

Written Response by the Welsh Government to the Report of the Finance Committee Entitled “The Cost of Caring for an Ageing Population”

Introduction

The way a society treats its older people is a reflection of its values. The Welsh Government is committed to valuing and supporting older people in Wales in a way which we would all want for our families and indeed, for all of us in later life. We must aim to make Wales the best country in which to grow old.

Social care is vital to this aim, supporting people to live as independent and fulfilling lives as possible irrespective of their individual circumstances. This is particularly important in an increasingly ageing population. Successfully meeting the future demand for social care and support should not, however, be looked at in isolation. Social care should be provided as part of a seamless system which joins up health, social care and wellbeing services. As a result people should be put at the centre of the care they require, whether it is healthcare or social care, arranged and provided around their needs.

As was highlighted to the Committee during its inquiry, Welsh Government is reshaping the way in which care and support is delivered so that vision becomes more of a reality. This is through a range of actions including a revision of the legislation framework for social care; an increased emphasis on prevention so as to support people to live at home for longer without the need for intensive support; a change in the models of social care which are delivered; by supporting and developing the paid workforce so as to improve the outcomes for people and; by supporting carers to continue to care for their loved ones. Our programme for transforming health and social care is set out in detail in *A Healthier Wales*.

I would like to thank the members of the Finance Committee for their report. Its recommendations highlight the challenges ahead. It is pleasing to note that in almost every area the action we are taking, or have planned, is already addressing these to the benefit of older people in Wales. I therefore, set out below my response to the Committee’s individual recommendations.

Detailed Response to the Committee’s Recommendations

Recommendation 1: The Committee recommends the Welsh Government continues scoping more targeted research building on the health and cognitive study carried out by Bangor and Swansea universities. This would ensure the most accurate data is available for projecting the total demand for social care services for older people

Response: Accept

There are a range of data sources which already exist in Wales which allow individuals to be tracked over time in a similar way to a longitudinal study. Sources such as *Secure Anonymised Information Linkage* (SAIL) can be used to monitor individuals’ interactions with the health service over time, whilst *Health Wise Wales* would allow a series of questions to be asked to the same participants over time.

The *Longitudinal Study of Ageing* in England and the equivalent in Scotland are funded by a range of sources such as academia, government and the National Institute of Ageing (which provides half of the funding in England). Officials are currently examining what such a study in Wales would achieve which is not available through existing sources.

In addition, under *A Healthier Wales* we are committed to undertake an analysis of health and social care spending and the interaction between the two. This is due to be commissioned before the end of the year to report later next year.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 2: The Committee recommends that the Welsh Government conducts a review of carers' assessments to evaluate whether an intended effect of the Act to strengthen support to carers is being achieved. The outcomes of the review should be reported to the Assembly.

Response: Accept

The Welsh Government is already committed to an evaluation of the Social Services and Well-being (Wales) Act 2014, to explore the implementation of the Act and the impact on those who receive care and support, including unpaid carers. The evaluation commenced in November this year for a period of three years. It will directly involve carers.

Specifically, the evaluation will consider the extent to which the Act has had an impact on unpaid carers directly and what has changed for them since implementation, as well as considering what improvements can be made in order for greater voice and control to be exerted by carers.

The importance of unpaid carers knowing about, and understanding their rights under the Act, is of course fundamental. This is particularly so for them to know that they can request and access a carer's assessment. The Welsh Government will be undertaking next year a major publicity drive to raise awareness of the Act. A specific strand of this will be targeting unpaid carers to drive up knowledge of their rights and directly encourage them, and people who don't yet identify as carers, to seek information, advice and assistance. This includes a carer's assessment where it is appropriate for the individual carer.

In addition, support for those requesting carers assessments, and social workers carrying these out, will be enhanced by the development of a specific unpaid carers assessment "toolkit", which will include examples of best practice. Social Care Wales procured the Institute of Public Care to develop a suite of materials for this. A draft of the toolkit will be consulted upon involving key stakeholders such as the Ministerial Advisory Group for Carers, Health Education and Improvement Wales, social care practitioners, unpaid carers themselves and their support groups, as well as local authorities and others. It is planned to launch the toolkit in early 2019.

Financial Implications: None. The costs of the activity will be met from existing programme budgets.

Recommendation 3: The Committee recommends that Welsh Government continues to monitor the funding provided to local authorities to ensure that they are able to continue to fulfil their obligations in light of increasing the capital threshold.

Response: Accept

The increase from £24,000 to £50,000 in the capital limit in relation to local authority charging for residential care was a top six *Taking Wales Forward* commitment. This was to allow people in residential care to retain more of their capital to do with what they wished, without having to use all of their capital to pay for their care.

Given the importance we place on this, officials have monitored the financial impact of this policy on local authorities since the commencement of its implementation in April 2017, when the then limit of £24,000 was increased to £30,000. This monitoring has continued into 2018-19 as the capital limit was increased further to £40,000 from April this year and will continue in future years as the limit is increased to £50,000.

This is to make sure that the financial consequences local authorities incur as a result of this policy are appropriately funded so as to be able to deliver its benefits. As a result we are maintaining a watching brief on these costs to make sure authorities are adequately compensated for these by the additions we have made to the Revenue Support Grant (RSG).

Financial Implications: No additional implications. The Welsh Government has already made an addition of £4.5 million p.a. to the RSG from 2017-18 for the estimated cost of the increase in the capital limit to £30,000, with a further addition of £7 million p.a. from 2018-19 to meet the estimated cost of the increase in the limit to £40,000. At the point when the limit is increased further to £50,000, the additions to the RSG will increase to meet the additional estimated cost associated with that.

Recommendation 4: The Committee recommends that the Welsh Government prioritises the completion of its work in developing a toolkit for fee setting with partners and undertakes more work to ensure that the public understand fees and charging for care.

Response: Accept

Work to develop a fee setting toolkit was completed this summer with *Let's Agree to Agree: a toolkit for commissioners and providers to agree the cost of residential and nursing care for older people in Wales* published in September. The toolkit was subject to wide circulation to ensure all health and social care commissioning bodies, and residential care providers, have access to this and can use it in their fee setting process for the forthcoming 2019-20 financial year.

The toolkit was developed to assist commissioners and providers in establishing an open and transparent dialogue in the setting of residential care fees and in providing a suggested methodology by which they could do this. It was issued as good practice guidance by the Welsh Government's Care Homes Steering Group and is accessible on the National Commissioning Board's website at:

<https://www.wlga.wales/SharedFiles/Download.aspx?pageid=62&mid=665&fileid=1806>

The Board is to maintain the toolkit to ensure it remains current.

In relation to educating the public over charging for social care, the Inter-Ministerial Group on Paying for Social Care (IMG) aims to raise the profile of social care generally and better inform the public of its charging framework. This engagement is planned to commence next year.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 5: The Committee recommends that the Welsh Government prioritises the development of a strategy for the social care workforce and takes appropriate action to raise the status of, and provide support to, social care workers so that the role is an attractive career which is appropriately remunerated.

Response: Accept

The Welsh Government recognises the importance of ensuring a sustainable social care workforce to respond to current and future care and support needs. To ensure this a range of measures have already been implemented, such as regulations to improve the terms and conditions of the workforce by reducing the use of zero hours contracts and requiring delineation of care and travel time.

We have also opened the workforce register to domiciliary care workers on a voluntary basis from April 2018, ahead of mandatory registration from 2020. Similarly we will open the register on a voluntary basis to adult residential care workers from 2020, ahead of mandatory registration from 2022. This reflects our commitment to professionalising the workforce to help raise the profile and status of social care. This is supported by a new suite of health and social care qualifications which will be introduced from September 2019, providing clear career pathways.

A Healthier Wales, which was published this summer, sets out a clear direction for a more seamless health and social care workforce through joint planning by Regional Planning Boards (RPBs), with pooled budgeting and joint commissioning agreements. Work is currently underway to examine how the Welsh Government can help support RPBs in undertaking this enhanced role.

In addition, Social Care Wales and Health Education Improvement Wales are working together to develop a long term workforce strategy which will underpin this work and ensure we are ready to develop and roll-out the best new ways of working across Wales. This strategy will be taken forward in partnership with the NHS, local government, the voluntary and independent sectors, as well as regulators, professional bodies, and education providers.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 6: The Committee recommends that the Welsh Government should, as a matter of urgency, continue to explore further options in order to ensure

that any potential funding reforms implemented in future are sufficient to maintain a sustainable social care system fit to meet the needs who require its support.

Response: Accept

The Welsh Government has prioritised social care in our national strategy *Prosperity for All*, which includes a commitment to develop innovative funding models to ensure resources are available to meet future social care needs. In parallel with this the Cabinet Secretary for Finance has committed to explore the options for new Welsh taxes, including the option of introducing a social care levy to raise additional funding for social care.

The Cabinet Secretary's considerations have been informed by a proposal put forward by Professor Gerald Holtham, who has suggested a social care fund be established from the proceeds of a levy on people's income.

Delivering a sustainable funding solution goes hand-in-hand with establishing effective models of care, which meet the health and social care needs of the population. Therefore, the work on developing a funding model is being progressed within the context of delivering *A Healthier Wales*, which articulates the vision for a seamless system of health and social care. This long term plan commits the Welsh Government to undertaking an analysis of future health and social care spending to better understand the inter-relationship between them and inform the funding requirements for delivering social care in the future. The wider work under *A Healthier Wales* will also inform the development of new models of care which in turn will inform the nature of a future social care offer for those who pay a levy and what this may cost to deliver.

The work on a future funding model for social care is complex and cuts across traditional portfolio boundaries but the importance of this is reflected in the Inter-Ministerial Group on Paying for Social Care (IMG), which I chair. This has Ministerial representation across health, social care, local government, housing and finance. It has established five work streams considering how additional funding for social care could be raised by a levy; what the priorities for that funding would be; how this funding should be distributed; the interaction of the introduction of a levy with UK Government actions and areas (such as welfare benefits) and; a communications work stream to facilitate engagement with the sector and the general public.

The IMG's work is still at an early stage. It will, however, continue this at pace during next year to enable an informed judgement to be made on whether the introduction of a social care levy is viable and would benefit people as currently envisaged.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 7: The Committee recommends that Welsh Government continues to engage with the public about the future funding of social care services but more significantly, it first needs to discuss what they would expect to receive in return for making additional contributions.

Response: Accept

The IMG referred to above fully recognises that any decisions on a change to the funding model for social care which involves the introduction of a levy could only be made on the results of significant engagement with the public and the social care sector itself.

As indicated above, one of the work streams of the IMG's work is on communications. A vital element of this will be engaging with the public to ensure they are fully aware of the current system of funding social care; are aware of the issues and challenges this faces; are aware of the importance of social care and; how this could change with the introduction of a levy and what they would receive in return from paying this.

Proposals for the first part of this agenda (ie raising the profile of social care) are currently being formulated with a view to commencing this next year.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 8: The Committee recommends that, before deciding to introduce a levy to raise additional funding for social care from the population of Wales, the Welsh Government will need to be able to justify how any funds raised will be used and be able to demonstrate that it will make a difference. This should include explaining what level of care the public could expect in return for their contributions since it is unlikely that they would support proposals to pay more if the level of care is the same as it is at present.

Response: Accept

An integral part of the work of the IMG is to identify what the priorities would be for any additional funding for social care raised through introducing a levy and how, therefore, the current model of social care provision would change in the future and the benefits of that change.

In addition to the analysis of spending referred to above in the response to Recommendation 6, we have as part of the initial scoping of this work commissioned local government through the Association of Directors for Social Services Cymru (ADSS) to identify the priorities for social care spending over the next 15 years. This is to consider those priorities right across social care provision and provide its view on where resources raised through a levy would be used to best effect. It is also to provide its view on what the social care "promise" could be to the individual who pays a levy in terms of what return they receive.

Accordingly, the communications activity referred to in the response to Recommendation 7 will need to have as a key deliverable explaining to the public why a levy is required should the decision be made to introduce this, how the money it would raise would be utilised, the wider benefits this would bring and the benefits this would bring to the individual.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 9: The Committee recommends that the Welsh Government explores how the proposal of a seamless health and care system advocated in the Parliamentary review could combine a fund for social care with the NHS which is free at the point of contact.

Response: Accept in Principle

The new models of seamless health and social care envisaged are rooted in our prudent healthcare principles and are a cornerstone of *A Healthier Wales*. People will be able to access a range of seamless services based on their unique needs and what matters to them. Regional Partnership Boards, established through the Social Services and Well-being (Wales) Act, play a vital role by bringing forward proposals for new models of seamless health and social care.

Whilst we are committed to creating these this is not the same as establishing a health and social care service which is completely free at the point of contact, which would require a fundamental change in the way social care was funded to achieve this objective.

The IMG will as part of its considerations be considering the future model of social care which the introduction of a social care levy could facilitate and, as a result, the funding of this. This will include whether it is feasible to either reduce charges for social care, remove them in certain situations, or remove them completely in certain scenarios. Whether social care could be made free, therefore, is something that will be considered as part of that work over the course of next year.

Financial Implications: The introduction of a social care levy would have two financial implications. First, there would be implementation costs associated with its establishment, and its collection and distribution of funding. Second, there would be the funding it raises and the ability to use this as additional funding to meet social care priorities. Both of these will be considered and quantified as part of the work of the IMG.

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