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Chair of Children, Young People & Education Committee
National Assembly for Wales
Cardiff Bay
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19th November 2019

Dear Lynne

Welsh Government Draft Budget 2020-21: Pressures on Children's Services

Thank you for seeking the views of the Association of Directors of Social Services Wales (ADSS Cymru) on the Welsh Government's upcoming Draft Budget for 2020-21 to be published next month.

Obviously, the calling and eventual outcome of a UK General Election, has caused a degree of uncertainty for the local government sector as a whole in Wales, both in terms of the scrutiny timetable but also, what the potential financial dividend might be for Wales from a newly elected UK Government.

However, like our colleagues in the Welsh Local Government Association (WLGA), we have been working on assumptions based on the figures that have already been announced. In early September, the UK Government published its one-year Spending Round figures, in which the Chancellor promised an extra £600m for the Welsh Government's budget next financial year (£593m revenue above the baseline and £18m capital). The Spending Review announced an additional £3.5 billion for English local authorities, with an additional £1 billion specifically for social care. While we understand that there was an £180m adjustment on non-domestic rates which brought the overall figure down (something that is being challenged by Welsh Government), this additional funding for Wales is very much welcomed and provides the Welsh Government with a valuable opportunity to further invest in essential local services; hopefully beginning to reverse the damaging impact of austerity.

As we look ahead to the Welsh Government's own budget setting, we know that local government funding will again be under enormous pressure. As our colleagues in the WLGA stated in a letter to the Minister for Health and Social Services in September:

"We fully acknowledge that this will mean difficult decisions – both for central and local government – and that frank assessments of prioritisation will be required."

Local government is at the forefront of delivering public services and that it is a priority area for the Welsh Government. The sector has been given a commitment by Ministers that they will provide the best possible outcome to local government from its budget process. We hope the additional consequential funding announced by the UK Government will enable the Welsh Government to ensure local government services do receive

increased funding, for the benefit of people who rely on such local services on a day to day basis.

One of the very top priorities for the coming years must be social care. The pressures on social care – both Adult and Children’s Services - over the last decade, have been enormous. Spending on social services linked to social and demographic pressures continues. However, increased, complex demand, coupled with social care inflationary pressures, are for many exceeding affordable budget allocations. Whilst departmental savings are being made, most have seen little reduction in actual costs. There is now little flexibility within local authority social services budgets to respond to in-year financial pressures. So much so, that some authorities have had to take recourse action through the use of contingency and reserve funding. This is clearly having a negative impact on available services and is simply not a sustainable position going forward.

The funding gap in Children’s Services from increased demand and falling budget settlements has grown significantly over the last decade. My colleagues who are leading social care departments all over Wales, are doing their very best to support individuals, families and communities in an extremely challenging environment. Over 16,000 children in Wales receive care and support from Welsh councils. Directors and Heads of Children’s Service seek to intervene with families earlier and prevent problems from escalating; they are trying to recruit and retain more social workers and they are trying to ensure sufficient placement choice to meet the often, complex needs of children and young people. From large rural counties to city councils, it is consistently reported that demand for children's services is putting local authority budgets under enormous pressure.

According to Wales’ Fiscal Analysis’ (Cardiff University) *Cut to the Bone; Local Government Finances in Wales* (2019), spending on children’s social care has increased by £96 million (33%) in real terms since 2009-10, but this is largely a reaction to the increase in demand. The greatest area of demand is around children who are in the ‘looked after’ care system. In March 2019, the total number of children in care across Wales was 6,405. Compare that figure to a decade ago, when there were 4,695 children being looked after by councils in 2009; it is an increase of 2,150 (46%). Spending on children in care accounted for 53.3% of total budgeted expenditure on children’s and families’ social services in 2018-19. There is growing concern at these high numbers and local authorities, working with Welsh Government, are endeavouring to safely reduce the number of children in their care and prevent more children coming into the ‘looked after’ system.

While reducing the number of children in care will reduce some costs for local authorities over time, investment is currently required to provide appropriate intervention and preventative services to achieve these objectives, for example, increased access to therapeutic support and trauma-informed models of care. Yet, the huge financial pressures councils are under, coupled with the spike in demand for child protection support, mean that the limited money councils have available is increasingly being taken up with the provision of urgent help for children and families already at crisis point, leaving very little to invest in early intervention. Hence, a spiral of uninterrupted and increasing need for services is driving a mounting complexity of challenges for the most vulnerable children.

One of the most significant areas of contention between health boards and local government is Continuing Health Care for children. Whilst we appreciate that Welsh

Government has undertaken a recent consultation exercise on renewing CHC guidance, the reality is that health boards are either not paying their fair share of the costs required to fulfil the needs of this small but complex group of children and young people or they are withdrawing completely from long-standing CHC commitments. This is just exacerbating the financial pressures that authorities are facing. Whether the new guidance will ameliorate the situation is yet to be seen and tested. However, we know of many examples where local authorities are funding services that should be provided by or funded by health boards. This has to be addressed by Welsh Government as a matter of urgency.

We also believe Welsh Government must acknowledge the real pressures right across social care, and it must better recognise the real costs of social care inflation linked to things like the National Living Wage, new regulatory requirements and increasing citizen expectations. It has to properly recognise too, that new models of care, which are being implemented, are expensive to implement in the short term and that demand for core services continues to increase, at least at this stage of the transformation journey. Whilst one off grant funding for innovation has helped to develop the new models of care and relieve some pressure areas, this does not deal with the real underlying deficit in funding; offsetting future cost pressures does not pay the bills today. It also does not assist the sector to properly recruit and invest in the long-term sustainability of its workforce, which is currently feeling underpaid and undervalued. Short-term or one-off grant funding for one or two-year employment contracts are again not sustainable. Investment in the sector has to be put in the baseline to allow authorities to have the ability to flex to their population needs.

I hope I have demonstrated our commitment, as professional leaders, to do everything we can to meet the demands being placed on Children's Services. However, as I have indicated, this is becoming unsustainable, with most local authorities now anticipating significant overspends on their children's services. Moreover, we have to be mindful of addressing pressures right across the social care system. Whilst reducing the numbers of children within the 'looked after system' is, of course, important, if we prioritise that one issue with current resources, there is a risk that there will be a systemic imbalance elsewhere and we may see, for example, the sharp rise of Delayed Transfers of Care within adult services. These are the challenges our members have to compete with every day within a shrinking envelope of resource.

We know that high quality, properly funded, social care and support enables children, young people and their families, to live the lives they want to lead through access to the right care in the right place at the right time. That is why ADSS Cymru is urging the Government, in its upcoming budget, to invest fairly in our essential social care services for the well-being of the most vulnerable in our society.

Yours sincerely,



Sue Cooper, ADSS Cymru President

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