

## **Sector warns of serious threat to care and support from underfunded National Living Wage**

**11 JANUARY 2015**

Following the budget announcement for spending plans in Wales, social care commissioners, providers and representative bodies are issuing a collective caution to Welsh Government that the additional costs of the new National Living Wage (note 1) could lead to a catastrophic failure across care services, unless urgent action is taken to address continued underfunding.

The Association of Directors of Social Services Cymru (ADSSC) and National Provider Forum (note 2) have written to Ministers (note 3) on behalf of providers and commissioners to underline concerns around the future viability of social care provision in Wales.

Whilst the recent budget reductions in Wales are smaller than anticipated, the settlement does not reflect cost pressures faced across the sector. This comes at a time when Welsh Government looks to social care services to support an over-stretched NHS, particularly in supporting people to leave hospital promptly.

The National Provider Forum (NPF) and ADSSC welcome the general principle of increasing the financial rewards for care workers. It may go some way to assisting with the recruitment and retention of care staff who are needed to care for the growing number of people living with long term and complex conditions.

However, the care sector in Wales will be particularly hard hit by the requirements of the National Living Wage because the vast majority of care provision is paid for by the public sector, which has already seen budgets severely constrained in recent years. It is also a sector where around two-thirds of costs are based on staff costs. The National Living Wage poses serious cost pressures for both providers and commissioners of care across Wales.

Unless an immediate solution is found then there will be significant consequences across the social care market.

Vice President of the Association of Directors for Social Services Cymru (ADSSC), Dave Street, said:

“Without increased funding combined with innovative solutions, the only way councils in Wales will be able to cope with increased costs from the National Living Wage is by commissioning fewer services. Fewer commissioned services will cause considerable distress for people who use care services and their families, lead to providers leaving the sector, increase pressure on NHS services and provide uncertain employment prospects for a significant number of trained and committed care workers.”

Director of Cymorth Cymru, Auriol Miller, said:

“The threats posed by the National Living Wage are not just confined to the care sector. Learning disability providers are facing a very bleak future without support, but all providers offering 24-hour support services are at significant risk. Our members have warned that unless urgent action is taken, some services are at risk of collapse this year, leaving many vulnerable people and their families with nowhere to turn.”

ADSSC and the NPF have put forward a number of potential solutions. Principally, Welsh Government is urged to increase funding to reflect the importance of the sector to the people of Wales and to the wider health and care system. In addition, more should be done to assist local authorities in applying procurement practices consistently and proportionally, with uniform standards and quality thresholds for commissioning.

These suggested solutions will be essential in ensuring a stable, quality system of care provision remains in Wales.

Ends.

Notes for editors

1. A new National Living Wage comes into force from April 2016 for workers of 25 and over, initially paid at £7.20 / hour and increasing to £9.00 / hour by 2020. This will replace the current National Minimum Wage, which is paid at £6.70 / hour. See more at <https://www.gov.uk/government/publications/national-living-wage-nlw>
2. Membership of the National Provider Forum includes:
  - United Kingdom Homecare Association (UKHCA)
  - Care Forum Wales
  - Cymorth Cymru

- Learning Disability Wales
- Carers Trust Wales
- Age Cymru
- Welsh Alliance for Mental Health

With additional support from the Welsh Reablement Alliance. Wales Alliance on Mental Health and the Expert Reference Group Domiciliary Care Wales.

3. The letter can be read in full [here](#) and the report is available [here](#)
4. Media enquiries should be made to

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