

This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

Social Care Workforce Grant (formally the National Living Wage grant)

Summary

1. This paper looks at the transfer into the settlement of the £19 million Social Care Workforce Grant (SCWG) for 2018-19 onwards and considers the distribution on transfer in.

Views sought

2. DSG members are asked to agree, in principle, a recommendation for the distribution of this funding on transfer into the settlement.

Related papers

3. None

Distribution Sub-Group (2017) Paper 11 – Transfer of Social Care Workforce Grant

Background

4. On 5 January the Welsh Government announced that it would make available £10 million of recurrent funding to local authorities to help meet the pressures within the social care sector accentuated by the implementation of the UK Government's so-called "national living wage" in what has traditionally been a low-wage sector.
5. This SCWG forms part of a tripartite agreement between the Welsh Government, local authorities and employers – where the Welsh Government would provide the funding, local authorities would invest in service provision and employers would create a more valued workforce, reducing the high turnover in staff that is currently being experienced.
6. In light of consequential funding provided following the UK Government's spring Budget, Welsh Ministers agreed to provide an additional £20 million for social care in Wales, of which the sum of £9 million was used to increase the SCWG grant to £19 million.
7. The Minister has stated his expectation that the SCWG will move into the Revenue Support Grant (RSG) for 2018-19 to continue to support the social care sector to meet the pressures of the "national living wage." The final recommendation will be the subject of further advice.

Analysis

8. For 2017-18, the SCWG has been distributed to local authorities based on the total of the Personal Social Services (PSS) sector Indicator Based Assessments (IBAs).
9. It is proposed that the DSG agree to recommend that any transfer into the RSG of the SCWG is identified as a separate IBA for 2 years, distributed on the total of the PSS sector IBAs, and that the funding is then subsumed into the relevant PSS IBAs once the corresponding Revenue Outturn (RO) data becomes available in the third year of the transfer.
10. This will enable the distribution formula to be preserved on transfer into the settlement and the IBA to be separately identified for 2 years, until the third year when the funding will be distributed across the PSS IBAs in-line with the Wales-level expenditure identified on the RO forms.

Conclusion

11. This proposal aligns with the DSG principle of moving funding to a needs-based formula at the earliest opportunity and has been requested by the Minister. The DSG is asked to agree the method of distribution proposed in paragraph 9 for the transfer of funding from the SCWG into the settlement for 2018-19 onwards.

**Local Government Finance Policy
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