

**Dear Mark Drakeford MS,**

*CC: Finance Committee; Health and Social Care Committee; Jeremy Miles MS; Dawn Bowden MS; Sarah Murphy MS.*

**RE: National Insurance pressures on third sector supported living providers**

Wales should be proud of its history in creating the supported living sector that so many people with learning disabilities thrive in today. Today, there are people with learning disabilities that live with friends, in communities that are welcoming, accessible and supportive. In the past, too many people would have been in large-scale institutions for decades, and the fact that Wales played a leading role in shaping a more supportive, progressive and human rights-based approach to the housing and care needs of people with learning disabilities should be celebrated.

There is still work to do, not least in repatriation and bringing more people out of costly, ineffective and harmful settings out of county or even out of *country*.

**We are writing to you today, in urgency, because the supported living model – one that has been the foundation of learning disability support for a generation or more – is under critical and urgent threat. We need urgent action from the Welsh Government.**

As a group of providers, we have continued to watch with alarm as fiscal decisions made at a Westminster level have impacted the financial viability of our services. We are, predominantly, a sector that is led by the third sector, with social value at the heart of our mission. We have developed co-productive approaches to support that are now being adopted in wider sectors. We led the creation of positive behavioural support which is a template for the trauma-informed approaches across Wales now being taken up more widely. We also offer a less costly model for independent living, that saves health and social care huge costs over decades.

This model is, however, significantly vulnerable to increased costs, whilst at the same time acting as a clear example and model for Rebalancing Care and Support Services in Wales as per recent Welsh Government policy and legislation developments.

**This year, the impact of the National Insurance changes has left many not for profit Learning Disability providers struggling, with significant deficits and without uplifts from all of our local authority commissioners that would enable us to remain sustainable.**

Although the picture across Wales is mixed we have all signed this letter as a network of providers, because we are clear that the trajectory for our sector is worrying. Some local authorities have provided sufficient funding, whilst others have not, and at the same time some authorities do not recognise or fund the national commitment to paying the Real Living Wage. This is creating a postcode lottery for providers, and ultimately, for the people we support, across Wales. The recent National Insurance changes on top of the

(positive) programme for government commitment to Real Living Wage as well as increasing inflationary pressures is currently challenging to meet. Additionally, the way funding is currently administered makes it difficult for Welsh Government to understand what uplifts have been offered to meet specific costs.

**We are writing, urgently, to request that the Welsh Government make additional funds available to cover the costs of the National Insurance changes, for supported living providers specifically.**

This needs to be ringfenced, because currently we are seeing mixed responses across Welsh local government, with some offering zero uplift, others partial and others closer to what is needed. We have also noted significant confusion – some figures are shared that appear as if full uplifts have been given, but often they do not include all recent statutory updated costs.

To be clear, as a sector we are proud to be Real Living Wage employers however there are three clear areas that are driving costs up:

- National Insurance changes;
- The Programme for Government commitment to pay staff at the Real Living Wage (and corresponding differentials for management and career progression);
- Inflationary costs and other pressures.

We are currently working as a sector with our representative body, Cymorth Cymru, and anticipate them communicating to Welsh Government, a reflection of the costs associated with the shortfalls in funding for the RLW and NI. We fully support and endorse their work on this issue. The impact it is having is clear. We have seen the closure of Cymryd Rhan, and we are already seeing expectations that third sector allocate reserves for their day-to-day running costs, which is not a sustainable or prudent use of reserves. This cannot continue.

We understand the pressures on budgets. We hope that any forthcoming UK Government fiscal event on the 11<sup>th</sup> June, if it results in positive Barnett consequentials, will provide the scope for Welsh Government to make this provision.

At absolute minimum, we hope that the Welsh Government, in preparation for the final budget before the Senedd elections, will commit to a stable, sustainable funding package for supported living – with guidance that ensures clarity to commissioners and providers about what the expectations are for cost recovery.

We have never faced pressures such as those we face currently, even in the midst of austerity. Our sector is one of the areas that Wales should be deeply proud of. World-leading decades before the Housing (Wales) Act, or the Wellbeing of Future Generations (Wales) Act, or any of the significant successes of devolution. We are facing the very real risk that many of the providers across Wales will have to close or drastically reduce their services. That would be a tragedy for the people we support, and their families.

We look forward to your response.

Best wishes,

*Claire Higgins, CEO of Andheddau*

*Geraint Jenkins, CEO of Cartrefi Cymru*

*Rick Wilson, CEO of Community Lives Consortium*

*Rachael Dodgson, CEO Dimensions UK / Dimensions Cymru*

*Russ Kennedy, Managing Director of Dimensions Cymru*

*Rhian Jones, CEO of Drive*

*Nick French, CEO of Innovate Trust*

*Kirsty Davies-Warner, CEO of Mirus Wales*

*Beth Radford, CEO of Perthyn*

*James Wadlow, Director at Pobl*