



BRIEFING 1: Securing Long-Term, Sustainable Funding for Social Care in Wales

The Ask: Secure long-term, sustainable, multi-year funding for social care in Wales. Social care is both underfunded and reliant on short-term funding. As the population of Wales grows and ages, we need stable, long-term funding that enables us to plan effectively to meet future demand for social care and support services.

Why this Matters

Social care in Wales supports over 81,000 people with care and support plans at any given time. It employs over 80,000 people, contributes more than two billion pounds annually to the Welsh economy. Without functioning social care, hospitals fill up, unpaid carers are pushed to breaking point, more families break down and fail and people who could live independently at home cannot do so. Social Care Wales research published in 2025 found that every £1 invested in adult social care in Wales returns £2.78 in socioeconomic benefits — a figure that reflects not just the direct employment value of the sector but its wider contribution to keeping people well, out of hospital and living independently. The cost of inaction is not just human — it is financial.

The lack of sustainable, multi-year funding prevents us from being able to plan our services effectively to meet the challenges of an increasingly ageing and vulnerable population with complex needs which require social care and support services.

The Scale of the Challenge

The financial picture facing social care in Wales is serious and worsening. The projected social services overspend for 2025-26 is £69 million, following overspends of £107 million in 2023-24 and £106 million in 2024-25. These are not isolated variations. For 2026-27, the projected social services pressure rises to £201 million — 7.2 per cent of net revenue expenditure — within a wider local government funding gap of £560 million. Social care accounts for 36% of that total.

Local government has made an estimated £3 billion in cuts and efficiencies since 2009-10. Social care has been protected but at the cost of everything else. Spending on non-statutory services has reduced by over a quarter in real terms since 2009-10. The Auditor General for Wales has said some councils are at “the very edge of financial sustainability” and that in November 2025 some were close to issuing section 114 notices — the legal mechanism by which a local authority declares it can no longer balance its budget. As the WLGA puts it: “Without long-term, sustainable funding, councils cannot move from firefighting to the forward planning our residents deserve.”

Why Councils are Overspending: The Structural Causes

There is a question that deserves a direct answer: why are councils overspending on social care year after year? It is not mismanagement or poor prioritisation. It is structural. Several compounding factors are driving costs beyond any council's ability to absorb through efficiency alone.

Demographic demand is growing faster than any efficiency saving can offset. Children looked after by Welsh councils increased by 79 per cent between 2003 and 2023, with a 28 per cent increase in the last decade alone and a projected financial pressure of £24 million for children's residential placements in 2026-27. By 2038, one in four people in Wales will be over 65. Complex multimorbidity — four or more long-term conditions — is expected to almost double by 2035. These are not policy choices; they are demographic realities that no Welsh Government can wish away, and no director of social services can efficiency-save their way out of.

Increasing complexity means that each individual placement, assessment or care package costs more than it did a decade ago. People are living longer with more complex conditions. The social care system was not designed to carry the level of health-related complexity it now routinely manages. The Senedd's own Research Service notes that “decades of stalled reform, rising costs and demand and an overstretched workforce have created instability that will only intensify without significant action”.

Government policy commitments have added structural cost without structural funding. For example, the National Insurance Contribution changes have added further unfunded costs. Pay differentials with the NHS simultaneously drive recruitment and retention difficulties, adding agency and vacancy costs on top. These were right policy decisions. They were not funded ones.

Grant dependency has created a fragile preventative infrastructure. One authority reported reliance on approximately £50 million in various grants, the majority confirmed only until March 2026. The Regional Integration Fund, Eliminate Profit grants and other prevention-focused funding are all at risk of ending without replacement. When prevention funding ends, statutory crisis costs rise. This is not a hypothesis — it is a pattern that has played out repeatedly.

NHS cost-shifting onto social care is a further under-recognised pressure. NHS Continuing Healthcare is systematically under-applied. Local authorities routinely provide care for people with primary health needs that are the legal responsibility of the NHS. The hospital discharge agenda has transferred significant cost from the NHS to social services without a corresponding transfer of funding. This is addressed in more detail in our Briefing 2 (Prevention, Community Wellbeing and Connection).

What Needs to Happen Now: The Immediate Asks

Three things are needed urgently, within this Senedd term, irrespective of the longer-term reform agenda.

A multi-year funding settlement for social care. One-year budgets make it impossible for councils to plan, commission or invest in prevention. A minimum three-year settlement, built on realistic demand projections and developed in genuine partnership with ADSS Cymru and the WLGA, would allow directors of social services to move from crisis management to strategic planning.

A transition from time-limited grants to core Revenue Support Grant funding for preventative services. The Regional Integration Fund and equivalent prevention grants must not be allowed to end without replacement or adequate notice. Where any such funding is to change, early and meaningful engagement with local government leaders is essential. Prevention is most sustainably funded through the RSG, not a fragmented landscape of competitive, time-limited grants that creates instability and prevents long-term workforce planning.

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Honest recognition that policy decisions do often carry funding consequences that are not always fully considered or properly resourced. They create real, quantifiable costs for local authorities and independent providers to resolve and manage. Whilst the policy may well be the right one, the financial impact – sometimes unintended – can put authorities in very difficult positions.

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The Longer-Term Vision: Social Care Free at the Point of Use

ADSS Cymru recognises the Welsh Government's long-term ambition for social care to be free at the point of use. We believe that whilst the destination of travel is right, it requires an honest conversation about the journey.

As the Welsh Government's own expert group acknowledged, a National Care Service requires a national conversation about the level of funding needed and whether the public is willing to pay for it. It must grapple with questions about whether mechanisms such as devolved income tax powers are needed. Significant questions remain about how a National Care Service could be funded and when this might become a reality.

These are honest observations about a complex challenge that has confounded governments in Wales and England for over thirty years. The current system — as Welsh Government itself acknowledged in 2009 — is “complicated, unfair, and unsustainable.” The question is not whether to reform it but how, at what pace and, funded by what mechanism. ADSS Cymru is ready to contribute to the Stage 2 national conversation in Wales.

ADSS Cymru has already had direct discussions with Baroness Louise Casey and her Commission team, examining long-term reforms to the adult social care system in England. During its evidence-gathering phase, we welcomed the opportunity to ensure Welsh perspectives inform England's national debate. A particular concern we raised is the practical reality of two very different social care systems sitting either side of a long border: individuals and families whose care needs, support networks and daily lives span that border face real inconsistency and inequity; care workers move toward whichever side offers better pay and conditions; and as England's reform trajectory develops, differential entitlements will create growing pressure on Welsh provision and public expectation.

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However, what is clear is that the long-term funding reform conversation cannot crowd out the immediate funding crisis. The overspend is happening now. People are waiting for assessments now. Councils are at the edge of sustainability now. These problems cannot wait for 2028 and beyond.

Working With the New Senedd

ADSS Cymru is not seeking a vague seat at an undefined table. We are seeking a structured, ongoing working relationship with Welsh Government and with Senedd Members across all groups, during this Senedd term, as this matter requires cross-party consensus. We are seeking: engagement from the outset, ahead of the Programme for Government and its financial planning process, so that the true cost of social care demand is built into settlement assumptions rather than discovered mid-year as overspend; participation in the Stage 2 national conversation on the National Care and Support Service; and a joint mechanism — with Ministers, the WLGA, SOLACE, the Society of Welsh Treasurers and ADSS Cymru — to address the unfunded pay and cost commitments driving structural deficit.

ADSS Cymru brings to this work the combined professional knowledge of directors of social services across all 22 Welsh local authorities, statutory responsibility for commissioning and delivering services, and a consistent track record of working constructively with Welsh Government. The problems set out in this briefing are not new. But this Senedd term, with a new government and genuine cross-party commitment to social care reform, is a real opportunity to begin addressing them in a sustainable way. We are ready.

Key Sources

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The State of Social Care in Wales: Challenges, Pressures and Towards Sustainability, WLGA, October 2025

A Vision for Social Care in Wales, WLGA, ADSS Cymru and Solace, February 2026

Senedd Research, Adult social care reform: is Wales prepared to confront the escalating pressures on the care system? May 2026

Senedd Research, A system under strain: the sustainability of local government, May 2026

ADSS Cymru Priorities (2025-2028), 2025

ADSS Cymru Manifesto for the 2026 Senedd Elections, 2025

WLGA Manifesto for the Welsh Government, 2026

WLGA Ministerial Letter on Social Services Finances, 2025

Financial Sustainability of Local Government, Audit Wales, 2024

CIPFA and LGiU, A National Care Service Series, 2025-26

Social Services and Well-being (Wales) Act 2014

Well-being of Future Generations (Wales) Act 2015

ADSS Cymru is the Association of Directors of Social Services in Wales, the professional leadership body for directors and senior managers of social services in all 22 Welsh local authorities.

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