



Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

26 July 2018

Dear Chair

During his evidence session before the Finance Committee on Wednesday 11 July, the Cabinet Secretary for Finance promised to provide further information on the work streams agreed to take forward the considerations of the Inter-Ministerial Group (IMG) on Paying for Social Care. As the chair of the IMG I thought it was more appropriate if I provided you with this information.

In order to provide the social care policy considerations alongside the financial considerations of a potential social care levy the Cabinet Secretary for Finance has been undertaking, the First Minister asked me to chair a cross-government group. Consequently as my Written Statement of 10 July confirmed, I have established the IMG to provide that input with membership to reflect the intended cross-government focus of this including the Cabinet Secretary for Health and Social Services, the Cabinet Secretary for Local Government and Public Services, the Cabinet Secretary for Finance and the Minister for Housing and Regeneration.

At its first meeting on 27 June the IMG agreed its terms of reference. On the basis of this it then discussed its work programme and agreed this should be taken forward through five distinct work streams. These comprise of one each to consider issues around raising additional finance for social care via a levy, the distribution of the finance raised in this way and the utilisation of the finance to deliver social care priorities. It also consists of a work stream to consider the interface with the UK Government, including how any social care levy would interact with the welfare benefits system, and one to develop a communications strategy to engage with citizens and the social care sector to both inform them of the purpose of this work and to seek their views.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Huw.Irranca-Davies@llyw.cymru
Correspondence.Huw.Irranca-Davies@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I have attached a paper which sets out the IMG's agreed terms of reference and which provides more details on each of the work streams agreed. I hope the Committee finds this helpful.

A handwritten signature in black ink, consisting of several fluid, overlapping loops and a long horizontal stroke at the bottom.

Huw Irranca-Davies AC/AM

Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People & Social Care

INTER-MINISTERIAL GROUP ON PAYING FOR SOCIAL CARE

Terms of Reference

- to identify and quantify the funding priorities for social care in the medium to long term to deliver sustainable social care in line with Prosperity for All and which support the transformation of social care through the Long Term Plan for Health and Social Care and its delivery under the Social Services and Well-being (Wales) Act 2014;
- to identify the options for funding social care in the future through a social care fund;
- to consider the effectiveness of these options in terms of their income generation, collection mechanisms, viability of operation, acceptability to the sector and public, and their ability to meet the funding priorities identified;
- to identify the options for the return those who contribute to a social care fund would receive as a consequence of their contributions (the “promise” to which Professor Gerry Holtham refers) and the merits of these in terms of their benefit to the individual, their interaction with the arrangements for the provision of and charging for social care, their sustainability, and their acceptability to the sector and public;
- to identify the ways in which the UK Government, the sector and public should be engaged in a dialogue about the potential for a social care fund, and to start such engagement, so as to gauge and influence opinion about the available options and seek a consensus about the way forward;
- to come to a view about whether a social care fund should be established and if so, the basis of this, its timing, and the most appropriate option for raising funding for it.

Work Streams

Raising the Finance

- consideration of the options to collect funding and their respective merits, including that proposed by Professor Holtham (e.g. income tax, levy);
- review of the evidence of options used to collect funding in other countries and their merits (eg Japan, Germany);
- consideration of the way in which charging for social care occurs and its implications for future funding.

Distributing the Finance

- consideration of the various delivery partners through which funding could be distributed and the merits of using each (eg LAs, Regional Partnership Boards);

- consideration of the options by which funding could be distributed to delivery partners and the merits of these (eg RSG, Transformation Fund);
- consideration of the various options by which funding could be provided to the individual and the merits of these.

Utilising the Finance

- consideration of the finance required in future to fund the perceived priorities for social care and the new models of social care delivery (eg the future priorities work commissioned from ADSS Cymru and the outcome of the Healthier Wales analysis of future health and social care spending to be commissioned);
- consideration of the future sector investment required to sustain the social care sector;
- consideration of the options as to what the return would be for those who pay a social care levy or tax and the merits of these (the “promise” to which Professor Holtham refers).

UK Government Interface

- consideration of the implications arising from the UK Government’s planned Green Paper on social care and the handling of these;
- general liaison with UK Government, including along with Welsh Treasury acceptability of any proposal brought forward to HM Treasury;
- consideration of the implications for welfare benefits in Wales of any proposal brought forward and the handling of these.

Communication

- raising awareness of the current system for funding social care, including the chargeable nature of social care;
- raising awareness of the pressures on the Welsh Government’s budget and the challenge this faces in light of the potential increasing demand for social care;
- raising awareness of the way in which a seamless, integrated health and social care system is to be delivered in the future;
- promoting the need for people to take responsibility for meeting their care needs in the future, including the possibility of them making a contribution to the cost of this via a levy or tax;
- seeking views on the options to raise additional funding for social care and the return they might receive as a result of contributing to this (the “promise” to which Professor Holtham refers).

