

**ADSS Cymru Evidence to the Finance Committee's Inquiry into
Welsh Government's Draft Budget 2023-24
January 2023**



ADSS Cymru

Yn arwain Gwasanaethau
Cymdeithasol yng Nghymru
Leading Social Services in Wales

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 heads of service 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.

We welcome this opportunity to respond to the invitation extended by the Senedd's Finance Committee regarding its inquiry to scrutinise the Welsh Government's Draft Budget for 2023-24 and its potential impact on social care services in Wales.

Comments on the Draft Budget and areas of concern

The Welsh Government have identified that the health and social care system is under significant pressure. Whilst we welcome the increased uplift of £165m, accompanied with the recurrent provision of £70m for the RLW, it is evident that very difficult choices will have to be made in relation to continued service provision.

We know from survey work undertaken in the early autumn by the Welsh Local Government Association (WLGA) in collaboration with our members and the Society of Welsh Treasurers (SWT), that local authorities are facing an overall social services financial pressure of £95.2m in the current financial year (2022-23) with both adults and children's services facing inflationary and demand pressures. The returns indicate that children's residential

placements account for nearly £20m of the total, adults residential placements £12m and adults domiciliary care £7.5m. The likelihood is this has become more acute in the last 3-4 months.

Forecasting ahead, the survey indicates that social care across Wales is facing a considerable financial challenge in 2023-24 and 2024-25. The pressure in both adults' services and children's services includes the challenge of recruitment and retention of staff with this issue also affecting commissioned services from providers.

Local authorities are projecting an estimated total cumulative pressure for social services of £407.8m for 2023-24 and 2024-25. Within this overall social services total, the estimated total commissioning cost and demand pressures are £288.4m, with a pay inflation pressure totalling £75.8m for the two years.ⁱ

Summary of Social Services Pressure 2023-24 and 2024-25

	2023-24	2024-25	Total
	£000s	£000s	£000s
Pay inflation pressures	51,858	23,918	75,776
Non pay inflation pressures	20,712	12,423	33,135
Fees/charges inflation	(2,677)	(2,192)	(4,869)
Commissioning cost pressures - Adults	86,939	55,201	142,140
Commissioning cost pressures - Children's	14,066	10,449	24,515
Demand related pressures - Adults	35,980	29,462	65,442
Demand related pressures – Children's	37,235	19,104	56,339
Reduction in specific grants	5,914	1,646	7,560
Local priorities	4,418	1,651	6,069
Other	1,699	0	1,699
Overall Total	256,144	151,662	407,806

Source: WLGA/SWT Survey September 2022

In October 2021, Audit Wales published 'A Picture of Social Care' that summarised key information about social care in Wales. It noted that demand for adult social care is likely to increase significantly. The report states 'The challenge of addressing the indirect impact of COVID-19 will likely continue for years into the future. The problem is compounded by the fact that there are significant, long-standing issues in the social care sector which pre-date the pandemic', with the report identifying the need to achieve financial sustainability and

funding arrangements as one of the key issues.ⁱⁱ The financial estimates of the 22 Welsh authorities adds further support to the conclusions drawn by Audit Wales.

We know that the COVID-19 pandemic still has an impact on the existing challenges within social care. The removal of COVID-19 related financial support through the hardship fund means that local authorities are having to meet care home costs, which were previously met from the COVID-19 hardship fund, for example the payment of voids. Local authorities are dealing with, and factoring into future pressures, costs previously met by former hardship funding to support pandemic related costs. However, the impact of COVID-19 means our citizens have had delayed care and on presentation to social services some now have even higher dependency requiring more costly care provision.

The escalating costs for commissioned care providers (domiciliary, residential and nursing) linked to inflation (food and fuel are particularly impactful) and the need to increase the pay of staff to compete with retail and hospitality and the increased reliance on agency staff (particularly registrant nurses) have meant that some local authorities have reported having to look at applying across the board increases in their fees during the past year. However, providers are continuing to get into financial difficulty and local authorities are having to intervene further to avoid provider failures.

There are also increasing concerns for unpaid carers who carried out their critical role under severe pressure throughout the pandemic. While carer's services have continued to support people, there has been an increase in demand, with concerns that if unpaid carers are unable to continue to care effectively, then there will be increased demand for support placed on already overstretched services in a fragile market.

Workforce:

The workforce is ADSS Cymru's number one priority. Workforce capacity and the significant challenges in recruitment and retention (for both in-house and commissioned service) are issues that cut across all of the issues highlighted, and are the main reasons for the lack of capacity to provide packages of care needed to undertake assessments or provide reablement support; with the loss of existing staff and challenges in recruitment as significant concerns. It is evident that local authorities are factoring in the need to use agency staff due to workforce issues and these costs further add to future years financial pressures. For example, one authority reported that commissioning agency social workers was a £2.5m pressure due to acute recruitment challenges.

However, addressing the current pressures needs a multi-pronged approach. ADSS Cymru, is working with the Welsh Government, Social Care Wales (SCW) and the WLGA to examine workforce action planning by examining a range of measures. However, these are likely to include additional financial commitments that will need to be funded. It is evidenced that

there is a need to attract people to work in social care to deal with the current and future demand, but this will take time and will not immediately resolve acute pressures in the system. The pandemic has exposed the fragility of care markets and this has a clear and direct link to the financial pressures faced by all local authorities.

We believe that there is a need for a clear and sustainable offer to stabilise the domiciliary care and care home workforce and to provide proper and fair remuneration for the workforce. ADSS Cymru is fully supportive of the Welsh Government's intention to increase pay for social care workers to the RLW and we have been working with them to provide workforce data and intelligence. However, it is becoming increasingly clear that our ambition must go well beyond this rate if we really want to be able to offer 'fair pay' for those who are undertaking some of the most important roles in society.

The Health Foundation published a report in October 2022, entitled *'The cost of caring: poverty and deprivation among residential care workers in the UK'*. The report was a challenging read and presented the stark reality of those working in the adult residential care sector in the UK. Whilst the prevalence of poverty and deprivation experienced by workers in residential care is similar to hospitality, retail and administration, residential care workers experienced much higher rates than most workers – and were at least twice as likely to experience poverty and food insecurity than health workers. Their dependent children were nearly four times as likely to experience material deprivation than children of health workers.ⁱⁱⁱ Whilst the focus of the report was on the residential care workforce, some of our members suggest that similar prevalence and outcomes could exist within the domiciliary workforce.

As sector leaders, we continue to call for an urgent focus on parity of esteem with health in relation to pay, terms and conditions and career progression and this requires additional investment now and over the next 3 years. We believe we need a national pay and grading system for care workers, which will ensure that conditions of pay, holiday entitlement, job security and opportunities for career development and growth are as equally ambitious as the healthcare workforce.

The recruitment and retention challenge is even more acutely felt in relation to professional social workers. We know there is a shortage of experienced qualified social workers across the sector but within children's services there is a particular challenge. Rebalancing the workforce so that capacity mirrors demand will take time but we are working with SCW, BASW Cymru and other partners to ensure there are varied career pathways into the profession, other than the student graduate route. However, the need for sufficient and sustainable bursaries that facilitate career change is critical.

Children's Services:

Local authorities across Wales continue to highlight challenges finding appropriate placements for children and young people. In particular, a lack of provision for children with complex needs in fostering and residential placement settings, with this driving up costs. Our members report that children and young people presenting with more complex and challenging behaviour is leading to increased demand for residential care placements.

Children's services estimated cost pressure reflects high-cost bespoke care. This is in high demand, but supply of appropriate services is low. As a result, one local authority has seen a 25% increase in the average cost of placements in the last 12 months; a second authority reported a placement costing £19k a week compared with £12.5k in the previous year; whilst a third authority has seen £772k of additional pressure due to increasingly complex needs of children in residential care requiring additional support.

Our members also have some concerns about the impact on the market regarding the Welsh Government's 'not for profit' pledge. While we completely agree with the underlying principle of removing profit from the sector, the transition pathway needs to be clear and well managed. There are signs that the progression of this commitment is having a destabilising impact on availability of residential provision at a time we can least afford it.

As need increases in communities, we are seeing corresponding increases in the number of children looked after and children at risk. It is crucial that current growth does not simply meet care and statutory intervention costs. Preventative services must develop and expand to meet need at the earliest possible point. We believe that a significant percentage increase in preventative services for vulnerable children should be made available. For example, for every £1 spent to meet immediate statutory demand an additional £2 should be spent on preventative services to reverse the current position. We would need to realise what that true cost would be based on current and future demand, which also takes into consideration how the market will change as we transition to a not for profit model for children's services.

Relationship with Health Services

The relationship between the NHS and social care is an important one. This has been evidenced even more so in recent months where we are seeing that whilst the reasons for slow or delayed discharge from hospital can be many and complex, without a good supply of well-staffed and properly funded social care (including care homes, home care, supported living, and other services), people cannot always easily be discharged from hospital in a timely way. Long stays in hospital can impact people's long-term health and wellbeing and can damage people's confidence to live independently. This then creates a knock-on effect on so many other health and social care services already under intense pressure. For

example, fewer planned operations can take place, there are fewer beds for patients coming into emergency departments and less capacity for ambulance handover, impacting individual patient's experience and outcomes.

At the same time a lack of capacity and resources in health also has implications for local authorities. For example, a lack of resources to progress the individuals with a high level of complex needs where consideration of CHC is required that some of these packages are £150k to £250k per annum. There is a similar situation in children's services, where there are an increased number of children with complex care needs in need of assessment for continuing care. Local authorities have reported that health board's capacity to assess and arrange provision for these children and young people means that local authorities continue to have to meet their needs, requiring the use of specialist children looked after placements.

A significant investment into social care is required to help resolve some of these issues, but it is essential that social care is not just seen as a service simply there to support the NHS. There is a need to recognise the value social care has in its own right. However, where the NHS and social care work well together, there is potential to keep people well and reduce demand on secondary health services. There is evidence that greater availability of nursing and residential care is associated with fewer hospital admissions and readmissions, fewer delayed discharges, reduced length of stay, and reduced expenditure on secondary health care services. There is also evidence that interventions like reablement have the potential to prolong people's ability to live at home and reduce or even remove the need for care. However, greater clarity on joint funding arrangements and their governance is required to ensure that people are front and centre of service provision not budgets.

Social care is also essential because it links to a wide range of other services that can support people's wellbeing such as work, housing, social interaction and a good environment. Ultimately, the greatest impact on health and wellbeing is in addressing the wider determinants of health and ensuring that Local Government has the power, flexibility and resources to fulfil its core purpose of ensuring that all our residents have the opportunities to have the best start in life, to live well and age well.

Conclusion

While we of course welcome the increases earmarked by the Welsh Government in the Draft Budget for 2022-23, we are conscious that this is not going to put social care on a path to stability and sustainability. Sector transformation requires strong, collective, compassionate leadership, a resilient and respected workforce and these need to be backed up by a long-term and sustainable funding settlement for the health and social care system, which we have long been calling for.

The only way we can accelerate innovation in preventative services and sustain new models of health and care, is if Local Government is properly resourced. This needs to be in parity with health, which will allow us to properly recognise and reward the workforce and allow it to undertake the full scale of its work unfettered. The fragility of the acute health sector continues to be exposed following the pandemic. Therefore, we must accelerate the policy intent in *A Healthier Wales*, that focuses on the redistribution of resources away from a hospital-centred health care system to a health and social care system rooted in the community in its broadest sense. Only by increasing integrated working at the local level between primary and community health services and social care services – through a Strategic Programme for Primary Care and the Accelerated Cluster Development - will we be able to intervene at the earliest point of need and provide a holistic response to keep people mentally and physically well.

As leaders in the sector, we welcome the opportunity to work with partners to help develop a medium to long-term plan that will ensure we have a sustainable health and social care system in the future that delivers high-quality care to meet the needs of all of our citizens that require support.

References

ⁱ The pressures calculated are based upon maintaining working practices and core structures as they are at present. 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. Without additional funding these challenges are likely to continue and exacerbate.

ⁱⁱ Audit Wales, *A Picture of Social Care*, 2021. (As accessed on 9 January 2023 - <https://www.audit.wales/publication/picture-social-care>)

ⁱⁱⁱ Lucinda Allen, Skeena Williamson et. al, *The cost of caring: poverty and deprivation among residential care workers in the UK*, The Health Foundation, 2022. (As accessed on 9 January 2023 - <https://www.health.org.uk/sites/default/files/pdf/2022-10/2022%20-%20The%20cost%20of%20caring.pdf>)