



Welsh Budget 2027/28

Funding for commissioned social care services in Wales

Evidence to the Senedd Finance Committee

Submitted by Care Forum Wales, Cymorth Cymru and the Homecare Association

About us:

- **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 2,100 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.

1. Executive summary

- 1.1. Commissioned social care services in Wales are being asked to deliver more for less, and to do it without knowing what they will be paid or when. This paper sets out evidence from 105 care providers, surveyed between 12 August and 25 September 2026. Between them they operate in every local authority area in Wales. They deliver care homes, nursing care, dementia care, domiciliary care and supported living.
- 1.2. Funding arrives late. Over a fifth of providers (22%) started 2026/27 without knowing their fee uplift. Only 9% had received the uplift in their bank account by 1 April. One in five (20%) still had not been paid it by 1 August, four months into the financial year. That makes it very hard for providers to set budgets, commit to pay rises or give staff certainty.
- 1.3. Uplifts fall well short of rising costs. Over half of providers faced wage cost increases of 7% or more on 1 April 2026, driven by the Real Living Wage, pension contributions and the rise in Employer National Insurance. Yet just 3% of responses (reported for each commissioning area) showed uplifts of 7% or more. Only 3% said their uplift fully covered their cost pressures, and 34% said it did not cover them at all. On average, providers told us they would need an uplift of 19.1% to meet this year's costs (mean of 59 responses). The median response was 15%.
- 1.4. The Real Living Wage commitment is not being funded. Providers support the Real Living Wage, and 80% have raised pay in line with it. But 83% said their uplift did not cover the cost, and only 39% were told their uplift included Real Living Wage funding. To bridge the gap, providers have:
 - raised fees for people who pay for their own care (44%)
 - absorbed the cost (37%)
 - cut other spending (32%)
 - drawn on reserves (32%)
 - reduced staffing (24%)
- 1.5. None of these responses can be sustained, and several put quality and safety at risk.
- 1.6. New costs keep arriving unfunded. The increase in business mileage rates from 45p to 55p will cost providers an average of £13,030 this year. The impact falls hardest on domiciliary care and on rural areas.
- 1.7. A postcode lottery persists. Fee levels and uplifts vary widely between local authorities and health boards, and historically low rates are dragging fees down rather than up. In domiciliary care, commissioning models that pay only for contact time leave providers covering unpaid travel time and mileage. Some rates, such as the £29.94 per hour reported by one provider, are well below the Homecare Association's [Minimum Price for Homecare in Wales](#) of £37.13 per hour.
- 1.8. Without action in the 2027/28 Budget, more providers will reduce capacity, hand back contracts or close. That means less care for people who need it, more pressure on the NHS, and job losses for a workforce Wales has pledged to value.

Recommendations

- 1.9. We ask the Finance Committee to press the Welsh Government to:
 - **Fund the true cost of care.** Make sure the 2027/28 local government settlement and health board allocations give commissioners enough to award fee uplifts that match rises in staffing and operating costs. That includes the Real Living Wage, Employer National Insurance, pension contributions, mileage and the financial impact of reforms resulting from the UK Government's Employment Rights Act.

- **Ring-fence Real Living Wage funding.** Act on the independent Cordis Bright evaluation by ring-fencing funding for the Real Living Wage, associated on-costs and pay differentials. Publish how much is allocated and to whom.
- **Give providers certainty before the financial year starts.** Provide earlier indicative and multi-year settlements. Set a clear expectation that commissioners confirm uplifts before 1 April and pay them from the start of the financial year, with any backdated sums paid promptly.
- **Make fee setting transparent.** Expect commissioners to set fees in line with the [National Framework for Commissioning Care and Support](#), using evidence of the actual cost of delivering care, and to publish the basis for their rates, rather than setting fees by reference to internal budgets or neighbouring authorities. Work towards national fee methodologies should be transparent and co-designed with all relevant stakeholders, including care providers.
- **Reform domiciliary care commissioning.** Move away from minute-by-minute, contact-time payment towards models that fund travel time, mileage and the full employment costs of homecare, and make sure homecare uplifts keep pace with those awarded to care homes.
- **Hold health boards to the same standard.** Make sure health board commissioners meet the same expectations as local authorities on timeliness, sufficiency and engagement with providers.

2. Introduction

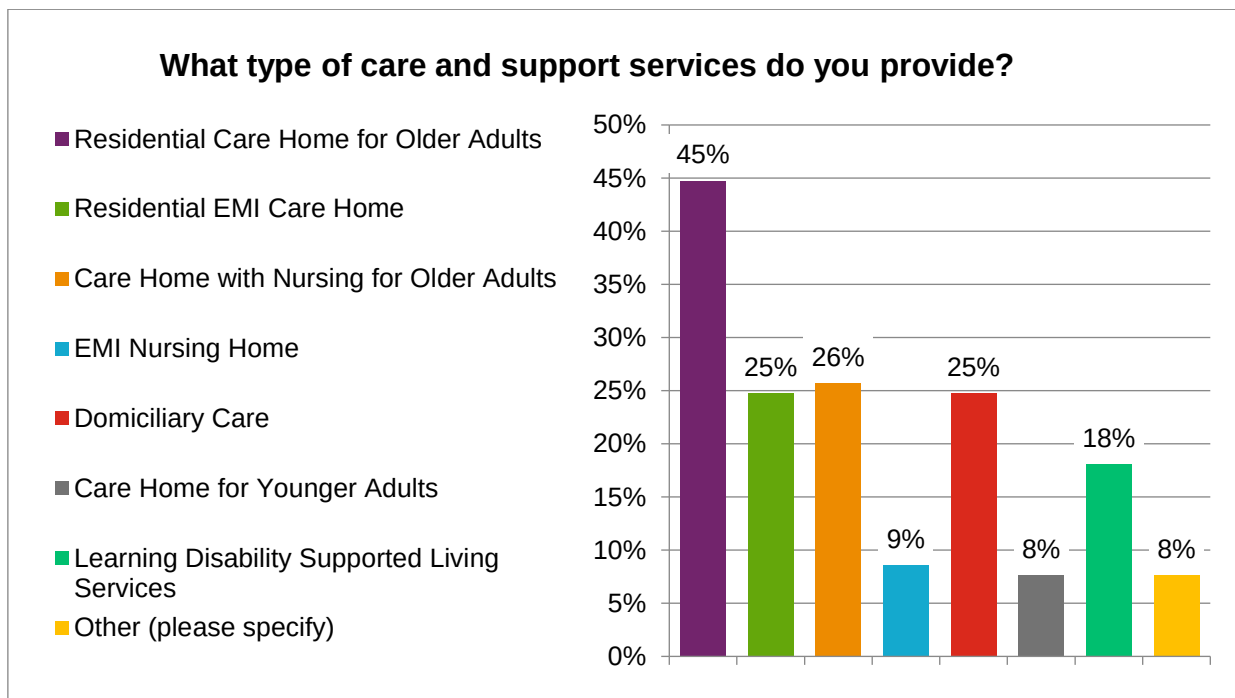
- 2.1. This paper aims to support Members of the Senedd in their scrutiny of the Welsh Government's budget for 2027/28. It has been co-authored by Care Forum Wales, Cymorth Cymru and the Homecare Association, on behalf of our members, who deliver a variety of social care services across Wales.
- 2.2. The data and comments in this paper have been taken from a survey of social care providers who receive funding from local authorities and/or health boards for the delivery of social care services in Wales. The survey was conducted between 12th August and 25th September 2026, and was distributed to care providers via Care Forum Wales, Cymorth Cymru and Homecare Association communication channels. Quotations are the views of individual respondents. They have not been independently verified, and names of commissioners have been redacted where appropriate.

3. Which organisations responded to the survey?

- 3.1. 105 organisations responded to the survey. The following paragraphs outline the type of care, geographical coverage, size and legal status of respondents.

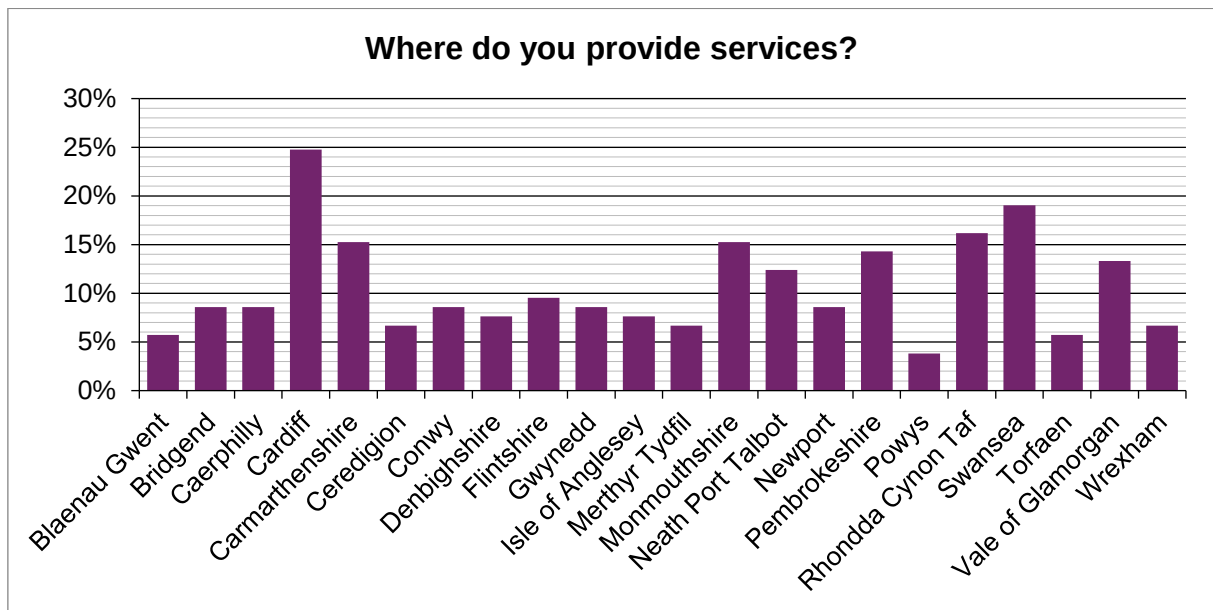
Type of care provision

- 3.2. The following graph shows the types of care services delivered by respondents, with almost half being residential care homes for older adults. Around a quarter of respondents deliver care homes with nursing for older adults, around a quarter deliver residential EMI (dementia) care homes and around a quarter deliver domiciliary care. 18% deliver supported living services for people with a learning disability. (Please note: Some respondents deliver multiple types of care services)



Geographical coverage

- 3.3. The following graph shows the geographical coverage of the care providers who responded to our survey. We received responses from providers operating in all local authority areas of Wales. The most common areas in which respondents deliver services are Swansea, Cardiff, Monmouthshire, RCT and Neath Port Talbot.



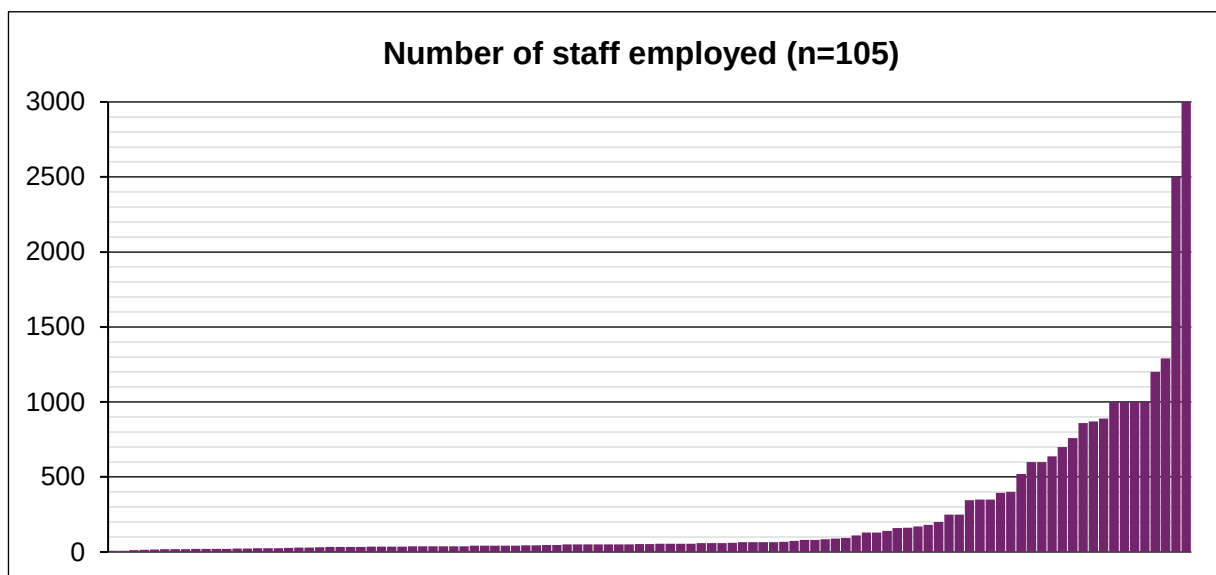
Size of organisation

- 3.4. The survey respondents included very small care providers, as well as much larger providers. The smallest had just 9 members of staff, with the largest having 3,000 members of staff.

**Average
number of
staff: 240**

**Smallest = 9 staff
members**

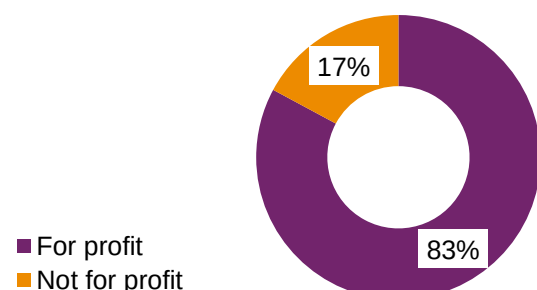
**Largest = 3,000
staff members**



Legal status

- 3.5. Care Forum Wales and the Homecare Association represent 'for-profit' and 'not-for-profit' care providers. Cymorth Cymru represents not-for-profit care providers.
- 3.6. As a result, both types of organisations are represented within this survey data.
- 3.7. 81% of respondents are 'for-profit' care providers, with 18% being 'not-for-profit'.

Your organisation's legal status

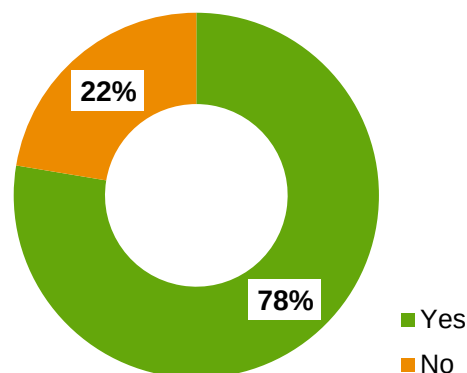


4. Timeliness of funding notification and payment

Notification of fee uplift

- 4.1. One of the key challenges facing social care services is the lack of certainty about the level of funding they will be allocated each year. Care providers have to start planning their budgets towards the end of the calendar year, preparing papers for their boards to inform budget setting and decisions about salary increases for their workforce. This is incredibly difficult when they do not know how much funding they are going to receive until very late in the financial year, or even after the next financial year has begun.
- 4.2. In our survey, we asked respondents whether they had received confirmation of their fee uplift from their local authority or health board commissioner before 1st April 2026. While 78% had been notified, 22% had not, meaning over a fifth had to start the financial year without knowing how much funding they would receive.

As of April 1st 2026, had you received a fee uplift or confirmation of your fee uplift from your LA/HB commissioner

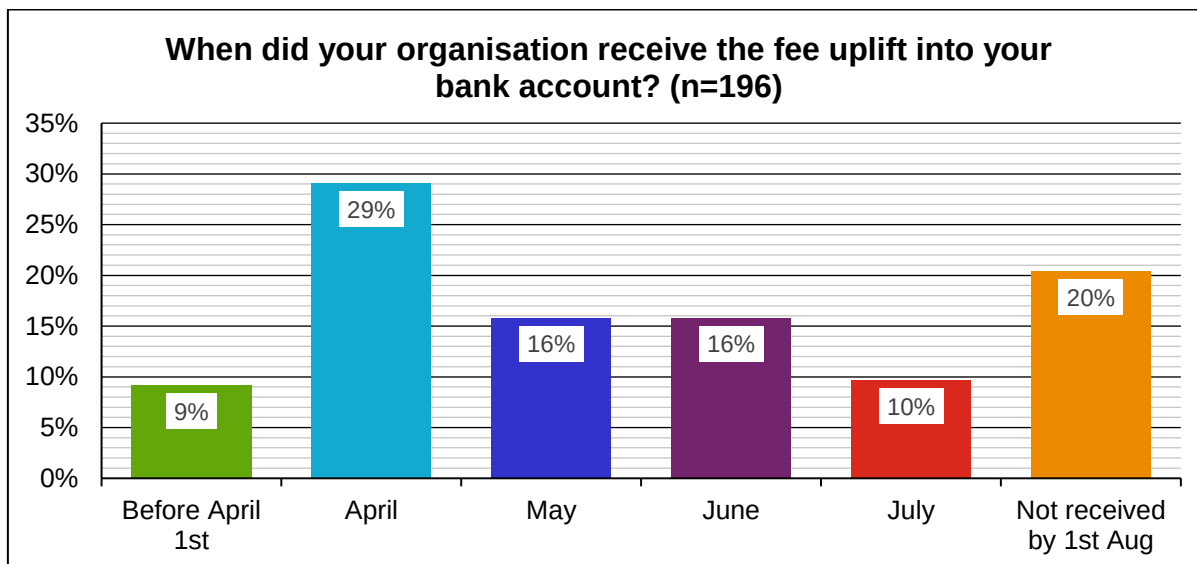


"The delay in communication and openness from Local Authorities, make it very difficult to forecast our costs and provide a commitment to our hard working and loyal staff. Without assurances of uplifts, we cannot commit to increase paying NLW to our staff. A better process is needed."

- 4.3. When service providers do not receive notification of their funding uplift in a timely manner, this has a significant impact on their ability to plan their finances and give assurances to staff about their continued employment. This causes organisational instability and presents unnecessary additional challenges to the recruitment and retention of high-quality staff.

Receipt of fee uplift

- 4.4. We also asked respondents when their organisation received the fee uplift into their bank account. Only 9% had received the uplift before 1st April, with a staggering 20% not having received it by 1st August, when providers had been operating care services four months into the financial year.



- 4.5. Some providers left comments that showed both the delays in receiving the funding, and also the inconsistencies between different local authorities and even service types.

“Our 3.1% increase backdated to April 1st hit out bank account in June 2026 while our D2RA/Reablement backdated increase is only hitting our bank account on 18 August.”

- 4.6. It is unacceptable for the Welsh Government and commissioners of social care services to expect care providers to enter the financial year without any certainty about the funding they have been allocated, or when the funding will enter their accounts. Care services continue to operate because they care deeply about the people they are providing care and support to, but should not have to do so with this level of financial uncertainty.

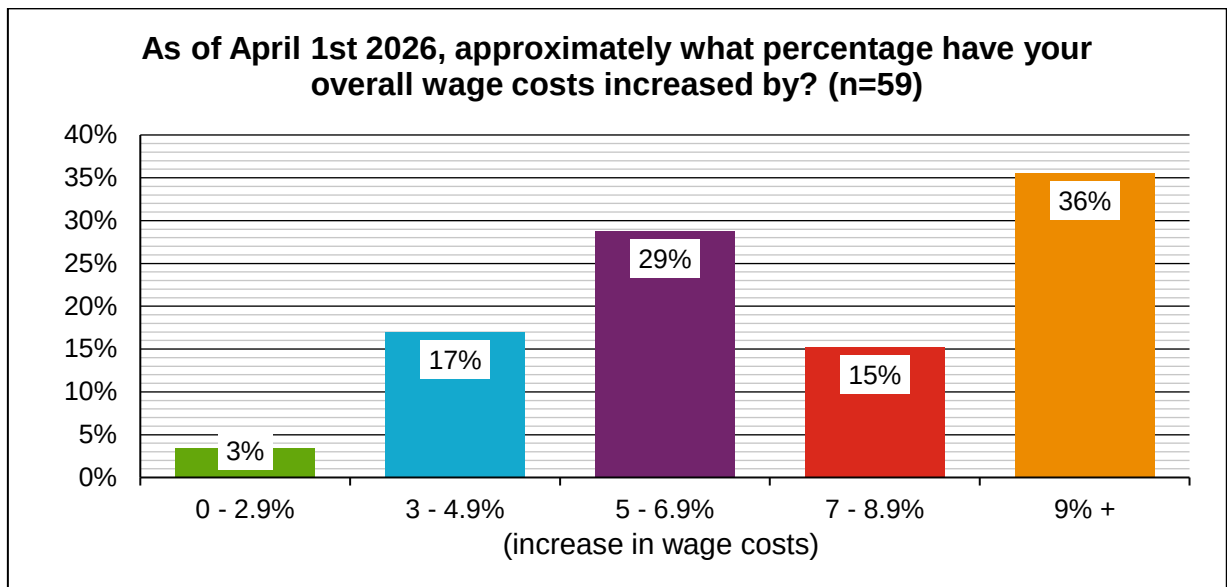
“It is also worth noting that uplift negotiations remain ongoing in some areas and are increasingly likely to result in exiting services. Health boards, in particular, continue to be difficult to engage with and, to date, no uplifts have been awarded in a number of areas. We are needing to actively avoid developing new services with Health Board commissioning due to the lack of communication and collaboration, and financial risk, the Health Boards seem to reply only at the point we need to serve notice to exit out of desperation.”

Impact of Welsh Government budget cycle

- 4.7. A key factor is the current Welsh Government budget cycle, which means that the final budget, and therefore local government funding allocations, are not confirmed until January or February. This gives local authorities very little time before the end of the financial year to confirm funding for commissioned services.
- 4.8. However, even when taking this into account, local authorities and health boards should be notifying care providers well in advance of the start of the financial year about the amount of funding they will receive.

5. Sufficiency of funding award

- 5.1. Critical to the sustainability of commissioned social care services in Wales is whether enough funding is reaching care providers. As demonstrated by the data and comments in this paper, most organisations are struggling to cover the costs of delivering care, having reduced costs over the last decade, and becoming increasingly reliant on reserves to keep services running.
- 5.2. Staff wages make up a huge proportion of the cost of social care, as delivery of these vital services are dependent on our brilliant workforce. As a result, increases in wages and employer national insurance contributions have a significant impact on the overall cost of service delivery.
- 5.3. We asked care providers the percentage by which their wage costs had increased on April 1st 2026, as they entered into the new financial year. 36% said that their wage costs had increased by over 9%, which likely reflects the increase in the Real Living Wage, and the knock-on impact on other contributions, such as pensions, as well as the significant increase in Employer National Insurance contributions. Over 50% faced an increase in wage costs of 7% or more, with 80% facing an increase in wage costs of 5% or more.



- 5.4. The following case study, submitted by one survey respondent, illustrates how the recent increase in Employer National Insurance contributions has significantly increased their costs:

Case study: Increases in Employers NI and NI threshold:

Data from one social care provider, outlining the impact of increases to the Employers NI and NI threshold.

Total Employer NI costs:

2021/22. £25,417.27

2022/23. £34,288.69

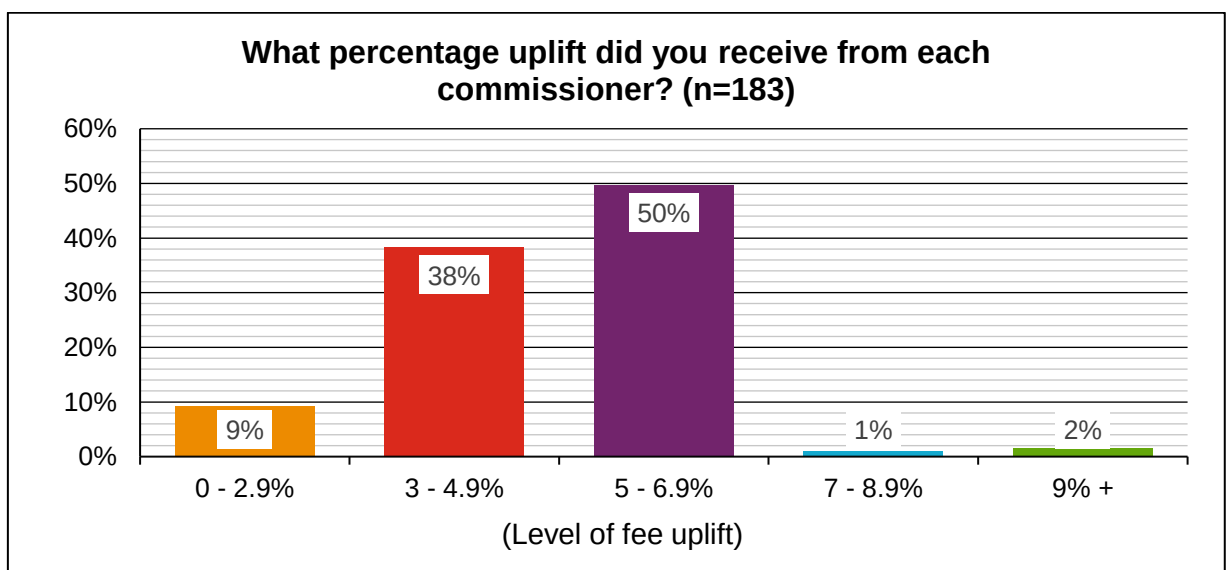
2023/24. £36,595.57

2024/25. £49,340.73

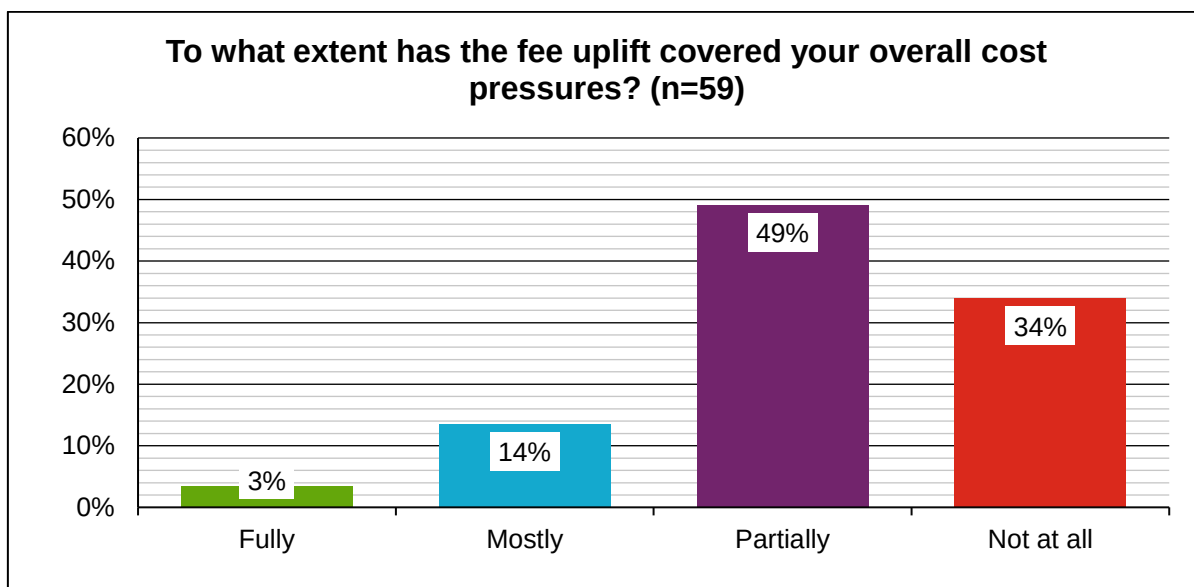
2025/26. £77,134.21

"An increase of 203% from 2022 to 2026 is staggering. How does the government think that care homes can survive with this increase?"

- 5.5. However, as shown in the graph below, the percentage uplifts received by social care providers did not match the increase in wage costs. Just 3% of the responses reported uplifts of 7% or over, which is in stark contrast to the over half of care providers who faced wage cost increases of 7% or more. (The data relate to answers provided for each local authority or health board area where respondents deliver services.)



- 5.6. This is further demonstrated by the answers to the question about the extent to which the fee uplifts awarded to organisations have covered the overall cost pressures faced by care providers. Just 3% answered 'fully', with 34% answering 'not at all'.



- 5.7. This was further illustrated in some of the comments left in our survey:

"Betsi Cadwaladr health board have given a blanket 5.7% uplift to care providers across North Wales, when the real cost of delivering care has increased more than this. As a result, the health board have also now breached collaborative agreements as well as regional framework contracts for service delivery, which we are currently disputing."

"The 5% fee uplift provided by local authorities has simply not kept pace with the real cost of delivering care. The Real Living Wage increased by 6.7%, meaning providers were already facing a 1.7% shortfall on their largest area of expenditure before a single other cost increase was taken into account. That gap has had to be absorbed by providers, alongside significant increases in food, utilities, insurance, maintenance and the many other costs involved in running a regulated care service. This is not sustainable. Care providers cannot continually be expected to absorb the difference between the true cost of delivering quality care and the fees paid by commissioners. If the Welsh Government is serious about maintaining a sustainable social care sector, the 2027/28 Budget must provide local authorities with sufficient funding to offer fee increases that genuinely reflect increases in staffing and operating costs. Without this, providers will face increasingly difficult decisions about investment, staffing and ultimately whether services remain financially viable."

- 5.8. Finally, we asked care providers to tell us what percentage of fee uplift would enable them to cover all of their cost pressures this year. We received 59 responses, with the average answer being 19.1%.

- 5.9. A number of respondents who deliver care services across a number of areas have commented on the postcode lottery they face, both with the level of fee uplifts, and the historical baseline.

19.1%

"It remains very much a postcode lottery in terms of both fee rates and annual uplifts. This year, we have generally seen the better-paying commissioners award lower uplifts, suggesting that comparisons are increasingly being made against lower-fee areas. The consequence is that historically lower rates are effectively driving down fees across the sector, creating a worsening situation. Any anticipated levelling up of fee rates is not occurring; in fact, the opposite appears to be happening. Significant funding gaps also remain. Where higher uplifts have been awarded, these are often in areas with the lowest underlying fee rates, meaning historical underfunding continues to persist. For example, previous cost pressures, including National Insurance increases, have not been fully addressed."

“The people who use our service are living with increasingly complex care needs, yet providers are being asked to deliver more with fewer resources. Rising staffing and food costs have forced us to divert funds away from planned environmental improvements simply to maintain day-to-day operations. Our greatest concern is that financial pressures will limit our ability to increase staffing levels in line with the needs of those we support. High-quality care cannot be rushed. Care takes time, and unless sustainable funding is provided, there is a growing risk that services will struggle to meet future demand safely and effectively.”

“As a small, independent dementia care home, we are facing sustained financial pressure from rising wages, employer National Insurance and pension costs, alongside food, utilities, insurance, maintenance and regulatory requirements. We fully support paying our staff fairly and recognising the skilled, demanding work they do. However, the funding available must keep pace with the cost of delivering that care.

Local authority funding does not always cover the actual cost of a placement, leaving a gap that we cannot continually absorb. Increasing reliance on family top-ups also places additional pressure on families who may already be facing difficult circumstances. Annual fee increases are necessary to maintain a safe, sustainable service; they do not automatically mean there is more money available for improvements or investment.

Unlike some businesses, we cannot simply reduce staffing or cut essential expenditure when costs rise. Our residents need consistent, skilled support around the clock, and many of our costs remain the same even when a bedroom is unoccupied. This leaves limited flexibility to manage funding shortfalls, delayed payments and unexpected expenditure while continuing to invest in the home and our staff.

Our concern is that, without realistic and predictable long-term funding, smaller providers will find it increasingly difficult to remain financially viable. For people living with dementia, the consequences go far beyond finances. Reduced availability of care, or having to move from a familiar home and trusted staff, could have a significant impact on their wellbeing and on their families. Sustainable funding is essential to protect quality, choice and continuity of care—not simply to keep services operating from one year to the next.”

6. Delivering the Real Living Wage commitment

- 6.1. Paying social care workers the Real Living Wage (RLW) was a key commitment under the last Welsh Government’s Programme for Government 2021-26. The policy applies to all registered social care workers in care homes and domiciliary care across both adult and children’s services, and registered domiciliary care workers in supported living settings.
- 6.2. As part of this policy commitment, the Welsh Government pledged to provide the additional financial resources needed to ensure all social care workers receive at least the RLW from April 2022 onwards, with this additional funding commitment intended to cover the difference between the NLW and RLW. The funding also included a contribution towards the cost of maintaining salary differentials between social care workers and social care managers.
- 6.3. This policy is supported by providers of social care services, who want their staff to be recognised for the important work they undertake every day in our communities. However, there have been significant problems with the delivery of this policy, specifically in relation to the provision of funding to cover increases in the RLW and to maintain salary differentials between frontline staff and their line managers.

Challenges with delivery

- 6.4. Social care providers have repeatedly raised concerns about this issue, directly with the previous Welsh Government, with opposition Members of the Senedd, and via the media.
- 6.5. Last year, the Welsh Government stated that it had made sufficient funding available to local authorities and health boards, as part of their un-hypothecated funding settlements.

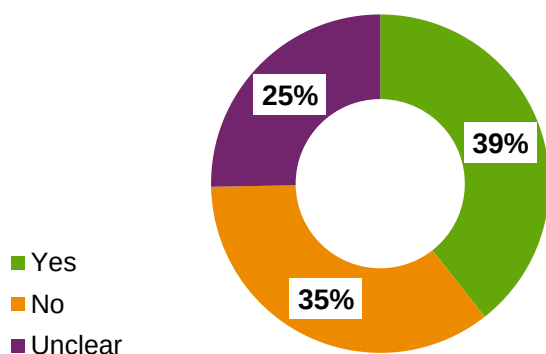
Commissioners have disputed that they have received sufficient funding. Consequently, care providers have not received the necessary uplifts to cover the costs of paying the RLW.

- 6.6. The previous Welsh Government commissioned Cordis Bright to undertake an independent evaluation of the delivery of the RLW policy. The [evaluation](#) reported that there were concerns expressed by commissioners and funders that the funding was insufficient, and recommended that the Welsh Government ‘Consider the feasibility of ring-fencing funding to pay the RLW and associated oncosts, to improve transparency and accountability’.

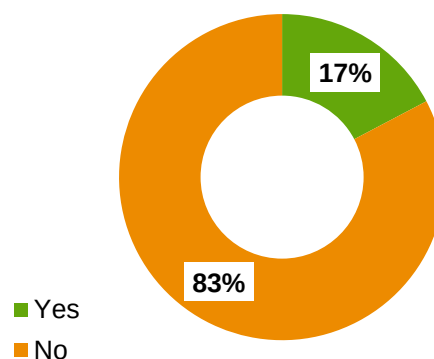
Data from the survey

- 6.7. We asked a series of questions about the RLW policy as part of our survey. Firstly, we asked whether commissioners had specifically stated in their funding award notification that the uplift included funding for the RLW. Only 39% answered ‘yes’.
- 6.8. We also asked whether the uplift had been sufficient to cover the costs associated with the increase in the RLW. 83% answered ‘no’.

Did your commissioner explicitly state that the uplift included funding for the Real Living Wage? (n=170)



Has the uplift been sufficient to cover the increase in the Real Living Wage? (n=185)

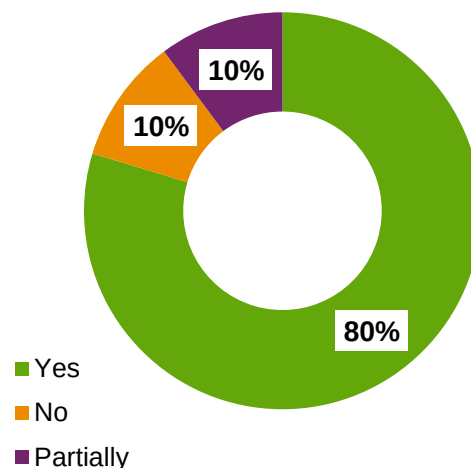


- 6.9. As stated above, social care providers are supportive of the RLW policy, and would like to pay their staff even more, to recognise their invaluable work.

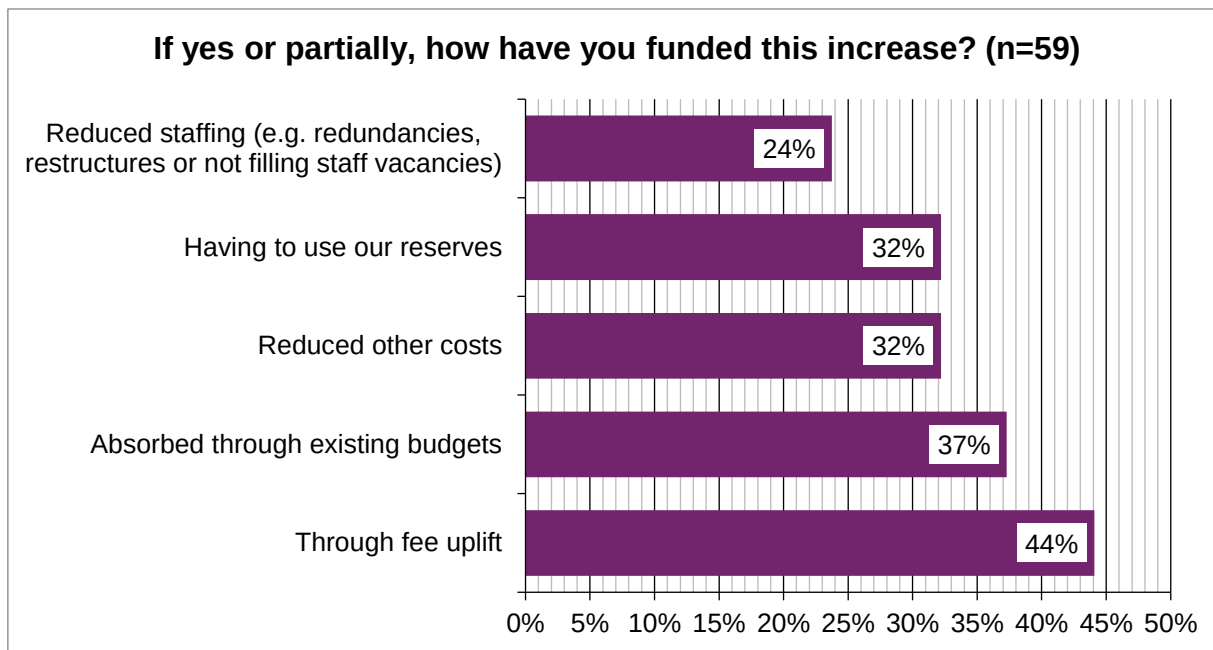
- 6.10. This is further demonstrated by the graph below, which shows that despite an overwhelming majority of care providers not receiving the necessary funding, 80% have increased staff pay in line with the RLW. This, however, comes at a cost to the provider, which is unsustainable in the medium to long term.

“We are a RLW employer and when we can't recover these costs from Local Authorities we have to reduce service delivery.”

Have you increased staff pay in line with the Real Living Wage? (n=59)



6.11. Given that 83% of care providers did not receive enough funding from their commissioner to cover the full costs associated with the RLW, we asked them how they funded the increase.



6.12. 44% said that they had increased fees for self-payers in order to continue paying the RLW, as well as to pay for other inflationary pressures and service improvements.

"Having to rely on self-funder fees to help use for improvements, having to rely on top ups to cover required level of service."

"There was a time when we prided ourselves on being a "Local Authority home", one that could operate within Local Authority rates and provide high-quality care that remained accessible to ordinary working people. Sadly, those days are gone. Chronic underfunding means that we are now faced with increasing our fees simply to meet the true cost of providing care. The result is a deeply unfair system: people without substantial financial means can be left waiting in hospital because suitable care placements cannot be adequately funded, while those who have worked hard and saved throughout their lives must use those savings to pay for their care, often leaving little or nothing to pass on to their families. It is a truly sorry state of affairs."

6.13. 37% had absorbed the costs through existing budgets, while 32% had to reduce other costs, and 24% had to reduce staffing by making redundancies, undertaking staff restructures or leaving vacant positions unfilled. While these actions may enable a care provider to cover their costs, there is a risk to quality and safety if they are being forced to reduce staffing ratios or cut back on activities for people using care services.

"The erosion of margins over the past years has eliminated our profits with losses in recent months. We have had to make one person redundant and not replace someone who has gone on maternity leave despite flat revenues. We are now having to borrow to make payroll as we are not able to make our cost reductions as fast as the decrease. We have negotiated with HMRC a corporation tax payment plan for the previous year due to falling cash reserves. As we stand now, we have no cash reserves."

"The cumulative year on year shortfall means we are unable to meet the needs of so many assessments we carry out resulting in the failing for many vulnerable people and their families. we are unable to make the capital investments needed in the big areas of expenditures like heating and passenger lifts because the bank won't lend with such poor profits. We are unable to keep meeting the cost of the digital transformation journey, the cost of renewing items such as networking equipment and devices in such short time frames due to life expectancy of equipment in this digital world is not sustainable on current fee levels. We cannot continue to balance the books and invest in our workforce and pay rates if the authority continues to put barriers in between us and a fair fee."

- 6.14. 32% said they had to use their reserves, which is extremely concerning. Organisations need to maintain appropriate reserves in order to absorb the shocks of unplanned events, such as losing contracts, facing unanticipated costs, or even dealing with a global pandemic. All providers should be able to maintain an appropriate level of reserves while also receiving enough funding to cover the full cost of delivering care services. For charities operating in the social care sector, there is a legal requirement for the charity and its trustees to have an appropriate reserves policy and maintain adequate levels of reserves.

“Despite mostly meeting costs, budgets are very close to becoming deficits, should things like long term absence / suspensions / staff shortage leading to agency usage / unpredicted costs happen etc.”

“We are having to put money in just to support payroll. This can’t continue for long.”

- 6.15. Relying on reserves to cover core running costs is completely unsustainable, and risks the future of the organisation. This has consequences not only for those in charge, but also frontline staff, who depend on their jobs to pay their rent and bills, and most importantly, on the people using social care services, who have built trusting relationships with their care and support workers, as well as the organisation.
- 6.16. Social care services commissioned by local authorities and health boards should be fully funded, and the Welsh Government should ensure that enough funding is available to cover all costs, including the RLW.

7. Increase in business mileage rates

- 7.1. In May, the UK Government [announced](#) an increase in the business mileage rates from 45p to 55p, backdated to April 1st 2026. While this is a welcome announcement for care workers who need to travel by car to undertake their work, this is another un-funded cost facing care providers.
- 7.2. We asked care providers to estimate how much it would cost their organisation over the course of this financial year, if they were to apply this increase.
- 7.3. Given the variation in the size of organisations outlined earlier in this paper, and the difference in car use between staff in domiciliary care and residential care, there was huge variation in the responses we received.
- 7.4. The lowest was £80 and the highest was £50,000 (from two different care providers). The average was £13,030.
- 7.5. As highlighted in the quote below, this is uncoded and places a huge financial burden on many care providers in Wales. This is likely to have a significantly worse impact on care providers operating in rural areas, whose staff have greater distances to travel for work.



**Average:
£13,030**

“The government may have announced and expect us to pay carers 55p per mile for mileage however the very same government do not pay outside of contact time for domiciliary care, they do not cover travel time or consider the cost of fuel rising or mileage etc because this entire burden is put onto the provider instead, expecting us to cover all the mileage for carers to care for their service users across the city.”

8. Additional contributions by providers

- 8.1. A small number of respondents left lengthy responses to the survey, which we have included below. These reference the Homecare Association's Minimum Price for Homecare and commissioning practices – we have attached the Minimum Price report and the Homecare Association's report [Homecare: commissioning is the key to quality, fair work and better outcomes](#) as additional context to these submissions, which highlight significant issues with cost calculation and commissioning.
- 8.2. Please note, these are the respondents' own views and names of commissioners have been redacted:

Our organisation is commissioned by [name redacted] Council to provide domiciliary care. We are increasingly concerned that the current commissioning arrangements do not reflect the actual cost of delivering care safely and sustainably.

The current payment model is based primarily on the amount of direct contact time provided to a service user. In practice, however, providers incur significant costs outside of face-to-face care time. Our employees must be paid for the time they are required to work, including travelling between calls, even though this time is not reflected in the Council's payment to the provider.

This creates a substantial gap between the hours for which we are required to pay our workforce and the hours for which we receive payment. The impact is particularly significant for providers employing international care workers under Health and Care Worker visas, where there are additional requirements around guaranteed working hours and minimum remuneration. These obligations cannot simply be disregarded because the commissioned package is calculated on contact time alone.

Travel is an unavoidable part of domiciliary care. When care calls are geographically dispersed or there are significant gaps between packages, carers can spend considerable periods travelling between service users. This is working time for which the provider remains responsible for paying the employee, as well as bearing associated costs such as mileage, National Insurance, holiday pay, pension contributions and other employment overheads.

A commissioning model that pays solely for contact time therefore does not represent the true cost of providing the service. It places the financial responsibility for unavoidable travel and other operational requirements almost entirely on the independent provider. Over time, this makes it extremely difficult to maintain a financially viable service while also paying staff appropriately and meeting all employment and regulatory obligations.

We have previously raised concerns regarding the sustainability of these rates, but we do not feel that the actual costs being experienced by providers have been adequately reflected in the commissioning process. In our view, fee-setting should be based on robust evidence of the genuine cost of delivering quality domiciliary care rather than being determined primarily by what can be accommodated within an internal Council budget.

We are also concerned that the recent attention given to fee uplifts within the residential care sector has not been matched by equivalent consideration of domiciliary care. The challenges facing homecare providers are significant, and the cost pressures affecting this sector cannot be addressed simply by maintaining existing rates.

A sustainable domiciliary care system needs to recognise the full employment and operational costs incurred by providers. This includes paid travel time, mileage, legally required remuneration, employment on-costs, supervision and management, insurance, training, administration and the other costs associated with maintaining a safe and compliant service.

We would therefore ask Swansea Council to review its current commissioning methodology and consider whether payment structures should move away from a purely minute-by-minute contact-time approach. A block or otherwise more comprehensive payment model that properly recognises travel and unavoidable working time would provide a more realistic reflection of the cost of delivering domiciliary care.

Ultimately, if commissioning rates continue to fall short of the genuine cost of care, there is a risk that independent providers will be unable to continue delivering packages at the current rates. This has implications not only for the viability of individual businesses and the employment of care workers, but also for the availability and continuity of care for vulnerable people across [the Council].

The 100% increase in Employer National Insurance Contribution (eNIC) costs has placed significant additional financial pressure on providers. For our service, this increased cost is equivalent to approximately three hours of direct care per day that can no longer be funded.

Current funding levels do not adequately reflect the increasing complexity of need among those accessing care and support services. Individuals are entering residential care with higher levels of dependency, more complex physical and cognitive needs, and greater requirements for emotional, social and behavioural support. This requires more staff time, greater skill, and a stronger focus on safe, effective and genuinely person-centred care.

Commissioning arrangements must also recognise the critical importance of meaningful social engagement. Social interaction, purposeful activity and emotional support are not optional extras; they are central to wellbeing, dignity, quality of life and the prevention or reduction of behaviours that challenge. When funding does not allow sufficient time for this work, services are placed under pressure to prioritise basic task-based care over the wider outcomes that individuals need and deserve.

Current funding arrangements also limit providers' ability to invest adequately in workforce recruitment, retention, training and professional development. This is particularly concerning given the increasing complexity of care needs and the sector's reliance on skilled, experienced and compassionate staff. Sustainable, high-quality care cannot be delivered without a workforce that is properly supported, valued and resourced.

There is also a significant prevention issue. Insufficient funding restricts providers' ability to invest in early intervention, meaningful activities, relationship-based care and proactive support. These are the very approaches that help maintain wellbeing, reduce social isolation, prevent escalation of need and improve outcomes for individuals accessing services.

There is a growing concern that engagement between local authority social services departments, commissioners and providers does not always reflect the collaborative and outcomes-focused approach envisaged by the Social Services and Well-being (Wales) Act 2014. While the Act places clear emphasis on wellbeing, voice and control, prevention, co-production and partnership working, providers can experience limited meaningful engagement in relation to fee setting, market sustainability and the practical implications of commissioning decisions. This creates a disconnect between the statutory principles that underpin Welsh social care and the realities experienced by those delivering care and support on the ground.

There is also a perception that commissioning decisions and local authority social services functions are not always subject to the same level of scrutiny, challenge and accountability in relation to wellbeing outcomes, co-production and quality as that applied to regulated care providers. Providers are expected to evidence compliance with extensive legislative and regulatory requirements, including quality assurance, continuous improvement and positive outcomes for individuals. However, where commissioning decisions adversely affect quality, sustainability or the ability to deliver person-centred care, there are often limited routes for providers to challenge those decisions in a timely and effective way.

As a result, there is a growing perception that commissioning decisions prioritise achieving compliance with statutory requirements at the lowest possible cost, with insufficient consideration given to the quality of care and outcomes delivered. This appears inconsistent with the ambitions of the Social Services and Well-being (Wales) Act 2014, the Regulation and Inspection of Social Care (Wales) Act 2016, the Regulated Services (Service Providers and Responsible Individuals) (Wales) Regulations 2017, and associated Welsh legislation, regulations and guidance, which emphasise wellbeing, person-centred care, voice and control, dignity, prevention, quality, and continuous improvement in service delivery.

The regulatory framework requires providers to demonstrate more than minimum compliance. It expects services to evidence quality assurance, positive outcomes, continuous improvement and meaningful involvement of the people they support. These expectations cannot be achieved consistently if commissioning rates do not reflect the true cost of delivering high-quality care.

Commissioning decisions should also take account of the need to maintain a sustainable and diverse care market capable of meeting current and future demand. Continued downward pressure on provider funding risks reducing capacity, limiting choice, destabilising services and undermining the availability of care placements for those who need them.

We fully support the principles and aspirations set out within Welsh social care legislation and regulation. However, there remains a significant gap between these expectations and the funding available to deliver them. Without commissioning arrangements that properly reflect the true cost of providing high-quality, person-centred care, there is a risk that services will be forced to focus on maintaining minimum compliance rather than achieving the wellbeing, outcomes, dignity and quality of life that Welsh legislation seeks to promote.

In short, commissioning must move beyond funding the lowest-cost compliant service and instead support the delivery of care that is safe, sustainable, person-centred and genuinely aligned with the wellbeing principles that underpin social care in Wales.