

Gwenda Thomas AC / AM
Y Dirprwy Weinidog Gwasanaethau Cymdeithasol
Deputy Minister for Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref LF-GT-0482-13

Jocelyn Davies AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

// June 2013

Dear Jocelyn,

Thank you for your letter dated 7 May 2013 relating to financial aspects of the Social Services and Well-being (Wales) Bill in which you ask for further clarification on points made in my previous correspondence with you and during my appearance at the Health and Social Care Committee on 18 April.

With regard to what financial information will be presented to that Committee and when, I indicated on 18 April that it was my intention to provide an update to support the RIA later in the year. I also made reference to the work that ADSS Cymru and the WLGA are doing and that we would expect to have a better idea of that work by the autumn. For the purposes of clarifying the detail and timescale my current intentions are as follows:

- 1. To provide a clear picture of the funding already supplied to Local Authorities and other public bodies as well as an indication of the additional monies to be brought forward by the Welsh Government for making the transition to the Bill. I expect this information to be available, with an accompanying written statement, before the end of this term.*

This information will help reinforce one of my key messages on the financing of this legislation - the need for it to be cost neutral over the long term. Evidence shows that the current model of social care provision in Wales is no longer sustainable. This Bill is a response to this and seeks to put in place a more robust framework for care and support that will last a generation. It follows that it is financially imperative for this Bill to be cost neutral over the long term. There is no more money and we simply cannot replace the existing framework with one that costs more. Public bodies involved in social care must think differently about the way they provide or commission services as it will require the redirection of existing funding into new areas. This will include aligning existing funding with new duties and priorities set out under the Bill such as the promotion of social enterprises and co-operatives. Providing a clear picture of what funding is already made available will help Assembly Members understand what resources Local Authorities and other public bodies have to work with in delivering against this legislation.

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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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A commitment is made in Paragraph 144 of the Explanatory Memorandum through which I have recognised that there will be initial, one off costs in implementing the new system. I have already made it clear for example that transition funding towards the costs of providing information about the changes brought about by the Bill will be borne by the Welsh Government. Training costs have also been taken into account and substantial grant funding for workforce development is already provided to local authorities and their partners. Providing our latest thinking in this area will give Assembly Members the clearest possible picture of what support the Welsh Government is offering in transitioning to the Bill.

- 2. To provide further information in support of the claims made in the RIA in those areas where no indication of the scale of potential benefits have been given. This information will be made available at the end of stage 2 (October).*

I remain confident that the benefits of a move towards greater integration, prevention and early intervention will provide significant benefits over the long term whilst also improving services for the people of Wales. The establishment of a National Adoption Service is an example of where we can achieve cost savings while also making improvements. At introduction, the RIA was very transparent in stating that whilst benefits were anticipated in these areas they would need to be assessed in more detail when Regulations are developed as part of our work. Whilst this is still the case, I have asked officials to explore further evidence from elsewhere that supports these assertions. The realisation of benefits arising from the new system is integral to the legislation being cost neutral over the long term and as such bringing forward more information here will provide further assurance to the Committee and Assembly Members on a subject which has received much scrutiny to date.

The additional information will supplement, rather than update the existing RIA.

- 3. To bring forward further detail on the policy intent behind key Regulations in order to assist discussions with ADSS Cymru and the WLGA around financial modelling of the operational aspects of the Bill. Policy intent for key Regulations will be agreed by the end of the calendar year with further information being made available to the Committee on an iterative basis ahead of the Stage 4 vote on the Bill on the 26 November.*

In my appearance at the Health and Social Care Committee on 18 April and in response to a question from Kirsty Williams AM, I made a commitment to provide further detail on key Regulations as they develop so that Committee and Assembly Members may be in the best possible position to vote on the Bill. I have begun to do this by providing additional detail on core processes underpinning the Bill (including Information Advice and Assistance, Assessment, Eligibility, Care Plans and Portability) when I last wrote to the Health and Social Care Committee on 20 May.

It is important at this point to recognise the linkages between this emerging policy intent and the operational implications of the new system – implications which the WLGA and ADSS Cymru have indicated they are already looking at with a view to providing further information to the Health and Social Care Committee.

A full picture of such costs and benefits cannot be worked out until the choices to be made under Regulations have been decided upon. In this regard you will of course be aware that the development of subordinate legislation is subject to its own Regulatory Impact Assessment process through which cost and benefit positions will be developed. Formal consultation on such legislation will also take place and this is planned for 2014 should the primary legislation receive Royal Assent.

On 18 April I reminded the Health and Social Care Committee of my ongoing commitment to having a dialogue with stakeholders including the WLGA and ADSS

Cymru, primarily through my Partnership Forum and Leadership Group. The WLGA have also subsequently made a statement saying that they would be keen to work with us on financial modeling. As I understand it, the work these organisations are engaged in to develop costings under the Bill has not yet been made available to the Committee but I would hope that when this work is concluded they would share it with me. I would also hope that it fairly and accurately reflects not only costs, but as I have said many times, the benefits of these reforms.

I would be happy to update the Finance Committee on progress in this area before the end of Stage 2.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Gwenda'.

Gwenda Thomas AC / AM

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Deputy Minister for Social Services

