



Gofal Cymdeithasol **Cymru** Social Care **Wales**

Llyr Gruffydd AM (Chair)
Finance Committee
National Assembly for Wales
Pierhead Street
Cardiff
CF99 1NA

26 September 2019

Dear Chair,

Welsh Government Draft Budget Proposals 2020-21

I am writing to you on behalf of Social Care Wales in response to your consultation regarding the Welsh Government Draft Budget Proposals 2020-21. As a Welsh Government sponsored body and a key partner in the public service landscape, we have particular responsibilities and interests in the social care and early years landscape in Wales. From our national perspective, we have strong connections with the sector and are seeing first-hand, the challenges that current and future demands are creating, which compel us to respond.

Social care and early years services are critical to ensure children have a good start in life and vulnerable children and adults are protected from harm and supported to sustain and improve their well-being.

A Healthier Wales

We will continue to play our part in taking *A Healthier Wales: our plan for health and social care*¹ forward, and fully support the Welsh Government's call to establish "a sustainable social care sector, which provides important employment and career opportunities as part of the foundational economy in many communities". A seamless health and social care system delivered close to home, should help to achieve parity between health and social care employees, improve terms and

¹ Welsh Government A Healthier Wales: our Plan for Health and Social Care (2018)

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conditions and raise the profile of the social care sector. However, this will not be achieved without investment in staff, improvements to recruitment and retention and continuous professional development. The introduction of the *We Care Wales* campaign is one example of our commitment to this, as is the development of a Joint Health and Social Care Workforce Strategy.

Local authorities face their biggest challenges in respect of workforce costs, including those in social care. This is replicated across the independent and third sector social care services, since most social care services are commissioned by local authorities and have been impacted by austerity and efficiencies in the same way. While we recognise that social care spending in Wales has received some protection during the years of austerity, there has been a 14% reduction per head on services for people aged 65 and over and a move to supporting people with much greater needs². This appears to run against the policy and legislative intention to support early intervention and prevention services since many such services have experienced cuts in trying to manage the budgets since 2008. We would suggest that to ensure the transformational agenda evidenced within policy and legislation in Wales, there is a need to invest in social care and very specifically in the social care workforce now and into the future. The piloting of different models of service provision is happening through the Transformation Fund projects in Regional Partnerships now, and this is welcomed, but there are concerns about sustaining the changes without sustainable revenue, against a backdrop of increasing demands.

Sustainable Social Services

We continue to support the findings gathered by ADSS Cymru and the Welsh Local Government Association (WLGA) for their submission³ to the National Assembly for Wales' Finance Committee Inquiry into the Cost of Caring for an Ageing Population in October 2018⁴. This report was an important contribution to establishing future funding for the sector and therefore the ability to deal with the challenges around workforce costs. In taking this agenda forward we continue to work with ADSS

² Paying for Social Care: An independent report commissioned by the Welsh Government (June 2018)

³ WLGA and ADSS Cymru evidence to the Finance Committee on the Inquiry into the Cost of Caring for an Ageing Population (January 2018)

⁴ National Assembly for Wales Finance Committee 'The cost of caring for an ageing population' (October 2018)

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Cymru and the Welsh Government's Inter-Ministerial Group on Paying for Social Care.

Developing and funding a sustainable and resilient social care sector will require new and innovative solutions, and new proposals and models of funding social care may be a way to strengthen and stabilise the sector in the coming years. This would make integration and seamless services more likely. These aspirations will bring the need to invest in workforce development and improvement to support the cultural change required to deliver this ambition. Establishing an approach to the funding of care which ensures that the Welsh public feel services are equitable, in terms of contribution or the quality of service received, is important and we would like to see this investment better reflected within the settlement statement. The proposals around the Social Care levy and tax raising powers may provide options for this and we continue to contribute to those discussions.

Fairer Wales and Prosperity for All

Promoting fair work principles and living wage expectations benefits individuals, employers and the wider economy, and we support this move. The social care sector has a strong role to play in supporting and developing a fair work nation. As we have outlined in a previous publication⁵, adult social care contributes £1.2 billion directly to the Welsh economy and a wider contribution of £2.2 billion. The social care sector as a whole employs around 90,520 people with another 23,300 offering services in early years, the Foundation Phase and play work. This is much higher than the numbers employed in the NHS in Wales, with a significantly lower cost to the public purse. This makes investment in social care and early years a critical part of the need to reduce demand on more expensive NHS services, so that we are more able to protect the use of acute clinical care.

Research in 2016 by the Bevan Foundation found that more than a quarter of all employees in Wales are paid less than the (Real) Living Wage⁶. Professor Gerald Holtham's *Paying for Social Care* paper states that "care workers are generally

⁵ The Economic Value of the Adult Social Care sector – Wales (June 2018)

⁶ Bevan Foundation 'What will it take to pay the Living Wage in Wales?' (May 2016)

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poorly paid”⁷. This is against a background of the agreed policy to professionalize the sector through the regulation of the workforce, increasing skills and qualifications as we do so, through our regulatory and improvement functions. For these expectations to be delivered we would suggest that the pay, terms and conditions of these staff need to be addressed and more parity with the health sector will need to be achieved. This has been one of the strongest responses to our consultation on the Joint Workforce Strategy, which is due to be published in early 2020.

Furthermore, and, as highlighted in the Equality and Human Rights Commission report, *Is Wales Fairer 2018?*, there are ongoing legal cases in relation to the enforcement of the National Living Wage for ‘sleep-in’ shifts, which could affect social care providers across Wales. These issues continue to impact on the finances of social care employers across Wales and should be recognised in fee setting and workforce costs within government budgets.

Key messages from the January 2016 report, *The impact of the National Living Wage on the care sector in Wales*⁸ remain relevant today: whilst the principle of care staff being appropriately paid for their efforts is endorsed by all concerned and may go some way to assisting with the significant challenge of recruitment and retention of care staff, the introduction of the National Living Wage, the workplace pension requirements, together with further increases leading to a statutory minimum wage of £9 per hour in April 2020, poses serious issues for providers and commissioners of care across Wales. This is echoed in last year’s *Paying for Social Care* paper which found that the introduction of the Living Wage will inflate costs substantially. The £10 million additional funding by the Welsh Government in January 2017⁹, increased to £19 million in May 2017, has been welcomed and has gone some way to helping local authorities manage this impact. However, concerns remain in the context of challenging local government financial settlements and a real terms reduction in budgets for social care services of over 12 per cent¹⁰; the challenge of recruiting and

⁷ Paying for Social Care: An independent report commissioned by the Welsh Government (June 2018)

⁸ The impact of the National Living Wage on the care sector in Wales (January 2016)

⁹ Welsh Government ‘£10m a year more for social care’ (January 2017)

¹⁰ Equality and Human Rights Commission *Is Wales Fairer? The state of equality and human rights 2018*

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retaining workers, and being able to continue to provide services required in our communities within a context of increasing demand for social care.

Potential Solutions

Finding a way to more fairly and sustainably fund a seamless and integrated health and social care system that delivers the promises within *A Healthier Wales* is a key component. Finding more innovative ways to support the meeting of personal outcomes through prevention and early intervention is an important factor and rebuilding community services and supports that have often been the casualties of austerity.

A high-quality, sufficient and skilled workforce must be built around fair employment practice including pay to incentivise workers. Ensuring that the care sector is, and is perceived to be, anchored in such practices can help develop a diverse, highly-motivated, productive and sustainable workforce, particularly where fair pay is also reflected. As highlighted in the Welsh Government's 2016 report on domiciliary care workers¹¹, ensuring that workers receive fair pay, are well-trained and have a good work-life balance has mutually reinforcing beneficial effects. The positive effects of a stable, more productive workforce benefiting from a fair work approach are numerous and far-reaching. As highlighted in *The Economic Value of the Adult Social Care sector – Wales* June 2018 report¹², a high-quality adult social care sector can help support individuals who receive care and unpaid carers remain in employment or (re-)enter the workforce. None of this can be achieved without adequate funding of the social care system. We firmly believe that investment in the sector's workforce now, will support the objectives of the recent social care legislation in Wales and the bid for seamless integrated services.

Much of the rhetoric and research around the increasing costs of social care are about an ageing society living with more complex health, care and support needs. The numbers of children who are looked after is increasing, 6,407 children were looked after on 31 March 2018, an increase of 464 (8 per cent) on the previous year

¹¹ Welsh Government Factors that affect the recruitment and retention of domiciliary care workers and the extent to which these factors impact upon the quality of domiciliary care (March 2016)

¹² The Economic Value of the Adult Social Care sector – Wales (June 2018)

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(and 36% since 2009) and a rate of 102 per 10,000 population aged under 18¹³. Across Wales these services are increasing the financial pressure on local authorities with Wales Fiscal Analysis' *Cut to the Bone; Local Government Finances in Wales*, spend on children's social care has increased by £96 million (33%) since 2009-10. Without more investment in early intervention and preventative services it is difficult to see how these costs can be reduced.

We want to support the call from local authorities to continue to invest in their services, so that preventive and early intervention support can be further developed. It is also critical that new funding to meet the demands for social care services, aligned to population changes, are secured to support vulnerable people in Wales. Local early years and social care services provide meaningful employment in every part of Wales and have a direct contribution to the wider economy, which is less likely to be impacted by global economic pressures that are seen elsewhere. Investment in this workforce is a wise investment.

Yours sincerely,



Sue Evans
Chief Executive

¹³ *ibid*

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