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Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref LF/MD/0460/15

Jocelyn Davies AM
Chair
The Finance Committee

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Dear Jocelyn,

5 May 2015

Regulation and Inspection of Social Care (Wales) Bill – Finance Committee

Thank you for inviting me to attend the Finance Committee on 13 May 2015 to discuss the Regulation and Inspection of Social Care (Wales) Bill.

The Regulatory Impact Assessment which accompanies the Bill sets out options for twenty policy areas addressed by the Bill. For each of the options, the costs and benefits to relevant stakeholder groups are discussed. My officials worked with stakeholders to ensure the estimates and their underlying assumptions are evidence-based.

My officials continue to keep the Regulatory Impact Assessment under review and have drawn my attention to three areas in which updating will be required. The enclosed appendix provides the details of these together with their impact on the overall cost of the Bill. These changes will be incorporated in the Regulatory Impact Assessment when it is revised after Stage 2 proceedings.

I trust this information will assist Members in their scrutiny of the Regulation and Inspection of Social Care (Wales) Bill. If you or any Members require further information, please do not hesitate to contact me.

Best wishes,

Mark

Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Amendments made to the RIA

1. Dual registration

Managers are currently required to register with both the workforce regulator and the service regulator. Option one sets out the costs for maintaining the existing system of dual registration (see table 27, page 228) and option two sets out the preferred option of requiring managers to only register with the workforce regulator (see table 28, page 230).

Table 27 will be updated to reflect more accurately the estimated costs with the existing system of dual registration. The cost in 2016/17 has been increased to £324,900. This cost includes an additional £6,125 which has been moved from 2017/18 to more accurately reflect the cost of the existing system in 2016/17 (see table 27 below). There is no cost to years 2018-19 to 2020-21.

Table 27: revised summary of costs associated with maintaining dual registration

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|----------------|----------------|----------------|----------------|----------------|
| Service regulator | | | | | |
| Workforce regulator | 143,000 | 143,000 | 143,000 | 143,000 | 143,000 |
| Managers with outstanding service regulator applications | 12,500 | 0 | 0 | 0 | 0 |
| Managers making fresh applications to the service regulator | 63,800 | 63,800 | 63,800 | 63,800 | 63,800 |
| Managers making fresh applications to the workforce regulator | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 |
| Ongoing costs for managers to remain registered with the workforce regulator | 72,500 | 72,500 | 72,500 | 72,500 | 72,500 |
| Total cost | 324,900 | 312,400 | 312,400 | 312,400 | 312,400 |

Table 28 will be updated to reflect more accurately the estimated costs for managers, as set out in the regulatory impact assessment, where they are required to register only with the workforce regulator. The cost for managers for 2016-17 has increased by £6,425 from £175,475 to £181,900 and the cost to managers has been increased from by £41,800 from £63,800 per year to £105,600 per each of the years 2017-18 to 2020-21 (see table 28 below).

Table 28: revised summary of estimated costs and benefits associated with removing dual registration

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| Service regulator | | | | | |
| Workforce regulator | | | | | |
| Transition | 1,800 | | | | |
| Ongoing | 143,000 | 165,500 | 165,500 | 165,500 | 165,500 |
| Managers | 181,900 | 105,600 | 105,600 | 105,600 | 105,600 |
| Total cost | 326,700 | 271,100 | 271,100 | 271,100 | 271,100 |

2. Due diligence of key providers

Option one sets out potential costs associated with the disorderly closure of care providers. Paragraphs 7.462 to 7.467 set out the costs to service users, where a large care home closes in a disorderly manner. The total cost to services users is estimated to be £923,000. An assumption has been made that only one large provider is likely to exit the market in a disorderly manner every 10 years. Thus, the cost to service users is £92,300 per annum.

Option two sets out the costs and benefits of introducing due diligence of key providers. Undertaking due diligence aims to prevent disorderly closures of care providers and, in turn, to prevent the associated costs being incurred. For service users, the introduction of due diligence should reduce the risk of incurring costs of £92,300 to zero. Thus, there is no cost to service users, resulting in a saving of £92,300 per annum. Rather than a stated cost of zero to service users, tables 42 and 43 (see pages 279-287 of the regulatory impact assessment) have a stated cost of -£92,300. This has resulted in the potential savings over the five year period 2016/17 to 2020/21 being stated as £738,400 rather than the intended estimate of £369,200.

3. Social Care Wales

Table 39 sets out the current grant funding of £19,458,575 for workforce regulation and improvement, research and service improvement. This grant funding will be used to fund Social Care Wales, as set out in table 40.

This information is not presented accurately in the summary tables 42 and 43, which state the cost to public finance is £19,147,575. This figure will be amended to read £19,458,575. Whilst this has an impact on the total ongoing cost and the total cost of implementing Social Care Wales, it has no impact on the additional cost of implementing the preferred options set out in the regulatory impact assessment.

Summary tables 42 and 43 will be updated to take account of the changes outlined above. The amended totals are set out in the table below.

Total costs

| | 2016/17 | | 2017/18 | 2018/19 | 2019/20 | 2020/21 | | | |
|-------------------------|------------|----------------------------|----------------------------|------------|------------|------------|------------|----------------------------------|-----------------|
| | Do nothing | | Introduce preferred option | | | | | | |
| | Ongoing | Total 5 years - do nothing | Transition | Ongoing | Ongoing | Ongoing | Ongoing | Total 5 years - preferred option | Cost difference |
| Original figures | 33,981,085 | 169,905,425 | 3,357,412 | 35,382,513 | 35,376,388 | 35,376,388 | 35,376,388 | 178,850,174 | 8,944,749 |
| Amended figures | 34,298,510 | 171,492,550 | 3,357,412 | 35,821,488 | 35,821,488 | 35,821,488 | 35,821,488 | 180,941,874 | 9,449,324 |