



# SOCIAL CARE

# SURVIVAL

WELSH BUDGET 2026/27



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## WHO WE ARE

### Care Forum Wales

[Care Forum Wales](#) is a not-for-profit organisation with more than 400 members across Wales. It was set up in 1993 to give health and social care providers a collective voice in the debate about how to provide the best outcomes for those who need social care.



### Cymorth Cymru

[Cymorth Cymru](#) is the representative body for not-for-profit providers of homelessness, housing and support services in Wales, including providers of supported living services for people with a learning disability. We want to see an end to homelessness and a Wales where everyone can live safely and independently in their own homes and thrive in their communities.



### The Homecare Association

The [Homecare Association](#) is the UK's membership body for homecare providers, with over 2,200 members across the UK. Its mission is to ensure society values and invests in homecare, so we can all live well at home and flourish in our communities. The Homecare Association acts as a trusted voice, taking a lead in shaping homecare, in collaboration with partners across the care sector. It also provides hands-on support and practical tools for its members.



**TOGETHER, WE REPRESENT HUNDREDS OF SOCIAL CARE SERVICE PROVIDERS, DELIVERING VITAL CARE AND SUPPORT SERVICES TO THOUSANDS OF PEOPLE ACROSS THE LENGTH AND BREADTH OF WALES.**

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# THE IMPORTANCE OF SOCIAL CARE SERVICES

Social care services provide invaluable support to tens of thousands of people across Wales, including vulnerable children and families, older people, and adults with mental health issues and/or learning disabilities.

Over eighty thousand people work tirelessly to deliver domiciliary care that enables people to stay in their homes, residential care that provides a safe, supportive environment for people who need it, supported living services that promote independence and wellbeing, and nursing homes that provide clinical care for people with some of the most complex needs, who would otherwise have to be in hospital

In 2023/24, a total of 48,519 adults and 19,803 children in Wales had a care and support plan, just a snapshot of the number of people being helped by local authority, not-for-profit, and private care providers. These services keep people safe, supported and well, they prevent people from going into hospital, and help people to live dignified and fulfilled lives.

## SOCIO-ECONOMIC BENEFITS

As well as making a difference to people's lives, social care services play a key role in the preventative agenda by reducing pressure on health services by keeping people well and out of hospital, helping patient flow and availability of beds for people with clinical needs. Social care also plays an important role in the foundational economy, providing jobs and supporting local supply chains. In 2024, Alma Economics published a research on the *Economic and social value of the UK adult social care sector*, commissioned by the Skills for Care and Development. The report for [Wales](#) found that:

- In 2023, 88,232 people were employed in social care in Wales, up 15% from 2022.
- The total direct, indirect and induced value of the adult social care sector in Wales was £4.6bn.
- The socioeconomic benefits of the adult social care sector in Wales were £22.6bn in 2023, while the costs were £8.1bn.
- This means that for every £1 spent on adult social care in Wales, there was £2.78 worth of socioeconomic benefits.

**£2.78** in  
socio-economic  
benefits for  
every £1 spent  
on social care

**88,232**  
people in Wales  
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Social  
care in Wales  
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## SUSAN'S STORY - THE DIFFERENCE HOMECARE MAKES

Susan, 61, lives alone in Bridgend. After multiple knee and hip replacements, a stroke, and developing lung disease, her mobility and balance have become severely limited. She now relies on crutches and a wheeled trolley to move around her home safely. Her conditions make everyday tasks such as showering, dressing, and managing compression stockings extremely difficult without help. Since receiving home care, Susan says it has given her back her dignity and independence.

*"My carers are my lifeline. I rely on them every day. They know when something isn't right and make me feel safe in my own home. Without them, I couldn't stay here."*

Continuity of care is especially important to Susan, who finds reassurance in familiar faces and the laughter they share. Her story shows how quality, consistent home care not only supports physical wellbeing but restores confidence, connection, and hope — allowing people to remain safely and happily in their own homes.

*"It makes me feel like a worthwhile person — that I can still live my life as much as I can, with the right type of care around me."*



## 'S' - THRIVING THROUGH INDEPENDENCE AND MEANINGFUL ENGAGEMENT

S moved into his care home in 2008 when his family were no longer able to meet his care needs. He has cerebral palsy, which affects his mobility and speech. While S is non-verbal, staff familiar with his gestures and vocalisations are able to understand his needs, enabling him to communicate effectively and participate fully in daily life.

**Building Confidence and Purpose:** Since moving in, S has developed strong relationships across the care home, which have significantly enhanced his confidence, wellbeing, and sense of purpose. He is an active and valued member of the home's gardening and maintenance teams. These roles give S meaningful responsibilities, foster social connections, and reinforce his sense of contribution and belonging.

**Promoting Independence:** S enjoys performing daily tasks independently wherever possible. He takes his laundry to the care home's laundry room, assists staff with small jobs, and delivers written notes or supplies. This active involvement in daily life supports his autonomy and self-esteem. S also maintains links with his wider community. Prior to COVID-19, he attended a local centre to participate in work activities and has recently returned. The centre, a Victorian walled garden, provides therapeutic and purposeful activities such as gardening and crafting, which have further strengthened his confidence, independence, and wellbeing.

**Creative and Leisure Activities:** S's interests extend to creative pursuits and personal hobbies. He participates in art classes at the care home, focusing on his favourite theme: cars. Through his artwork, he develops concentration, fine motor skills, and relaxation, with arm spasms reducing as he immerses himself in his creativity. These activities provide joy, engagement, and personal expression, enriching S's everyday life.

**Outcomes and Impact:** S is an integral member of the care home community. His involvement in household tasks, social interactions, creative projects, and community-based activities strengthens his confidence and self-esteem, enhances his sense of independence and purpose, provides meaningful social connections with peers and staff, and promotes overall wellbeing and engagement in daily life. S leads a happy, fulfilled, and meaningful life, empowered to pursue the activities that bring him joy. He is not only supported but also celebrated as part of the care home family he calls home.



## 'E' - MAINTAINING INDEPENDENCE AND CREATIVE EXPRESSION IN LATER LIFE

E was admitted to a care home in 2024 following a decline in health and an increase in falls at home due to Parkinson's disease. Despite the challenges of his condition, including reduced dexterity and movement difficulties caused by Parkinson's and dyskinesia, E is a fiercely independent individual who strives to retain his skills and abilities for as long as possible.



### Creative Engagement and Wellbeing

With tailored support from the care home team, E has been empowered to continue his artistic pursuits, which are central to his sense of identity and wellbeing. He attends weekly art classes, which provide him with a sense of freedom, purpose, and personal achievement. The art tutor ensures E has the time and space to create at his own pace, accommodating fluctuations in his physical abilities due to Parkinson's.

E is a gifted and accomplished artist, and his involvement extends beyond the care home:

- He actively participates in external projects and art exhibitions, showcasing his work to the wider community.
- He hones his skills through research on classic artists, further developing his creative expertise.
- The act of creating art allows him to experience calm and focus, counterbalancing the frustration caused by his condition.

### Positive Outcomes

Through continued engagement in art, E has experienced significant benefits:

- Enhanced wellbeing: Art provides E with a therapeutic outlet, improving mood and reducing stress.
- Preservation of skills: Creative activities help E maintain dexterity, coordination, and cognitive engagement.
- Sense of purpose and pride: Contributing to exhibitions and projects reinforces his accomplishments and self-esteem.
- Empowerment and independence: Tailored support allows E to control his creative process, maintaining autonomy despite physical limitations.

E views his time in the care home as a positive new chapter, where he can continue to pursue his passions, maintain independence, and engage meaningfully with both staff and the wider community. His story demonstrates how personalised support and access to meaningful activities can help individuals with complex health conditions lead fulfilling, purposeful lives.

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# WHY IS SOCIAL CARE UNDER THREAT?

Social care services in Wales are facing the greatest financial challenges since devolution, with several factors putting the sustainability of these critical organisations at risk.

While Welsh Government commitments to ethical [commissioning](#), fair work and the [Real Living Wage](#) for social care workers are supported by the sector, the government needs to ensure that providers receive the funding they need and the commissioning of care services reflects this approach.

**INSUFFICIENT FUNDING**

**LACK OF TRANSPARENCY**

**NATIONAL INSURANCE**

## INSUFFICIENT FUNDING

The costs of delivering high quality social care have increased substantially over the last decade, with factors such as the increase in energy bills, insurance and staff costs putting significant pressure on budgets. Each year, the social care sector works together to publish the true costs of delivering services, but providers rarely receive sufficient funding.

## FAILURE TO DELIVER REAL LIVING WAGE COMMITMENT

Care providers in Wales believe that frontline workers deserve a fair wage for their work, and support the Welsh Government's Real Living Wage commitment. However, they have not received the required funding to cover increases in the RLW, despite assurances from Ministers. This means that some providers have been unable to pay the RLW. Others have paid it, but now face huge budget deficits that put the sustainability of vital services at risk. We explore this issue in more detail on the next page.

## NATIONAL INSURANCE CHANGES

The UK Government's decision to increase employer National Insurance contributions has devastated the social care sector. While additional funding was provided to help 'public services', this did not include commissioned social care services, which local authorities rely on to meet their social care responsibilities to vulnerable children and adults. This has left social care providers facing a considerable financial shortfall now and in the future.

## LACK OF TRANSPARENCY AND ACCOUNTABILITY

The Welsh Government has repeatedly claimed that funding to cover the increase in the RLW has been provided to local authorities, but local authorities have disputed this. The lack of ring-fencing and transparency about this funding has resulted in a stalemate, but it is care providers who are left without the resources they need to pay the RLW.

## LATE (OR NO) CONFIRMATION OF FUNDING

Too many care providers do not receive confirmation of their funding from their commissioner until after the start of the financial year, which makes it incredibly difficult to set budgets and ensure organisational sustainability. Some providers have still not received confirmation, despite being over six months into the financial year.

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## A SPOTLIGHT ON THE RLW COMMITMENT

One of the key pledges in the Welsh Government's Programme for Government is to pay social care workers in Wales the Real Living Wage. The Welsh Government committed to providing additional funding in its budget to cover the uplift from the National Living Wage to the Real Living Wage. Costs falling to health boards are met from the Welsh Government's health budget and for local authorities it is provided through the local government un-hypothecated settlement.

### A COMMITMENT TO PAYING THE REAL LIVING WAGE

Care providers in Wales wholeheartedly support the commitment to pay social care workers the Real Living Wage (RLW). They want their workers to be receive a fair wage that rewards their invaluable work and helps them to cover the cost-of-living, and they also recognise the importance of fair pay for improving recruitment, retention and the quality of care.

### THE REALITY

While the majority of social care workers are being paid the RLW, the implementation of this policy beyond the first year has caused significant problems for care providers and commissioners. Cordis Bright have published a series of reports as part of their [evaluation](#) of this policy for the Welsh Government, including a [process evaluation](#), which states:

*"Most providers and care commissioners reported that, in the first year of the policy's implementation, the level of funding was sufficient. However, in the second year of implementation, the funding provided was reportedly insufficient to pay the RLW."*

The report also includes quotes from care providers:

*"We are delighted as we wanted to pay the RLW for years and were not able to. We would like to pay more than RLW. We are a non-profit so don't have a lot to fall back on in terms of being able to fund ourselves. In Year 1 we were given the funding we needed by local authorities. This year we haven't had enough funding." (Care Provider)*

*"[We] did implement [the RLW] in 2022... It was very easy initially, but the journey became more and more difficult... We managed to do it and just about balance our books last year. But this year we have not been able to do it [pay the RLW]." (Care Provider)*

The consequences of this, in conjunction with the inflationary pressures facing services, including service reductions and closure, have been outlined in the report:

*"Some providers who have struggled financially with the implementation of the RLW policy, along with other recent pressures, reported that they have had to shut down certain services to reduce their costs. Several providers reported that they had reduced the range of services they offered since the introduction of the policy, and some said they knew of other organisations that had closed down completely in recent years, for various financial reasons including the cost implications of the RLW policy."*

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## THE FUNDING MECHANISM

Cordis Bright's [impact evaluation](#) report outlined the challenges caused by the mechanism the Welsh Government is using to provide additional funding to local authorities for the RLW, which is via the Revenue Support Grant (RSG). Over the last few years, the uplift to the RSG has been lower than the increase to the RLW. This means that funding to care providers has had to compete with other priorities within local government. The Cordis Bright report states:

*"Care commissioners consistently reported that the RLW policy has placed significant financial strain on local authority budgets. Several commissioners highlighted the disparity between the percentage increase in the RLW and the percentage uplift in the Revenue Support Grant."*

Commissioners and providers are incredibly concerned and frustrated by the shortfall in funding. In addition, they have become exasperated by the lack of transparency and accountability caused by the funding mechanism, exemplified by the disagreement between Welsh Ministers and local government about whether sufficient funding has been provided. This is illustrated by some of the comments in Cordis Bright's [process evaluation](#) report.

*"[We're] told on the one hand by the Welsh Government that sufficient funds have been allocated and that they worked out costs needed. But being told by local authorities and health boards that they haven't got the funding. It feels like providers caught in middle and people saying they want to do it but its someone else's fault." (National strategic stakeholder)*

*"We've had some friction due to publications that Welsh Government have released that say they have given us [local authorities] enough funding. Providers come back to us with this. This demonstrates the complete lack of cohesion between Welsh Government and local authorities." (Care commissioner)*

Cordis Bright concludes that the lack of ring-fencing for the RLW has exacerbated the challenging economic and funding context. They go on to recommend that the Welsh Government should consider ring-fencing in future, to improve transparency and accountability.

*"6.2.3. The biggest obstacle for the policy is the economic and funding context, but this has been exacerbated by not ring-fencing funds for the RLW."*

*"Consider the feasibility of ring-fencing funding to pay the RLW and associated oncosts, to improve transparency and accountability. If this is not feasible, Welsh Government could be more explicit with local authorities as to what funding is intended for the RLW within the non-hypothecated RSG."*

Cordis Bright also recommended that the Welsh Government increase transparency and communication around the calculation of the funding for the RLW policy and what it includes.

## CONCLUSION

Care providers remain supportive of the Real Living Wage commitment for social care workers. However, they require sufficient funding to implement this policy without putting the sustainability of their services, and their organisation, at risk.

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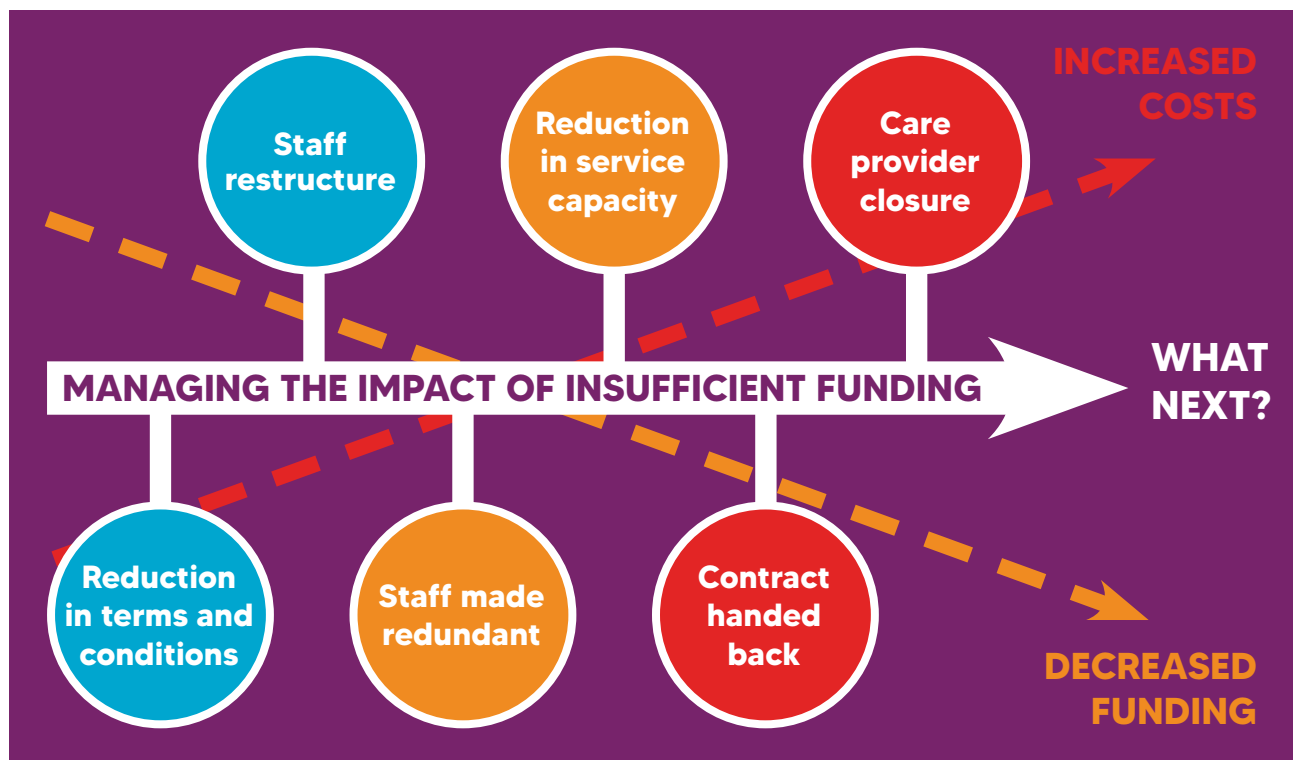
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## THE IMPACT ON SOCIAL CARE

Over the last decade, care and support providers have had to contend with huge increases in costs, but have not received the level of funding required to meet these pressures. This has resulted in providers having to restructure staff teams, make staff redundant, reduce terms and conditions, reduce service capacity and hand back contracts, just to stay viable. In some cases, this has led to the closure of the organisation, creating fear and uncertainty for people in receipt of their services. Care providers are clear that there is nothing more to cut, and the continued pressure on services is likely to lead to further harm to the services that so many people rely on.



**CARE FORUM WALES SURVEY OF CARE PROVIDERS:**  
92% OF RESPONDENTS STATED THAT THEY  
EITHER COULD NOT (71%) AFFORD THE EMPLOYER  
NATIONAL INSURANCE INCREASE OR MAY NOT  
ABLE TO AFFORD IT (21%)

**71%**  
could not  
afford the  
increased NI  
costs

**A RECENTLY PUBLISHED HOMECARE ASSOCIATION  
REPORT 'THE HOMECARE DEFICIT' FOUND:**

- REAL LIVING WAGE FUNDING GAP OF  
£130.6 MILLION THIS YEAR FOR HOMECARE
- ONLY ONE COUNCIL IN WALES IS PAYING  
THEIR MINIMUM PRICE FOR HOMECARE

**£130.6m**  
RLW funding  
gap for  
Homecare

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## THE IMPACT OF A 2% BUDGET INCREASE

Following the publication of the Welsh Government's Draft Budget for 2026/27 and the [announcement](#) of the new Real Living Wage, we surveyed care providers in Wales to understand the likely impact on the delivery of commissioned social care services, the workforce, and the sustainability of care providers. The data below represents a sample of care providers, and whilst we don't know if their answers are representative of the whole sector, it clearly highlights the level of concern about the future.

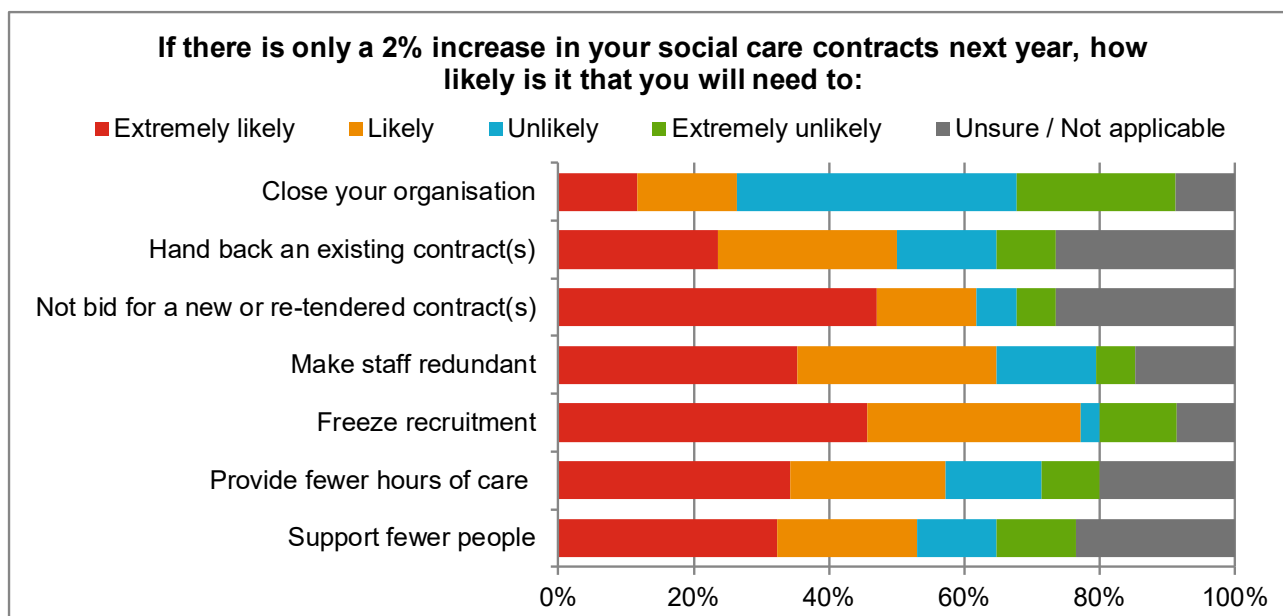
The responses to the survey indicated:

- 53% are likely to have to support fewer people
- 57% are likely to have to reduce hours of support
- 77% are likely to freeze recruitment
- 65% are likely to make staff redundant
- 62% are likely to not bid for new / re-tendered contracts
- 50% are likely to have to hand back contracts
- 26% are likely to have to close their organisation entirely

Estimated  
**50%**  
likely to  
hand back  
contracts

Estimated  
**26%**  
likely to have  
to close their  
organisation

Estimated  
**19.6%**  
reduction in the  
social care  
workforce



## REQUIRED FUNDING UPLIFT FOR 2026/27

We also asked care providers to estimate the increase in funding they would need to meet the costs of the newly announced Real Living Wage and to maintain appropriate differentials for immediate managers in 2026/27 - the average being 9.4%. When asked what level of increase would be required to meet all service delivery costs, the average was 11.9%.

**9.4%**  
increase  
required to  
pay RLW and  
differentials

**11.9%**  
increase  
required to  
cover all service  
delivery costs

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## CASE STUDY: ANHEDDAU

Anheddau is a long-established not-for-profit provider supporting around 140 disabled adults and employing over 400 staff across Gwynedd, Conwy, Anglesey, Denbighshire, and Wrexham. Despite a strong reputation for high-quality, person-centred care, the organisation now faces severe financial pressure as costs rise faster than local authority funding. For over 35 years, Anheddau has provided vital support for people with autism, learning disabilities, mental health conditions and other complex needs, enabling them to live more independently in their communities. However, funding from local authorities has not kept pace with the true cost of care.

In April 2025, the increases to the Real Living Wage and employer National Insurance contributions added approximately £400,000 to Anheddau's annual wage bill. Claire Higgins, Chief Executive, explains:

*"We anticipated and planned for staff pay rises, but the National Insurance changes were a devastating blow. Finding £400,000 with little warning would be challenging for any business - for a small charity like Anheddau, it's catastrophic."*

Anheddau has absorbed funding shortfalls for many years to protect the people it supports. Despite introducing efficiency measures, costs have risen by 11%, and local authority uplifts have not matched this. The charity has requested an 8% increase in fees; however, while 3 local councils offered circa 6%, 2 offered only 4%, a problem compounded by the lateness of the offers being agreed and the fact Anheddau is remunerated 6 weeks in arrears in some instances.

*"It's a misconception that not-for-profit organisations have large reserves," Claire notes. "Any surplus is reinvested into service delivery. Our reserves only meet statutory obligations such as redundancy costs."*

The challenges facing Anheddau are mirrored across the sector. In 2025, another charity, Cymryd Rhan, was forced to close due to similar financial pressures.

## NOT-FOR-PROFIT SUPPORTED LIVING SERVICES

Cymorth Cymru conducted a snapshot survey of not-for-profit providers of supported living services for people with a learning disability. On average, it is costing them £707,133 to cover the increase in the Real Living Wage in 2025/26, and an average of £725,415 to pay the increased employer National Insurance contributions. To cover these costs, services required an average funding uplift of 8.3% - but as of 1st April, the average uplift offered was 3.6%, with 49% not having received an uplift yet. The average funding shortfall being faced by these providers during 2025/26 is £585,714, with the highest being £1.4 million.

Average  
funding  
shortfall of  
**£585,000**  
in 2025/26

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## CASE STUDY: NOT FOR PROFIT SUPPORTED LIVING PROVIDER

This not-for-profit supported living provider has had to make hugely difficult decisions this year due to unmet Real Living Wage costs, and the impact of Employers National Insurance changes. They have already lost £1.8m from reserves as a result of insufficient uplifts in the last two budget rounds and if uplift rates follow Local Government increases will be looking at another £1m loss next year.

They have recently restructured, losing a lot of experienced colleagues. These were mostly managers, with many years of experience and expertise in developing and delivering supported living. These staff were experts in building communities and ensuring that supported living remains the powerful model it is. Whilst they managed to preserve their level of front line support for the people they support they are also having to consult on changes to terms and conditions, to reduce sick pay entitlement for their whole workforce.

Without a firm commitment on uplifts for the real cost of care next year, they face very difficult decisions about whether to compromise on paying the Real Live Wage, reduce even further their supported living model or whether they continue to make a loss in the hope that uplifts will meet rising costs.

The impact of losing hugely valued and respected colleagues as well as the uncertainty around whether uplifts will meet rising Real Living Wage costs in the coming year is causing huge anxiety and disruption within the organisation.

## CASE STUDY: FAMILY-RUN HOMECARE IN SOUTH EAST WALES

As a family-run homecare company based in South East Wales, we've been supporting our community for over 15 years. We employ local people to care for local people, supporting around 72 individuals to live independently. Our team's dedication has earned us an excellent CIW rating — we go above and beyond with things like Christmas dinners for clients, community events, remembrance wreaths, and even “fish and chip Fridays,” where carers bring lunch and share time with clients. Our staff genuinely make a difference every day.

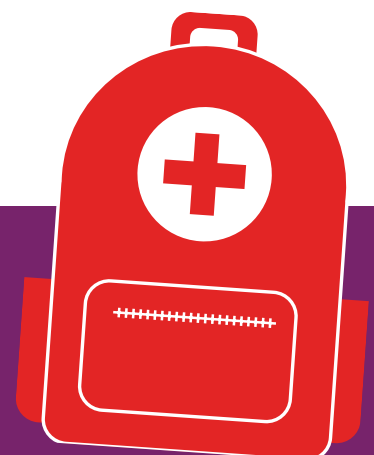
Despite this commitment, the past year has brought significant challenges. A recent re-tendering process led to the loss of both clients and valued staff, while rising costs — particularly increases in National Insurance — have stretched us to the limit. We already pay time and a half for bank holidays and over Christmas and New Year, but this year we simply can't afford to give pay rises.

Without sustainable funding, our ability to reward and retain skilled carers is at real risk — and that ultimately impacts the people and communities we care for most.

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# BUDGET 2026/27: WHAT NEEDS TO HAPPEN NEXT?

The Welsh Government's budget for 2026/27 provides a critical opportunity to ensure that services can continue to provide essential care and support to people across Wales. Without action, many services will be at risk of closure.

We are calling on the Welsh Government to provide:

## SUSTAINABLE AND TIMELY FUNDING FOR SOCIAL CARE

The Welsh Government must increase the social care budget and take steps to ensure social care services in Wales receive the funding they need to cover all of the costs associated with running high quality social care services. The Welsh Government should also undertake work with commissioners and providers to establish minimum fee rates and a consistent approach to funding care services across Wales. The Welsh Government should require local authority and health board commissioners to confirm the funding allocation for all commissioned care and support services before 1st April 2026.

## FUNDING AND ACCOUNTABILITY ON THE REAL LIVING WAGE

The Welsh Government should address the significant problems with the delivery of the Real Living Wage commitment by ensuring that commissioners and care providers receive the funding they need to uplift salaries to the new Real Living Wage rate and maintain appropriate differentials for operational managers. In line with the Cordis Bright evaluation recommendations, they should provide greater transparency about the funding for the RLW and consider ring-fencing the funding to ensure it does not get spent on other priorities.

## FUNDING FOR NATIONAL INSURANCE INCREASE

The Welsh Government should provide additional funding for commissioned social care services to cover the full costs of the increase in employer National Insurance contributions for as long as this policy remains in place. These services are fundamental to the delivery of public services in Wales and local authority statutory responsibilities, and should be recognised as such.

## GREATER TRANSPARENCY AND ACCOUNTABILITY

The Welsh Government should be transparent about the calculations and amount of additional funding being provided for social care services to cover the increases in the Real Living Wage and employer National Insurance contributions over the last two years and in the future. Ministers should also collect data to confirm that sufficient uplifts are being passed on to care and support providers, to ensure that providers are not financially penalised for paying the Real Living Wage.



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