



Eich cyf/Your ref P-06-1554
Ein cyf/Our ref DB/00691/25

Carolyn Thomas MS
Chair - Petitions committee

31 December 2025

Dear Carolyn,

Firstly, I want to acknowledge the important role that Anheddau Cyf and other such charitable organisations play in supporting people across Wales. We fully acknowledge the financial pressures that such organisations are facing

Recognising the pressures on such services and looking more broadly, local authorities will have received over £6.1 billion in core revenue funding and non-domestic rates for 2025–26. This represents a 4.5% increase, or £262m on a like-for-like basis compared with the previous year. Local authorities themselves determine how best to allocate the resources that we provide to them to meet local needs, including funding commissioned services.

Earlier this month, the Welsh Government and Plaid Cymru reached an agreement which will secure the passage of the Final Budget for 2026/7. This will see an additional £300m invested in local government and health in 2026-27. For local government, no council will receive a settlement of less than 4%. The Final Budget will be published on 20 January, and a vote will be held in the Senedd on 27 January.

The Welsh Government has also maintained its commitment to funding the Real Living Wage (RLW). Since 2022, we have provided additional funding to bridge the gap between the National Living Wage and the RLW. This funding is recurrent and has been factored into the overall local government settlement to support fair pay for the social care workforce. You may also be aware that in September 2024 a new Code of Practice, the National Framework for Commissioning Care and Support Services came into force.

This framework sets out national principles and standards to guide how local authorities and health boards commission care and support services. Of particular relevance to providers like Anheddau Cyf are *Standard 7: Understanding the Costs of Care* and *Standard 8: Setting Fair and Sustainable Fees*.

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.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Building on this, Standard 8 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. These standards are designed to ensure that commissioning practices support the long-term sustainability of care services and deliver public value. By adhering to these standards, statutory partners can ensure that commissioning practices are equitable, sustainable, and aligned with national policy objectives.

We are sure Anheddau Cyf 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.

The National Framework requires statutory commissioners to demonstrate that their commissioning practices are compliant with the Code. The National Office for Care and Support maintain an oversight of implementation of the Code and work is commencing in the National Office to develop a National Market Oversight framework for Wales with the aim of enhancing system resilience and moderating or mitigating risk, within the social care market. This will be a key part of how the National Office will help to ensure sustainability and consistency of services, ensuring the right care and support is delivered when needed.

We remain committed to working collaboratively with sector partners to ensure a fair, transparent, and sustainable approach to the commissioning and delivery of care services across Wales.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dawn Bowden', written in a cursive style.

Dawn Bowden AS/MS
Y Gweinidog Plant a Gofal Cymdeithasol
Minister for Children and Social Care