

Written Statement - Additional Funding for Social Care

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Rebecca Evans Minister for Social Services and Public Health

The Welsh Government has prioritised social care as a sector of national strategic importance. It is therefore important that we continue to invest in social care to ensure the delivery of high-quality care and support to people across Wales.

Recent reports by the UK Homecare Association, Care and Social Services Inspectorate Wales and the Wales Audit Office have supported greater investment in social care.

The Welsh Government has been working with the social care sector. We have heard and understood the concerns raised about financial pressures and their impact. Whilst an uplift in pay for low-wage workers is to be welcomed, we recognise that the financial pressures facing the sector have been accentuated by the implementation of the UK Government's so-called national living wage in what has traditionally been a low-wage sector.

Our analysis of the costs of the national living wage suggests the impact on the social care sector was between £14m and £23m in 2016-17.

The 2017-18 Budget includes an additional £25m for social services, to be provided through the revenue support grant for local government. This extra support has been recognised by local government and will help respond to pressures.

Today, I am confirming that a further £10m of recurrent funding will be made available to help manage the impact of the national living wage.

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This additional £10m will initially be in the form of a specific grant as we establish a tripartite agreement between the Welsh Government, local government and social care employers. The Welsh Government will provide additional funding; local authorities will invest in care provision and employers will create a more stable and valued workforce, reducing the prevalence and impact of workforce turnover while improving the quality of care delivered.

This agreement will commit all parties to arrangements to support the costs associated with the national living wage and will help to create a more stable social care workforce, including the delivery of our specific commitment for a fully registered social care workforce by 2022.

Alongside this new investment in social care, I have been considering the level of the maximum weekly charge for non-residential care. Currently, the income raised from people who pay the maximum charge contributes more than £25m a year towards the cost of this care. This money plays an important role in both the amount of and quality of non-residential care which local authorities provide.

The Welsh Government introduced the maximum charge in 2011 to address the wide variations in charges which local authorities made for similar non-residential care. This has provided consistency in charging across Wales for homecare and other non-residential care.

Information from local authorities has shown that two-thirds of people receive their care either free or at a charge up to the maximum, depending upon their level of income. The third of people who pay the maximum charge have relatively high levels of income or high levels of capital. The maximum weekly charge achieves the goal of consistency in charging across Wales but it does so by disproportionately limiting charge income from those who are best placed to meet the cost of their care.

I am convinced of the need to retain the maximum charge to ensure consistency. However, the current level of £60 per week has been in place for almost two years and the time is right to raise the maximum level. This will take into account the disproportionate impact but also, more importantly, the need to invest in the care sector.

After careful consideration, based on feedback from stakeholders, I have decided the maximum charge will be uplifted to £70 per week from April 2017. This will raise more than £4m a year in additional income for local authorities to help address financial pressures in social care and ensure the availability and quality of care. I see this as complementary to the additional £10m funding we are providing for social care to meet the challenges of the national minimum wage, and the additional £25m announced in the 2017-18 Budget.

The sustainability of the social care sector is being further supported by the Intermediate Care Fund, which commenced in 2014-15 and which in 2017-18 will receive £60m of funding to continue the integration of health and social care.

There will be further engagement with stakeholders to determine the best approach to changes in the level of the maximum for non-residential care in future years. This will be part of a longer-term arrangement whereby the maximum will rise to £100 per week by 2021.

A consultation about the changes to the regulations needed to introduce an increased maximum charge from April and to uplift the capital limit used in charging for residential care to £30,000 is ongoing and will run until 25 January.