

Y Pwyllgor Cyllid

Finance Committee

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Dawn Bowden MS
Minister for Social Care

8 July 2024

Dear Dawn,

Scrutiny of the financial implications of the Health and Social Care (Wales) Bill

Thank you for attending the Finance Committee's meeting on 3 July to provide evidence for our scrutiny of the Health and Social Care (Wales) Bill.

The Committee would be grateful if you could provide further information in response to the following questions that were either unable to be asked during the oral evidence session due to time constraints, or those which you had agreed to clarify further in writing:

The Welsh Government's approach to quantifying and presenting the financial implications of the Bill

- The sum of the constituent elements in the Regulatory Impact Assessment (RIA) suggests the total cost of the Bill ranges from £394.5m to £495.7m. However, this differs from the total cost set out in that RIA summary, which is £429.8m to £455.7m. We've also noted other inconsistencies in the value of costs and benefits in the RIA summary with the tables included in the rest of the RIA. Please could you provide a clarification of the correct figures or an explanation for these differences.

Changes and financial implications related to 'eliminating profit' for children's residential and fostering services

- On what evidence do you think local authorities will see reduced costs for residential and fostering services over the appraisal period, particularly since the Welsh Local Government Association (WLGA)/Association of Directors of Social Services Cymru (ADSS) highlight some of the operational benefits are contested and the Competition and Markets Authority said the cost of local authority children's home placements is not lower than the cost of placements with private providers.



- What cost differential are local authorities seeing from bringing their services in-house and have you conducted a pilot to test the potential to make savings in providing fostering placements, as suggested by the Competition and Markets Authority. If so, could you provide information on what it showed.
- How have you calculated the profit that providers are expected to lose as a result of the proposals, reflecting the “broad spectrum of businesses” in the market and why is so little information provided about the estimates in the RIA and the separate report by the ADSS Cymru.
- Submissions to the Welsh Government’s consultation on the policy proposal said the introduction of the requirements for existing providers from 1 April 2027 was “felt to be overly ambitious and carried with it a risk to the safety of children and young people who require a good quality, registered and stable placement”. Despite this, you plan to keep to this timetable. Can you explain why is this the case.
- What assumptions have you made in the RIA about the length of the transition period and what would be the financial implications if it needs to be extended.
- The Children’s Home Association says responses to a survey after a Welsh Government workshop in November 2023 indicated no independent providers would, at that time, be willing or able to transition to not-for-profit. How will you manage the transition if a significant proportion of private providers exit the market quickly; how will capacity be met and transition be resourced.

Changes and financial implications related to the proposal to allow CHC direct payments

- You assume 110 people across the local authorities in Wales are currently delaying or refusing to transfer to Continuing Healthcare (CHC). Disability Wales told the Health and Social Care Committee this number seemed “quite low”. Could you respond to that statement.
- The financial implications of introducing CHC direct payments has been informed by experiences of implementing Personal Health Budgets in England, with the cost of direct payments ranging from £46,000 to £120,000 per package. While you note there is likely to be a similar variation across packages in Wales, you have used an average package cost of £50,000 in the RIA. Could you provide an explanation for why this is.
- The RIA quantifies the cost reduction to local authorities from people transferring from social care to CHC direct payments as ranging from £10.9m to £13.7m. Why have you used the maximum benefit in the RIA summary rather than the range of values.

- What assurance can you give that the administrative and support arrangements for CHC direct payments, with their estimated costs, reflect the experience of Local Health Boards' with existing CHC packages and local government's with social care.

How the provisions in the Bill will be monitored as well as the related financial outlay

- Will the Welsh Government provide additional funding to cover the capital and ongoing costs that local authorities and Local Health Boards are expected to incur as a result of these proposals; what happens if the estimated reduction in outturn does not materialise.
- How will you monitor whether the proposals achieve the policy objectives and how are the related costs of post-implementation review reflected in the RIA.

The Committee would appreciate a response by Monday 29 July, to ensure that your evidence can be taken into account when we report.

I look forward to your response.

Yours sincerely,



Peredur Owen Griffiths MS, Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.