

P-06-1554 Secure Fair Funding for Charitable Social Care Providers

Y Pwyllgor Deisebau | 9 Chwefror 2026
Petitions Committee | 9 February 2026

Reference: RS26/13022-1

Introduction

Petition Number: P-06-1554

Petition title: Secure Fair Funding for Charitable Social Care Providers

Text of petition:

Anheddau Cyf is a long-established, not-for-profit charity supporting over 140 people with learning disabilities across North Wales. For 35 years, Anheddau has empowered individuals to live independently in shared homes, rooted in community life. Its commitment to high-quality, person-centred care has earned it a glowing rating from Care Inspectorate Wales in February 2025, and the trust of families across the region.

Charitable care providers face severe financial strain due to rising costs and underfunding from local authorities. Despite increased Welsh Government funding, much isn't reaching frontline services like Anheddau. We urge the Welsh Government to ensure full fund pass-through, enforce fair commissioning standards, engage with providers on funding impacts, and commit to long-term reform to protect essential care services and the people who rely on them.



The text provided above is submitted by the petitioner. The petitions team make every effort to ensure it preserves their authentic voice. This text has not been verified for accuracy, or errors, and may contain unverified opinions or assertions.

Mae'r testun uchod yn cael ei gyflwyno gan y deisebydd. Mae'r tîm deisebau yn gwneud pob ymdrech i sicrhau ei fod yn cadw ei lais dilys. Nid yw'r testun hwn wedi'i wirio am gywirdeb, neu wallau, a gall gynnwys barn neu honiadau heb eu gwirio.

1. Background

In Wales local authorities often commission independent and third sector providers to deliver care and support services. As set out by the Petitioner the [charity Anheddau](#) is a not for profit, charitable organisation which supports people with learning disabilities, autism and mental health conditions across North Wales. With 400 staff the charity aims to help “people live with dignity and independence”.

The charity has [documented the financial struggles](#) it is facing and has said it is operating at an 11% deficit. It said unless local authority funding increases by 8.8%, it “will be forced to make impossible decisions: cut services, lose staff, or even close”. In July 2025 [the charity reported](#) that its board had concluded that “closure was its only option because the sums didn’t add up”. It explained that “Denbighshire is reconsidering its original rise of only 4.3 per cent and Ynys Môn has revised its offer from 4.2 per cent to 5.8 per cent, which is still too low.”

There have been reports that care providers across the sector are facing similar financial struggles. Last year [Learning Disability Wales](#) highlighted concerns around the reduction of services and the closure of several learning disability organisations, research teams and support services. One of these was [Cymryd Rhan \(who provided supported living, care and other services\)](#) who after 40 years, closed in March 2025. The organisation cited “underfunding” as a reason for its closure, explaining that council fees which were “so low that it faced an annual loss of more than £100,000 if the contracts carried on”.

[Care Forum Wales](#) (the main representative body for independent health and social care providers in Wales), [Cymorth Cymru](#) and the [Homecare Association](#) [have warned](#) that the impact of National Insurance and wage increases, along with insufficient funding, will affect the sustainability of many organisations and care homes within the sector.

[Responding to the consultation](#) on the Welsh Government Draft Budget 2026-27 [Care Forum Wales](#) and the [Homecare Association](#) have said that providers have been left to absorb the additional costs from National Insurance rises without adequate support, noting that they are dependent on commissioner set rates (which, they say, often do not reflect true delivery costs). Care Forum Wales said the Welsh Government’s decision not to provide additional funding “threatens the stability of an essential sector that underpins the NHS”. They also said:

Without greater support, the challenges currently faced by charities such as Anheddau, including the potential for up to 400 redundancies as a result of increases in the RLW and eNICs with serious implications for the 140 vulnerable people they support, will inevitably extend to other organisations across the sector.

2. Welsh Government action

2.1. Financial sustainability

In correspondence to the Committee, the Minister for Children and Social Care Dawn Bowden MS recognised the pressures organisations like Anheddau Cyf are facing. She highlighted that in 2025-26 local authorities received over £6.1 billion in core revenue funding and non-domestic rates, an increase of 4.5% or £262m

Looking ahead to 2026/27 the Minister confirmed the Final Budget would see local government and health receiving an additional £300m, with no council receiving less than 4%.

To support fair pay for the social care workforce, the Minister said that funding for the Real Living Wage (RLW) had been factored into the overall local government settlement. She explained that since 2022 the Welsh Government has maintained its commitment to funding the Real Living Wage (RLW) by providing additional recurrent funding to “bridge the gap between the National Living Wage and the RLW”.

2.2. The National Framework

In September 2024 the Welsh Government introduced a new Code of Practice, the National Framework for Commissioning Care and Support Services “the National Framework”. The National Framework aims to reduce complexity, facilitate national consistency of commissioning practices and rebalance commissioning to focus on quality and outcomes, and put people who need care and support at the centre of the commissioning process. The Code applies principles and standards to the commissioning of care and support services by local authorities, local health boards and NHS trusts.

In correspondence to the Committee the Minister for Children and Social Care Dawn Bowden MS refers to Standard 7: Understanding the Costs of Care and Standard 8: Setting Fair and Sustainable Fees which she says is of particular relevance to providers such as Anheddau Cyf. She explains that Standard: 7

requires statutory partners to develop a comprehensive understanding of the full costs associated with both directly delivered and commissioned care services. This includes working collaboratively with providers to identify and analyse what constitutes fair and sustainable costs. These insights must then directly inform local decision-making on fee levels.

Standard 8 sets out what statutory partners should do to “determine a fair and sustainable price for quality care and support”. The Minister states that this Standard:

[...] sets out the expectation that fee-setting must be transparent, consistent, and based on robust, evidence-informed methodologies. Commissioners are expected to consider a range of contextual factors, including geography, organisational characteristics, local labour market conditions, and fair work principles, such as pay, terms and conditions, and workforce development.

The Minister adds that these standards have been designed to “ensure that commissioning practices support the long-term sustainability of care services and deliver public value”. She notes that:

By adhering to these standards, statutory partners can ensure that commissioning practices are equitable, sustainable, and aligned with national policy objectives.

The implementation of the Code is overseen by a National Office for Care and Support (“the National Office”). The Minister referred to the work the National Office is undertaking to develop a National Market Oversight framework in Wales which she said aims to enhance system resilience and moderate or mitigate risk, within the social care market and “ensure sustainability and consistency of services”.

Referring to Anheddau Cyf, the Minister said she was sure they will be:

[...] engaging proactively with relevant local authorities and health boards to discuss the pressures they face and to ensure that fee-setting processes reflect the true cost of delivering high-quality care.

3. Welsh Parliament action

Members of the Senedd have raised concerns about the financial pressures facing care providers. During [Plenary on 12 February 2025](#) Mabon ap Gwynfor referred to the “truly existential” nature of the additional costs facing third sector and independent providers, sharing the example of a care home in Ynys Môn which will face an extra £127,500 in annual costs from April 2025.

Mark Ishewood MS has raised concerns relating to this issue on several occasions. For example in [Plenary on 1 July 2025](#) he referred to the financial issues facing Anheddau Cyf and called on the Welsh Government to ensure that funding is directed towards stabilising the charitable social care sector. In [Plenary on 13 January 2026](#) he repeated these concerns, calling on the Welsh Government to issue an urgent statement before the Final Budget on the support for third sector providers of key health and care services, warning that increased costs will cause a further “contraction” of these services.

Senedd Committees have also raised similar concerns. In its [report on the Draft Budget 2026/27](#) the Health and Social Care Committee reflected on evidence from Care Forum Wales and the Homecare Association. The Committee recommended the Cabinet Secretary for Health and Social Care set out how the Welsh Government will support NHS bodies and third sector providers to manage additional costs without compromising service delivery.

The [Local Government and Housing Committee’s inquiry](#) on the role of local authorities in supporting hospital discharges (September 2025) heard evidence about current problems with care commissioning and fees set by local authorities. Expressing concerns that the fees set by local authorities for beds are often too low to cover the cost of care home places, the Committee recommended the Welsh Government “set out how it will monitor and review implementation of the national framework for commissioning care and support”.

The Committee also noted that the Welsh Government had commissioned research around the feasibility of creating and implementing national fee methodologies and recommended the Welsh Government work with “partners to develop a national formula for a fair, consistent approach to setting fees for care and support services, following consideration of the findings of its commissioned research in this area. The [National Office for Care and Support](#) is now considering the [research recommendations](#) which were published in January 2026.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.