

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

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Response from: Association of Directors of Social Services (ADSS) and Welsh Local Government Association (WGLA) (English only)

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# Senedd Cymru Finance Committee: Welsh Government Draft Budget 2025-26

Contribution by ADSS Cymru

Authority	Lance Carver - Cadeirydd
Completed by	Paul Pavia, Policy and Research Lead
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## General Comment

The Association of Directors of Social Services (ADSS) Cymru is the professional and strategic leadership organisation for social services in Wales and is composed of statutory directors of social services, the All-Wales Heads of Children’s Service (AWHOCs), the All-Wales Adult Service Heads (AWASH) and tier three managers who support them in delivering statutory responsibilities: a group which consists of over 300 social services leaders across the 22 local authorities in Wales.

The role of ADSS Cymru is to represent the collective, authoritative voice of senior social care leaders who support vulnerable adults and children, their families, and communities, on a range of national and regional issues in relation to social care policy, practice, and resourcing. It is the only national body that articulates the view of those professionals who lead our social care services.

As a member-led organisation, ADSS Cymru is committed to using the wealth of its members’ experience and expertise. We work in partnership with a wide range of partners and stakeholders to influence the important strategic decisions around the development of health, social care, and public service delivery. Ultimately, our aim is to benefit the people our services support and the people who work within those services.

ADSS Cymru welcomes the opportunity to contribute to this consultation on the Welsh Government’s Draft Budget 2025-26. We have produced a briefing in partnership with the Welsh Local Government Association (WLGA) and the Society of Welsh Treasurers (SWT), summarising the financial pressures on social services. The paper presents the pressures for 2025/26, as well as describing the current in-year pressures that are being experienced for 2024-25. It also examines predicted forecasts beyond the next financial year. We have attached the report to this covering document for the Committee’s consideration.

Social care and support services in Wales face significant financial pressures, with projected social services budget shortfalls reaching £628 million by 2028. Local councils, despite their commitment to delivering high-quality care and supporting individuals’ independence, are struggling to maintain essential services due to rising costs and growing demand. This financial strain threatens the sustainability of social care, risking longer waiting times, reduced community care, and increased pressure on the NHS. Councils are forced to prioritise critical services, limiting investment in preventative measures crucial for early intervention, homelessness prevention, and crisis avoidance.

The briefing paper underscores the urgent need for additional funding and policy support from the Welsh Government to address these pressures. Without this, councils face difficult budgetary decisions that could further erode service quality and accessibility. Workforce stability is also a major concern, with fears that continued underfunding will exacerbate staff shortages and demoralisation.

Despite these challenges, councils remain committed to improving service delivery through innovative approaches, including enhancing community care capacity, facilitating hospital discharges, and integrating services through emerging technologies. However, achieving long-term sustainability depends on securing sufficient funding to support both immediate and future service demands. ADSS Cymru advocates for prioritising social care funding alongside health care to prevent a deeper crisis and ensure timely, person-centered support for Wales' most vulnerable populations.

Lance Carver  
**Cadeirydd**  
**ADSS Cymru (2024-25)**

# Summary of Social Services Financial Pressures 2025-26 and Onwards

## Purpose

1. This consultation paper provides an assessment of social services spending pressures. It includes information covering the current financial year (2024-25) and also provides estimates of the pressures in 2025-26, 2026-27 and 2027-28. This information is based on local authorities' medium-term financial plans and information supplied in a survey of all 22 councils carried out by the WLGA during August/September 2024 with the help of ADSS Cymru and the Society of Welsh Treasurers.
2. It should be noted that the pressures calculated within this paper are based upon maintaining working practices and core structures as they are at present – these are the financial pressures services are facing to just 'standstill'. The paper allows for inflationary pressures in line with increasing salaries and fees within normal parameters, however, this does not allow for increasing salaries and fees at a higher aspirational rate to address the current workforce and system challenges and without consideration for any new legislative requirements. Without additional funding these challenges are likely to continue and exacerbate.

## Overall Local Government Pressures

3. The estimated pressure across local government services for 2025-26 is £559m, this is £38m higher than previously thought. This would require a spending increase of just over 7% in net revenue expenditure<sup>1</sup>. This falls to £454m in 2026-27 and then rises slightly to £464m in 2027-28.
3. The pressure next year is double what we would ordinarily expect to see. To address a pressure of £559m, without additional funding, will require a mix of council tax increases, cuts to services and efficiencies. The pressure is equivalent to a 26% increase in council tax, or the loss of just under 14,000 posts<sup>2</sup>.
4. In addition, there are projected in-year pressures in 2024-25 which is larger than previous years, amounting to a projected £238m overspend. In some authorities, these projected overspends have become particularly acute with a range of measures being implemented to balance budgets.
5. The aggregate annual budget gap in each of the next 3 years is £451m, £347m and £357m in the run up to 2027-28. In total, the cumulative funding gap could potentially be £1.155bn. Some of the gap will be met through efficiencies and other measures, but given the scale of the challenge, many councils are bracing for large scale service cuts and a loss of posts that may run into thousands.

## Summary of Social Services Pressure in Current Year (2024-25)

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<sup>1</sup> Total net revenue expenditure is budgeted at £7.762bn in 2024-25 (Source: Welsh Government RA Returns)

<sup>2</sup> See table 3 in the Council Tax Levels in Wales 2024-25 Statistical Release ([Council Tax Levels in Wales, 2021-22 \(gov.wales\)](https://gov.wales)), total council tax income is currently £2.148bn. Cost of an average post is estimated at £40,000 (including oncosts).

7. Social care makes up 45% of the estimated overall additional in-year pressures facing councils, or £106m. This builds on significant social services overspends seen in previous financial years, with a £107m overspend projected this time last year for 2023-24 and a £93m overspend in 2022-23.
8. The table below provides a breakdown of the make-up of the social services overspend:

<b>Current year pressures</b>	<b>2024-25</b>
	<b>£000s</b>
Pay Inflation pressures	1,960
Non pay inflation pressures	1,914
Commissioning cost pressures – Adults	5,553
Commissioning cost pressures – Children’s	10,209
Demand related pressures – Adults	38,813
Demand related pressures – Children’s	47,788
<b>Overall Total</b>	<b>£106,237</b>

Source: WLGA Survey, September 2024

9. The increasing demand and complexity of need across both adults and children’s services, including the need for high-cost placements, accounts for much of these additional costs. The returns indicate that children’s residential placements account for over £38m of the total, adults residential placements nearly £16m and adults domiciliary care over £17m.

### Summary of Social Services Pressures 2025-26, 2026-27 and 2027-28

10. Looking ahead to future years the significant financial pressures continue. At this time, for 2025-26 there is a £223m pressure which represents a 9% increase in current budgets. Commissioning costs and pay and non-pay inflation account for £130m of the pressure, and the remainder is due to demand which accounts for £93m. There is an additional pressure of £196m in 2026-27, and £209m in 2027-28 respectively giving a cumulative total of £628m for the next 3 years.

11. The table below provides a summary of how these financial pressures for social services are broken down:

	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Pay inflation pressures	27,644	25,128	28,399
Non pay inflation pressures	16,509	21,067	26,222
Commissioning cost pressures – Adults	67,565	64,175	62,312

Commissioning cost pressures - Children's	18,751	17,251	16,066
Fees/Charges inflation	-821	-1,592	-1,704
Demand related pressures - Adults	47,967	31,615	33,686
Demand related pressures – Children's	38,764	27,091	28,210
Capital financing pressures	350	60	12
Reduction in specific grants	2,419	4,430	8,754
Local priorities	409	25	50
Other	3,175	6,578	7,242
<b>Overall Total</b>	<b>£222,732</b>	<b>£195,828</b>	<b>£209,250</b>

Source: WLGA Survey September 2024

### What Lies Behind these Pressures?

12. Our members within local authorities continue to highlight increasing demands, as well as increasing complexity being experienced across social services which add to the financial pressures set out, with no signs of this easing. The infographic below demonstrates some of the levels of demand that continue to be met by councils:



#### Social Services Contacts

**416,040** contacts received by statutory social services for adults, carers and children. This equates to **1,139 contacts every day**.



#### Assessments

**135,110** new assessments were undertaken across both adults and children's services. This equates to **over 370 new assessments undertaken every day**.



#### Care and Support

On 31 March **76,315 people** (adults, children and carers) had a care and support plan in place.

Source: StatsWales<sup>3</sup>

<sup>3</sup>Available at <https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/social-services-performance-andimprovement-framework>. Data covers 2022-23

13. These figures go some way to demonstrating the number of people supported by social services teams every day, with well over 1,000 people making contact with social services daily. Of the 370 new assessments undertaken every day over 4 in 5 of these (82%) lead to that individual's needs needing to be met, either through a care and support plan or by other means. Compared with the previous year there has been a 13% increase in the number of contacts made to social service and a 7% increase in the number of new assessments undertaken, evidencing the increasing demand reported through the finance survey, with one council reporting that they had experienced a 15% increase in demand across all client groups in Adult Services.
14. Added to this is the concern at the fragility of the social care workforce which was reflected in responses with on-going recruitment and retention challenges which have been reflected in previous workforce surveys<sup>4</sup>. Whilst social care workers feel valued by the people and families they support and remain committed to supporting what matters to people and their families in every community in Wales, their wellbeing is worse than the UK average. Staff well-being is being affected by stress, fatigue, working conditions, and feeling undervalued and underpaid for the work they do. A quarter (25%) of workers say they are aiming to leave the sector. Among the people who suggested they were looking to leave the sector, the average amount of time they saw themselves staying was 13 months. This all adds further pressure onto a system under considerable strain.
15. These workforce challenges mean that for some councils they have a continuing reliance on more expensive agency workers, this is despite initiatives such as "grow your own" being invested in and the implementation of the All-Wales Pledge – a commitment initiated by ADSS Cymru with our members in Children's Services across Wales, to work cooperatively and transparently to manage the agency supply chain, improve the quality of agency staff and regulate pay rates within children's social work<sup>5</sup>.
16. Commissioned services, which are essential to the provision of social care, are also affected by similar issues to local authority social care services. Given the reliance on externally commissioned placements, and the increase in demand for them across both children's and adults' services, the higher costs associated with increased running costs further add to significant financial pressures. Councils also reported significant pressures in relation to the fees set across residential and nursing care homes. In particular, the requirement for social care providers to pay the Real Living Wage, without sufficient funding being made available in the settlement, was highlighted as a specific concern. This adds further to the inflationary pressures being experienced by commissioned services.
17. Reference was made in survey responses to the impact of an ageing population and the increase in the number of people living with dementia adding further to levels of increased complexity being seen and the knock-on cost implications. One authority noted that as a result of the social care demand projections over the next 5-10 years there will be a need to significantly increase their in-house residential beds capacity, otherwise they will become almost fully reliant on externally commissioning these placements. However, early indications suggest costs could be between £50-100m to achieve this.
18. In particular, concerns in the survey responses were reported in relation to the provision of domiciliary care and the pressures and costs associated with packages of care and support

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<sup>4</sup> ['Have Your Say' workforce survey 2024: Full report and summary of findings - Social Care Wales - Research, Data & Innovation](#) <sup>5</sup> [New All-Wales Pledge Comes Into Effect \(ADSS Cymru\)](#)

across mental health and learning disability services. An emerging risk highlighted by one council was the need to better understand the implications for adult services in the future of the significant rise in high-cost children's services and children's disabilities. With both growing exponentially in recent years, the unknown is what this means for the number which transition into requiring high-cost support as adults.

19. The challenges facing social care also have an impact on the wider health and social care system, as a sustainable NHS with the necessary flow of patients through the system depends on a properly funded social care system<sup>5</sup>. There remains a need to recognise the value social care has in its own right as a service. However, where the NHS and social care work well together, there is evidence that this helps people to recover and to keep people well and thereby reducing demand on secondary health services. Here councils can work closely with the NHS to improve self-management of conditions, focus on prevention and early intervention, make better join up and use of community and primary care services and improve access to community support and information and advice, which are all services that stop people presenting at the 'front door' in the first place and reduce additional pressure on the NHS.
20. Councils, care providers and wider health services continue to do all they can to enable people to be discharged from hospital and back to their homes with the correct support as soon as they can, as well as focusing on preventing hospital admissions in the first place. This has involved increasing community care capacity, developing extra step-down beds and community care packages, helping people get care closer to home and free up hospital beds. This has highlighted the benefits of councils and health working in partnership with a shared endeavour to deliver tangible benefits and positive impacts for individuals. But it also comes with a need to invest significant amounts of time and resource, including additional funding, to support this work. It also highlights the importance of developing future models of community-based care which take a 'whole person' approach, addressing people's physical health, mental health and social needs together a direction of travel supported by local government's 'Vision for Social Care in Wales'.<sup>6</sup>
21. At the same time a lack of capacity, resources and clarity of financial responsibilities in health also has implications for local authorities. Additional costs have been identified by at least one council linked to discharges from hospital where the individual is not ready for discharge and there is no rehabilitation package in place from health, so costs have had to be picked up by social care and the social services budget.
22. Significant concerns were also raised in survey responses in relation to both Continuing Healthcare (CHC) and Funded Nursing Care (FNC). Councils reported that the level of FNC provided is not enough to fully cover the cost, with care homes unable to cope with the FNC contribution from health that is made. It was also highlighted that CHC discussions can be extremely protracted and challenging. This means that costs are often passed on from the NHS onto local authorities, essentially meaning that councils are having to subsidise health care, often at a significant cost.
23. In addition, some authorities have referred to the financial impacts of social care 'Tourism' with clients moving over from England to benefit from the more generous social care charging regimes in Wales, as well highlighting the need to increase and keep under review the current

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<sup>5</sup> [paying-for-social-care.pdf \(gov.wales\)](#)

<sup>6</sup> [ADSS Cymru, SOLACE, Social Care Wales & WLGA, A Vision for Social Care in Wales, September 2023.](#)

maximum charge for non-residential care and support to better reflect increased costs and inflationary pressures. Councils also report seeing individuals who have delayed or experienced difficulties in accessing healthcare and so on presentation to social services have higher dependency requiring more costly care provision.

24. Across Children's Services significant challenges continue to be experienced in finding appropriate placements for children and young people that meet their specific and sometimes extremely complex needs. This is a major factor which is driving up costs in Children's Services with councils reporting unprecedented levels of emergency placements for residential care, increased independent placements and increased pressure to find foster placements. The survey demonstrates that children's services residential placements account for over £38m of the total overspend for 2024-25 and over £29m of the demand related pressures for 2025-26. This creates huge pressure on councils' budgets.
25. Responses highlighted that placement costs are rising significantly due to demand far exceeding supply with one council experiencing a 40% increase in the cost of new placements over the past 18 months. One council gave the example of the need for a court ordered placement that requires a 4:1 staffing ratio which means that the care and support for one child's costs could potentially be £1m. Others highlighted that children's out of county placements resulted in an overspend of £1.5 million and £1.9m in 2023/24, with the numbers continuing to increase an overspend of £3.3 million is being forecasted for 2024/25 for one.
26. Survey responses also recognised that the need to place children via the UK Government's National Transfer Scheme (NTS) has increased cost pressures and has resulted in Unaccompanied Asylum Seeking Children (UASC) often being placed out of county/country to meet their identified needs which comes with significant cost pressures and impacts on staff resources in terms of travel. One council reported a 146% increase in the number of UASC (rising from 13 to 32) between 2023/24 and 2024/25, the costs of which are not fully covered by the Home Office, leading to a projected full year overspend of £440k for that council.
27. The introduction of legislation to eliminate private profit from the care of looked after children is further exacerbating these challenges with concerns over the level of resources (both revenue and capital) to achieve this ambition and how these will be met. This comes at a time of significant overspends across children's services combined with the harsh financial reality of a flat local government spending increase and the expectation of being able to front load investment to support the development of in-house provision, whilst also maintaining existing services across all council responsibilities. Some authorities are working on business cases where the outlay is as high as £1 million per property, this will vary across Wales and also does not reflect the additional workforce costs required to support the increased in-house provision. Concerns were raised over the additional costs that have already been incurred and the potential disruption that will be made to the market, as well as to children and young people's existing placements, resulting in further increasing costs which could put at risk councils' ability to deliver safe outcomes for those children in need of care and support.
28. The impact of the reduction of educational support teams on early intervention and prevention in children's services has also been highlighted. While the Nest/Nyth strategy is being implemented, providing awareness and training for additional skills across education teams, it does not give those staff the additional capacity to do all interventions and preventative work.

29. Survey responses also highlighted a number of challenges associated with grant funding. It was noted that there are a number of grants that are only confirmed until 31 March 2025, including the funding that has been made available to support the work to take forward the commitment to eliminate profit. A number of other grants are also in the same position, notably the Housing Support Grant and the Children and Communities Grant which support with the provision of early help and prevention activity, seek to intervene early for better outcomes for people, promote independence, resilience and help avoid the need for expensive statutory services. A significant number of Early Help services, for example, Parenting classes, direct work with families and Flying Start are reliant on grant funding, with concerns that any reductions to these grants will severely impact on these services providing essential preventative services, leading to increased pressure on social services.
30. Both the National Adoption Service (NAS) and Foster Wales (FW) are in receipt of Welsh Government grant funding, with both services receiving a 'core' funding allocation. A significant level of the funding for both services is passported to local authorities to support their service provision and development; for NAS, funding is also made available to the third sector Voluntary Adoption Agencies (VAA) services. However, both services are fast approaching the end of the current 3-year period for which much of the funding from Welsh Government is available. The lack of assurance that it will continue is a significant risk to the improvements achieved and has the potential, over the current year, to lead to large numbers of staff in local authorities across Wales and in the VAA (for NAS) having their employment placed at risk.
31. The risk is that if the grants currently available to councils disappear or reduce, the cost pressure on statutory services will significantly increase over the coming years. The impact of the requirement to 'mainstream to core' projects that are funded via the Regional Integration Fund (RIF) was also raised with concerns that this will require councils to either reduce service provision elsewhere or cease continuation of the RIF projects in order to manage within available resources.
32. If there is a continuation of reductions in grant funding levels across social services this will require reviews of service provision to be undertaken to assess what can be delivered within a reduced financial envelope and the high likelihood of on-going service reduction proposals needing to be considered.
33. Separately, councils have also highlighted increasing concerns in relation to the move from the Welsh Community Care Information System (WCCIS) programme to the new approach under Connecting Care. Whilst the replacement of the national WCCIS programme with a new approach under Connecting Care was generally welcomed by local government, there continue to be significant concerns around funding, data migration, programme management, and delivery capability. This is compounded by a critical timeframe in which the social care software system must be replaced. Urgent decisions and actions are required to ensure that social care is not left without a functioning system, such a scenario would present significant and unacceptable risks and could undermine service delivery and citizen and staff safety.
34. Councils have previously supported the need to review the current maximum charge for non-residential care and welcomed the recent consultation on this. The last increase to the charge was made in 2020 and since that time we have seen the economic impact of significant inflationary pressures. In 'real terms' for people paying the charge, the maximum has actually fallen as it has not risen in line with increases in income and inflation. The Bank of England's

inflation calculator using the Consumer Price Index (CPI) indicates that goods and services costing £100 in 2020 would cost £123.08 in July 2024. An increase to the maximum charge would help ensure the charge kept better pace with inflationary pressures and also reflect increased costs such as those associated with implementing the Real Living Wage for social care workers. This would also provide additional funding for councils to meet escalating costs being incurred in social care, helping to reduce overspends councils are currently experiencing. However, the recent Welsh Government statement on this matter, published on 6th December, clarified that there will be no increase in the cap at this time. While the additional funding linked to this announcement is appreciated, it will not have the same effect in closing the gap as an increase in the rate would. ADSS Cymru believe this is a missed opportunity.

## Conclusion

35. Our members in local authorities across Wales, remain deeply concerned about the ongoing pressures facing social care. Survey responses highlight the continued impact of growing demographic challenges, the rising cost of living, workforce shortages, and inflation across the entire social care system. Additionally, new responsibilities and legislation are being introduced without appropriate levels of funding attached. Increasing demand for services, combined with greater complexity of care and support needs, further intensifies these challenges. As a result, budgets are being stretched, recruitment and retention of staff remain significant challenges, there are increasing concerns about councils' ability to meet all care and support needs and families and unpaid carers are placed under even greater strain.
36. The levels of overspend that are attributed to social services demonstrate that councils are spending above the funding allocated by Welsh Government for social care services. For many, social services are the area of greatest risk to council's budgets where pressures are most acutely seen. While councils continue to mitigate these pressures through the use of other areas of savings delivery, slippage and increased income many of these will be of a one-off nature leaving councils with recurrent pressures that impact on future years budget planning.
37. Despite councils' best efforts, financial pressures are impacting the range, scale, and quality of services able to be offered to local communities. A priority for councils has been a focus on early intervention and preventative services. However, as resources have diminished, councils have tried to protect services such as social care as far as they can where there are clearly defined statutory responsibilities. With councils' spending increasingly focused on social care services this means that there is less resource available to support other key areas of council activity. The impact is that spending is increasingly concentrated on fewer people and services, meaning that councils' ability to support local and national agendas on key issues such as housing, economic growth, the cost-of-living crisis and climate change are severely hampered.
38. At the same time there continues to be growing evidence<sup>7</sup> that demonstrates that preventative spending in areas such as social care and homelessness services improves people's lives and outcomes and reduces cost to the public sector over the long-term. Equally, investment in services such as culture, leisure, and community safety offers the similar benefits in terms of outcomes and savings. A greater focus on preventative spend – providing appropriate services at the right time rather than waiting until an individual is in acute need – therefore provides

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<sup>7</sup> [8](#) Healthy, prosperous lives for all: WHO European Health Equity Status Report (2019)

much better value for money in the longer term, improves people's lives and should be at the heart of our approach to public services.

39. Sustainable investment in social care also needs to be seen as an essential component to the ambition of building an NHS that is fit for the future. The current system of health and social care places too much emphasis on treating sickness and not enough on preventing or reducing people's needs. Properly supported social care saves the NHS money, time and capacity, whether that is by reducing the number of people presenting to hospital in the first place or by helping to ensure the effective flow of people out of hospitals and back into their communities. Whether it is councils' innovative work on hospital discharge to free up acute capacity, the vital work councils do to support people to remain fit and well and away from hospitals in the first place, or the work councils do with partners to recruit, retain and develop the care workforce, local government and social care is central to realising a sustainable NHS.
40. The reality is that without increased funding, some councils will struggle to balance budgets and deliver core services, let alone deliver more. This will worsen existing pressures and significantly impact on the ability to deliver timely and good quality care and support to those who need it, when they need it.