	-91,835	24,475,914	25,299,575	823,661	1,348,544	1,555,074	206,530	25,824,458	26,854,650	1,030,191
MHLD Total	38,000,604	-36,873	37,963,731	39,830,114	1,866,383	2,074,809	2,452,894	378,085	40,038,540	42,283,008	2,244,468
GRAND TOTAL	65,369,749	344,503	65,714,252	69,514,731	3,800,479	3,466,309	3,904,888	438,579	69,180,561	73,419,619	4,239,059

There is also shortfall in inflation allocation of £438k due to the inflationary uplift element of additional packages due to growth over and above the Q3 estimates at the time of IMTP being set.

The total shortfall based on above is a £4,239k variance based on the 2025/26 outturn with the M1 2026/27 FOT based upon packages in place at the end of M1 2026/27, this is the historical forecasting basis and has been revised at M2 2026/27 to reflect 12 month rolling average.

Month 2 2026/27 Year-To-Date (YTD) Position

The Month 2 2026/27 YTD financial position (£861k adverse variance to budget) is as per the below table and includes £603k to reflect the anticipated M2 2026/27 YTD impact of 2026/27 inflationary uplift to package rates (2026/27 inflationary uplifts have not yet been paid to providers but 2026/27 inflation funding allocation is already included within budgets).

Summary	MTH 2 YTD Budget (£)	MTH 2 YTD Cost (£)	MTH 2 YTD Variance to Budget (£)
General Nursing	447,333	492,584	45,251
Elderly Mentally Ill Nursing Home	916,943	1,008,542	91,599
Community Based/Home Care Support	201,030	188,899	-12,130
Adult Palliative Care	45,002	71,123	26,121
Respite	12,059	6,364	-5,695
Funded Nursing Care	333,425	340,021	6,596
Shared Patient Pathway - EMI	0	7,272	7,272
Shared Patient Pathway - CBHC	0	57,842	57,842
Carmarthenshire Total	**1,955,791**	**2,172,647**	**216,855**
General Nursing	351,047	266,557	-84,489
Elderly Mentally Ill Nursing Home	280,669	153,568	-127,101
Community Based/Home Care Support	43,405	117,900	74,495
Adult Palliative Care	9,945	32,059	22,113
Respite	0	0	0
Funded Nursing Care	119,438	117,242	-2,195
Shared Patient Pathway - GN	0	0	0
Shared Patient Pathway - EMI	0	0	0
Shared Patient Pathway - CBHC	0	0	0
Ceredigion Total	**804,504**	**687,326**	**-117,177**
General Nursing	593,461	445,022	-148,439
Elderly Mentally Ill Nursing Home	777,816	1,042,719	264,902
Community Based/Home Care Support	306,496	294,524	-11,972
Adult Palliative Care	107,851	154,842	46,991
Respite	1,836	3,077	1,241
Funded Nursing Care	165,636	185,411	19,775
Shared Patient Pathway - GN	0	22,446	22,446
Shared Patient Pathway - EMI	0	14,666	14,666
Shared Patient Pathway - CBHC	0	62,419	62,419
Pembrokeshire Total	**1,953,096**	**2,225,126**	**272,030**
Children Total	**145,343**	**151,466**	**6,123**
Mental Health Total	**2,320,360**	**2,618,893**	**298,532**
Learning Disability Total	**4,305,697**	**4,490,091**	**184,395**
MHLD Total	**6,626,057**	**7,108,984**	**482,927**
GRAND TOTAL	**11,484,792**	**12,345,549**	**860,757**

Forecasting and Trend in Activity Months 1 and 2 2025/26:

Client numbers	No of Current Active Cases M13	No of Current Active Cases M02	YTD variance clients
Carmarthenshire	**338**	**344**	**6**

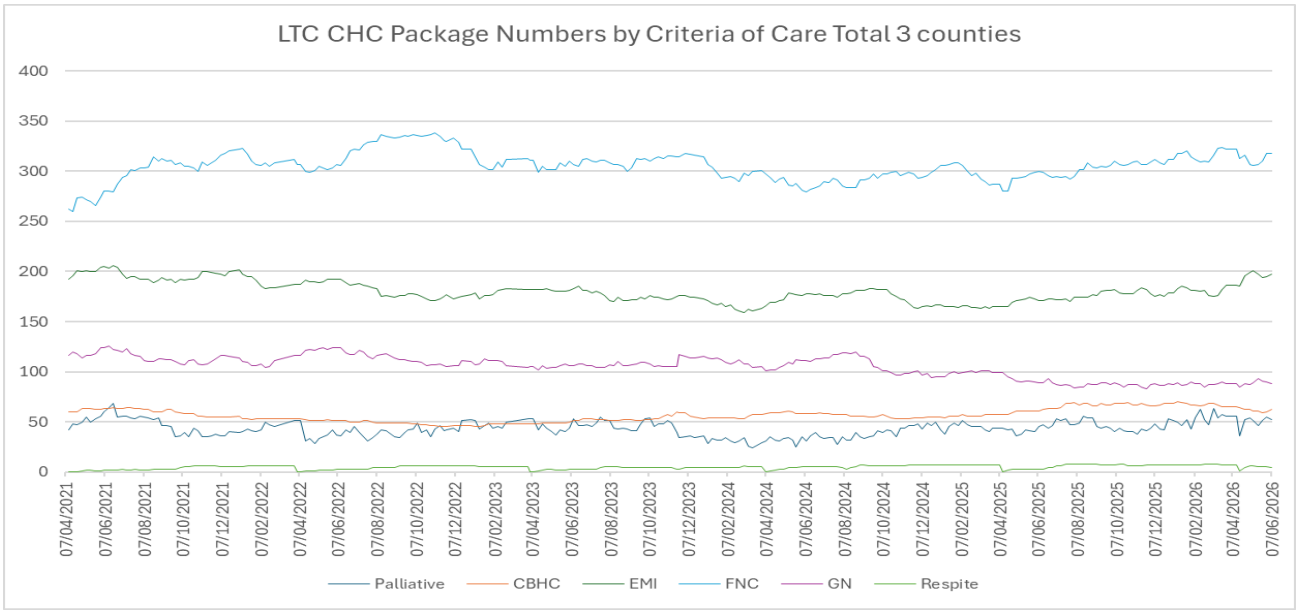
Ceredigion	**104**	**106**	**2**
Pembrokeshire	**269**	**273**	**4**
Mental Health	**266**	**270**	**4**
Learning disabilities	**249**	**248**	**-1**
W&CH	**8**	**11**	**3**
Total	**1234**	**1252**	**18**

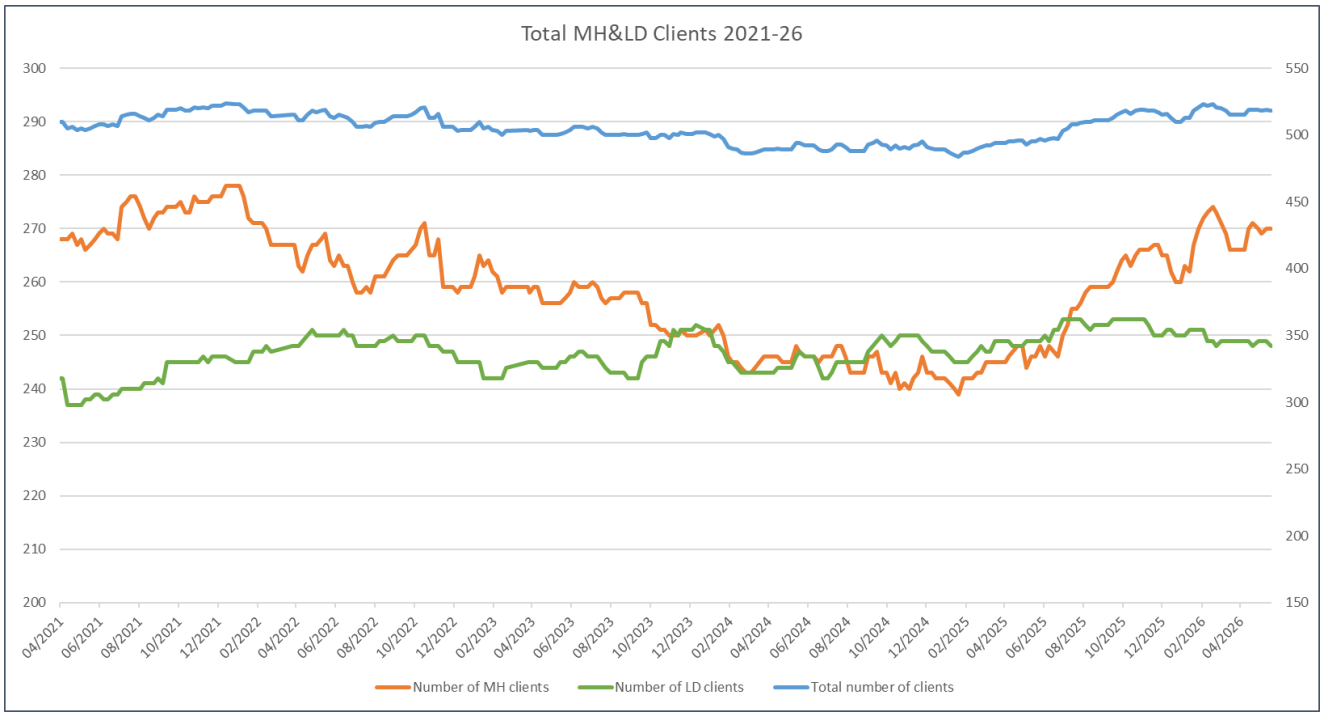
Prior to Month 2 2026/27, the basis of forecasting was to forecast that all packages currently in place continue to be in place for the remainder of the financial year at the current levels of acuity and rates (therefore that demand levels for all types of care remain at the current level for the remainder of the financial year).

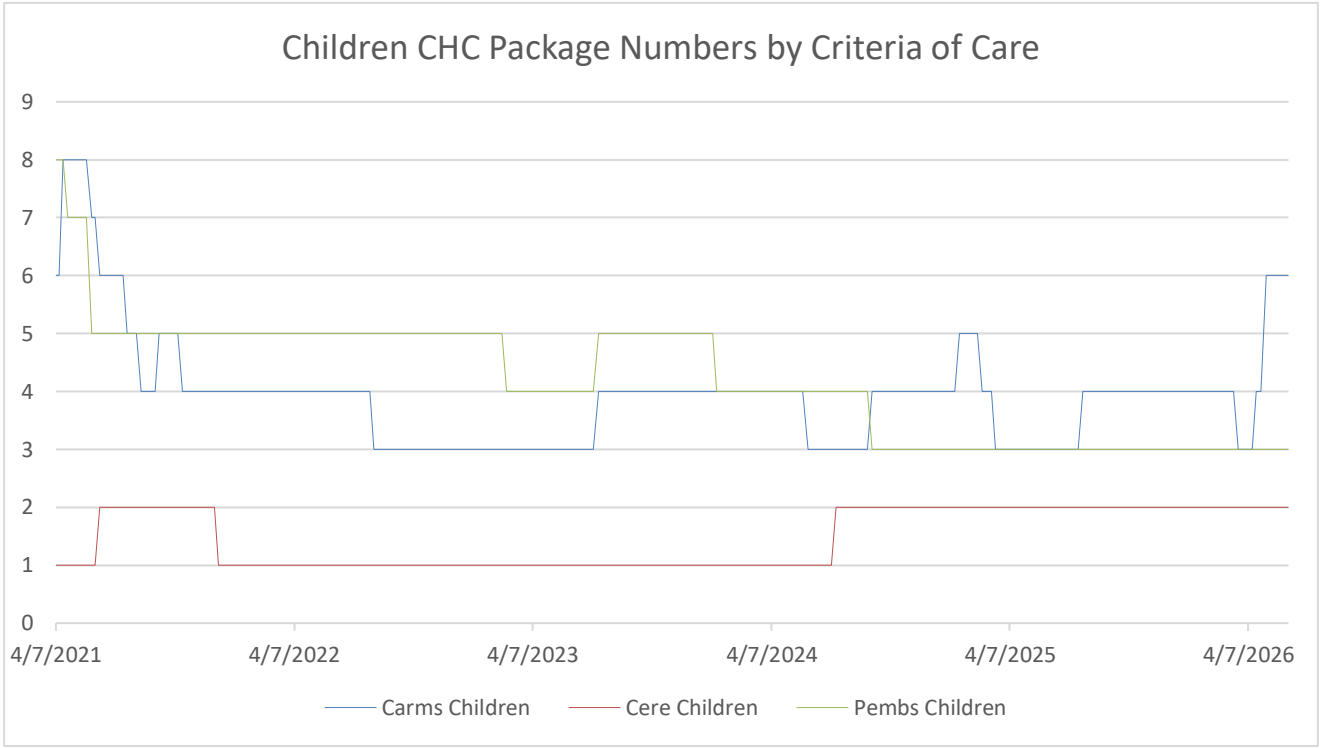
However, in M2 the methodology has been changed to better reflect fluctuating demand in previous years for:

- General Nursing,
- Community Homecare and
- Palliative Care.
- Mental Health,
- Learning Disabilities
- Children

Elderly Mentally Infirm (EMI) has seen ongoing increasing levels of demand (high cost/day) and Funded Nursing Care (FNC) has seen an increase in demand (lower cost/day):







Following on from this, the basis of the Month 2 2026/27 FOT has been changed to reflect the twelve month average (Month 3 2025/26 – Month 2 2026/27) and this approach will be rolled forward a month (Month 4 2025/26 – Month 3 2026/27) for the Month 3 2026/27 FOT, etc.

This is with the exception of EMI where there has been continued growth in recent months and is also high-cost care. For EMI we continue to forecast that the current packages will remain in place for the remainder of this financial year.

Overall, the impact of the change in FOT methodology has reduced the Month 2 2026/27 FOT cost by £550k:

Category of care	FOT based on current packages in place (former methodology fye FORECAST)	New 12mth rolling average for M3-12 + M2 YTD	Difference in FOT days	Av £ cost/Day (average HB rate where several rates)	Total change to FOT would be £k
FNC	115,210	110,500	(4,710)	33	(154)
General Nursing	34,379	34,401	22	196	4
EMI (EXCLUDED FROM CHANGE)	74,459	69,877	(4,582)	170	
Community Based	28,534	31,455	2,921	141	412
Adult Palliative Care	20,360	18,194	(2,166)	63	(136)
Sub total counties		264,429			
Adult Mental Health	100,290	95,446	(4,844)	148	(718)
LD	96,360	96,379	19	264	5
Children	2,555	2,677	122	308	38
		Total	(13,217)		(550)

If EMI FOT had also been changed to the 12-month average, the reduction in FOT would have increased to £1,327k.

Table below gives a comparison of bed days FOT from the historical FOT and the new M2 FOT 12 month rolling average.

Continuing Healthcare, Mental Health and Learning Disability FOT review summary (excl. EMI as FOT basis not changed)					
Type of care	5 Yr average days of care (basis of 2026/27 annual plan)	FOT based on current packages in place fye (historic FOT basis)	New FOT basis as of M2. 12mth rolling average for M3-12 25/26 + M2 26/27 YTD	Variance to plan Historic basis of FOT v 5 yr average (26/27 plan basis)	Variance - New FOT basis as of M2, rolling 12 mth average v 5 yr average (26/27 plan basis)
FNC	109,756	115,210	110,500	5,454	744
General Nursing (high cost care)	40,003	34,379	34,401	(5,624)	(5,602)
Community Based	25,740	28,534	31,455	2,794	**5,715**
Adult Palliative Care (lower cost care)	**14,107**	**20,360**	**18,194**	**6,253**	**4,087**
Adult Mental Health (high cost care)	**94,620**	**100,290**	**95,446**	**5,670**	**826**
LD	97,556	96,360	96,379	(1,196)	(1,177)
Children	3,862	2,555	2,677	(1,307)	(1,185)

Demographic Changes

The 2025 West Wales Market Stability Report (MSR) highlighted the predicted increase in the number of older adults.

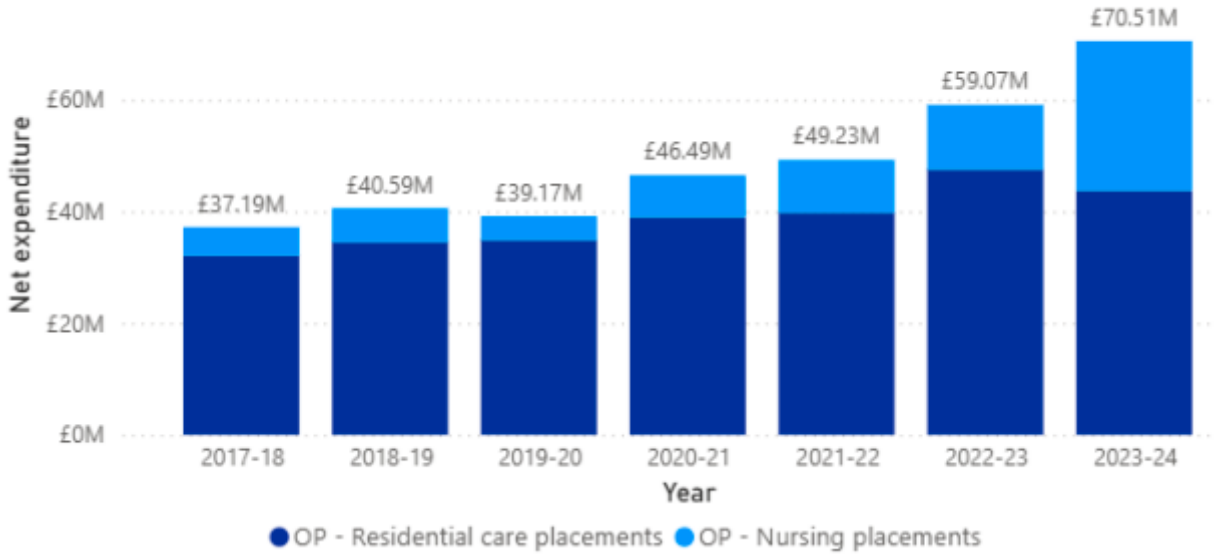
Population change estimates 2025 - 2035

Local authority	65 to 74	75 to 84	85 and over	All ages
Carmarthenshire	+18.1%	+8.2%	+41.0%	**+17.2%**
Ceredigion	+11.6%	+3.5%	+39.3%	**+12.6%**
Pembrokeshire	+18.9%	+8.1%	+46.3%	**+18.7%**
West Wales	**+17.2%**	**+7.3%**	**+42.6%**	**+16.8%**

The data sets show that the 85 and over age group is projected to increase by 5,738 (or 43%) from 13,482 to 19,220 by 2035. Dementia is closely associated with age, and the regional rate for advanced dementia is forecast to increase 36% by 2035.

Increasing complexity is also acknowledged in relation to each of the classes of care home Placement. Demand pressures are increasingly affecting Nursing and Nursing Dementia care home placements and whilst residential care expenditure grew year on year, except 2023, overall local authority spend on nursing care has increased significantly, increasing by 131% in 2023. Tabel below shows Local Authority (LA) spend only.

Net expenditure on placements for older people



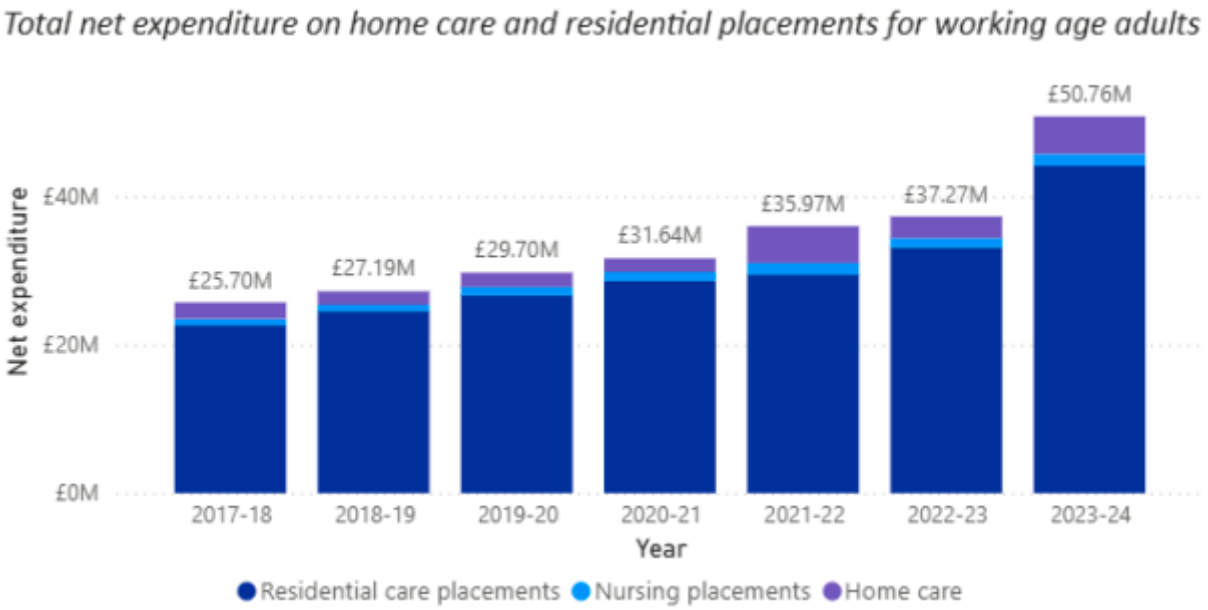
Demographic trends indicate a projected increase in CHC demand, driven by:

- An ageing population
- Increased prevalence of complex long-term conditions and frailty
- Improved survival rates for individuals with high acuity needs

This is expected to result in:

- Growth in CHC caseload and expenditure
- Increased complexity of care packages
- Greater demand on workforce and commissioning capacity

The working age adult population cohort includes MHLD and is projected to decline slightly. Whilst this could reduce the number of people who need care and support, this needs to be set against a trend of increasing complexity. The chart over indicates increased expenditure on domiciliary and care home placements for LAs only.



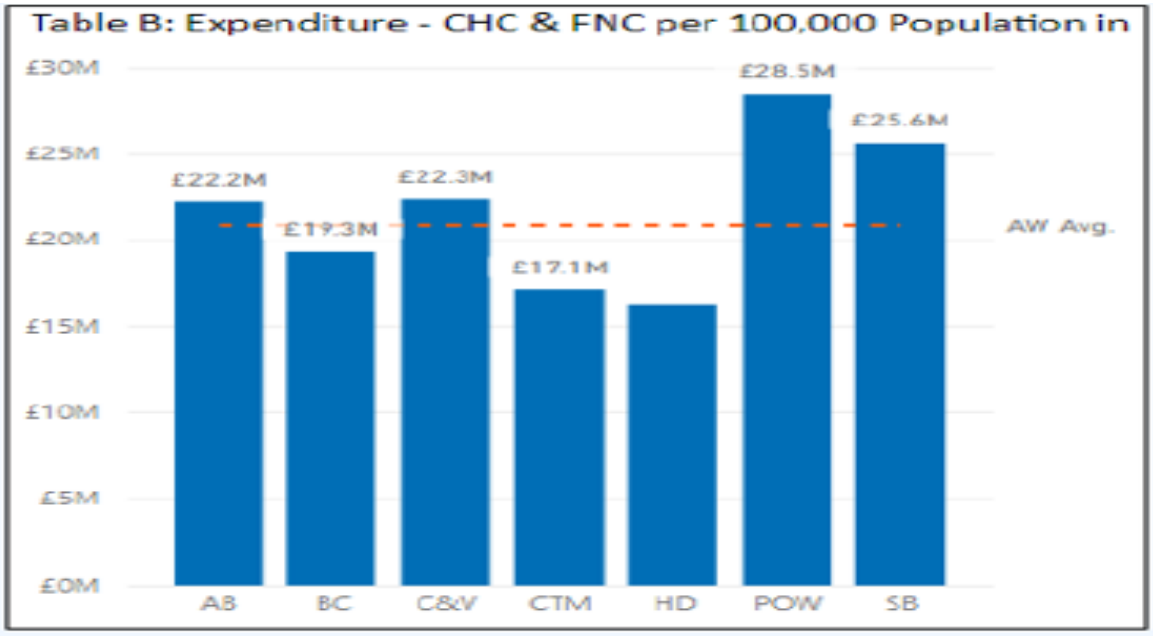
Comparison to other Health Boards in Wales

The most recent data comes from NHS Performance and Improvement Continuing Healthcare Q4 Update as of Month 12 2025/26.

Analysis of forecast CHC expenditure per 100,000 population for 2025/26 demonstrates notable variation across Health Boards, with an all-Wales average of £20.8 million.

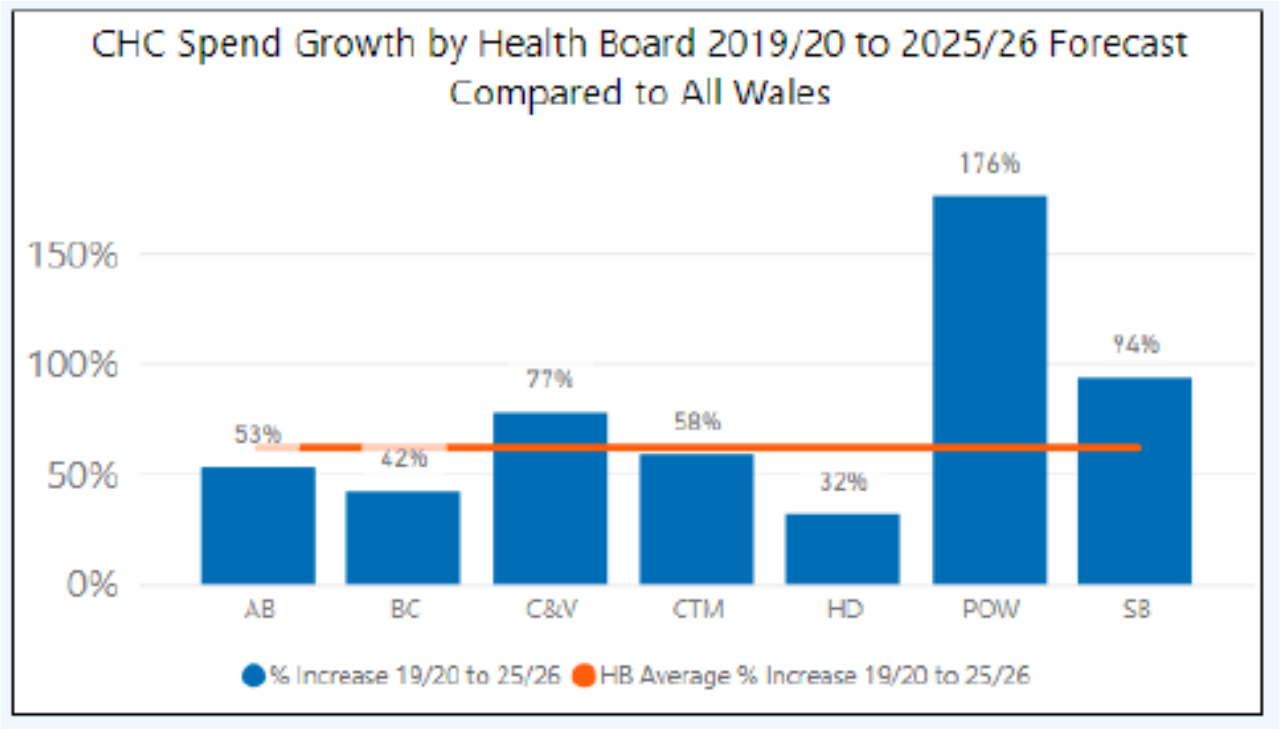
Aneurin Bevan University Health Board (£22.2 million), Cardiff and Vale University Health Bod (£22.3 million), Powys Health Teaching Board (£28.5 million), and Swansea Bay University Health Board (£25.6 million) all report forecast expenditure above the all-Wales average on a population-adjusted basis.

In contrast, Betsi Cadwaladr University Health Board (£19.3 million), Cwm Taf Morgannwg University Health Board (£17.1 million), and Hywel Dda University Health Board (£16.2 million) are forecasting expenditure below the all-Wales average.

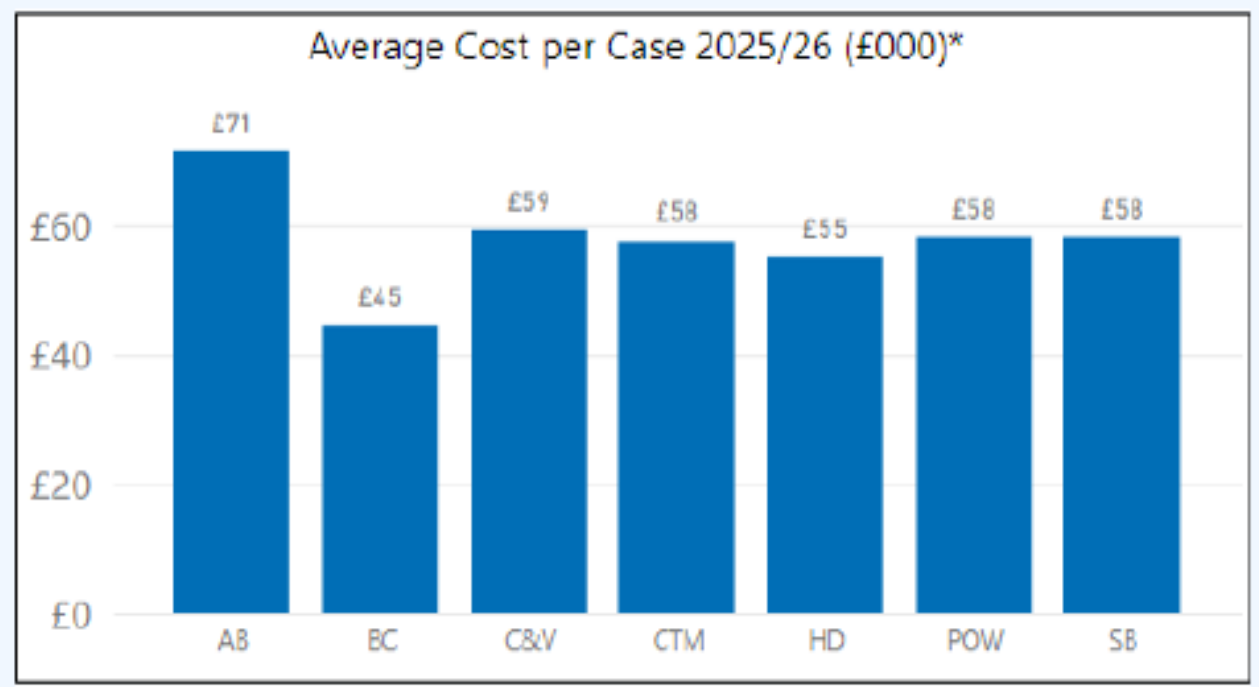


	19-20 Expenditure (£)	24-25 Expenditure (£)	25-26 Expenditure (£)	Change from 24-25	Change from 19-20
AB	91M	127M	140M	10%	53%
BC	97M	138M	138M	0%	42%
C&V	68M	109M	121M	11%	77%
CTM	51M	72M	80M	12%	58%
HD	49M	59M	65M	11%	32%
POW	15M	36M	40M	13%	176%
SB	53M	102M	103M	1%	94%
Total	**425M**	**642M**	**688M**	**7%**	**62%**

Hywel Dda University Health Board (HDdUB) CHC cost growth since 2019/20 is the lowest in Wales at 32%, with the all-Wales average growth since 2019/20 being 62%. The highest level of growth since 2019/20 was 176% at Powys Health Teaching Board (PHTB).



The average cost per case on an all-Wales basis is £56k, ranging from £45k at Betsi Cadwaladr University Health Board (BCUHB) to £71k at Aneurin Bevan Univerity Health Board (ABUHB). HyDdUHB has an average cost per case in 2025/26 of £55k.



Asesiad / Assessment

CHC is a complex, high-cost area operating within a broad statutory framework, and as an entitlement, demand-led pressures cannot be fully controlled. Commissioned CHC services play a critical role in supporting patient flow and managing risk in the community. Placements are made based on assessed need, with demand fluctuating in response to system pressures, including facilitating timely hospital discharges and preventing admissions from the community.

Expenditure can be volatile due to both fluctuating demand and the high cost of individual packages. For example, private sector secure hospital placements can range from £4,000 to £10,000 per week, depending on complexity and observation requirements. This sits alongside sustained growth in demand driven by demographic change, including an ageing population, increasing acuity and complexity, and longer durations of care linked to improved life expectancy.

The net increase in packages totalling an additional 4745 commissioned days of care in 2025/6 which is the equivalent of an additional 13 FYE placements.is consistent with these demographic trends. Despite this, HDUHB's CHC spend per population and the % increase in spend since 2019 is the lowest across Welsh Health Boards.

As CHC is an entitlement, demand is expected to continue to rise in line with demographic projections, despite the implementation of mitigation measures to manage cost and activity. CHC and commissioning teams are responsible for reviewing placements, negotiating costs, and ensuring quality assurance and performance management of commissioned services. They also contribute to market sustainability and service development to ensure sufficient capacity and appropriate provision for future demand.

The recent increase in expenditure reflects both higher demand during 2025/26 and the full-year impact of packages initiated during the previous year, as reflected in the Month 1 forecast. The revised Month 2 projection methodology, based on a rolling 12-month average, has reduced forecast volatility compared to the previous approach. However, there remains a degree of risk, as relatively low growth earlier in the prior year may suppress the current average, with the potential for increased projections as higher growth periods are incorporated, particularly if demand continues at current levels.
CHC commissioning has implemented effective controls to manage and reduce expenditure where possible with several mitigation measures in place to address increasing demand:

MHLD

- Weekly Delayed Transfer of Care (DTOC) meetings in place
- Monthly inpatient deep dive reviews undertaken to support flow
- Increased staffing establishment for 2025/26 to support higher acuity management
- Planned introduction of three additional short-term admission beds to facilitate timely discharge, reduce length of stay, and minimise reliance on private inpatient beds
- Realignment of medical staffing to strengthen community medical oversight on wards
- Regional Commissioning framework and costing model in development for residential care.

LTC

- Discharge to Assess model implemented in Carmarthenshire
- Feasibility of a public sector nursing home under exploration with Carmarthenshire Local Authority
- Fee rebasing exercise currently underway with Pembrokeshire Local Authority

CHC is however an entitlement, supported by a legislative framework and demand is driven by the wider system and demographic change.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to **TAKE ASSURANCE** that measures and controls are in place to ensure only essential Continuing Healthcare expenditure is incurred and aligned with agreed criteria.

Amcanion: (rhaid cwblhau) **Objectives: (must be completed)**	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1.15 Seek assurance on the development and implementation of a comprehensive approach to performance delivery and quality management, to incorporate all performance requirements set by the Board, WG, regulators and inspectors, that enables all staff with managerial responsibility to strive for excellence whilst effectively delivering the basics. 3.1.16 Scrutinise the performance reports (including those related to external providers) prepared for submission to the Board, ensure exception reports are provided where performance is off track, and undertake deep dives into areas of performance as directed by the Board to seek assurance that appropriate action is being taken when performance against set targets deteriorates, and to support and promote continuous improvement in service delivery.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	4. Efficient 5. Equitable 6. Person-Centred
Galluogwyr Ansawdd: Enablers of Quality:	Not Applicable

Quality and Engagement Act (sharepoint.com)	
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	2 Financial recovery and route map 5 Mental health and CAHMS
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Not Applicable
Rhestr Termau: Glossary of Terms:	Contained within the body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Executive Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not Applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable

Gweithlu: **Workforce:**	Not Applicable
Risg: **Risk:**	Not Applicable
Cyfreithiol: **Legal:**	Not Applicable
Enw Da: **Reputational:**	Not Applicable
Gyfrinachedd: **Privacy:**	Not Applicable
Cydraddoldeb: **Equality:**	Not Applicable