

National Assembly for Wales
Finance Committee

Report on the Financial Implications of the
Proposed Carers Strategies (Wales) Measure

May 2010



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Report on Proposed Carers Strategies (Wales) Measure

Introduction

1. Standing Order 14.2 states:

The [Finance] Committee may also consider and, where it sees fit, report on:

financial information in explanatory memoranda accompanying proposed Assembly Measures;

2. The Finance Committee considered the Proposed Carers Strategies (Wales) Measure at its meeting on 29 April 2010. It was presented to the Finance Committee by Gwenda Thomas AM the Deputy Minister for Social Services and Member in charge of the proposed Measure who answered Members' questions. Members also had regard to the responses received by the Measure Committee in their consultation on the proposed Measure.

Background

3. The proposed Carers Strategies (Wales) Measure and an accompanying Explanatory Memorandum (EM) were laid before the National Assembly for Wales on 25 January 2010. This Government-proposed Measure would enable the National Assembly for Wales to legislate to introduce a new requirement on the 'relevant authorities' in Wales to work in partnership to prepare, publish and implement a joint strategy in relation to carers. In this context 'relevant authorities' are defined as NHS bodies and local authorities. The strategy will provide for the provision of information and advice to carers and for the effective involvement of the relevant authority with carers when making decisions about the provision of services to or for carers or the person cared for.

4. The Explanatory Memorandum says ¹ that there would be implementation and administrative costs for local authorities and the NHS in Wales associated with the proposed Measure.

Local Authorities

5. The Explanatory Memorandum says ² that Local authority social services across Wales already have in place arrangements to provide information and to engage with carers. These existing arrangements in some areas could need further development and strengthening. For other local authority functions, such as housing and education, some

¹ Proposed Carers Strategies (Wales) Measure, Explanatory Memorandum, para 8.6

² Ibid

authorities may have such arrangements in place but again will need further development and strengthening or in some cases developed and put in place for the first time.

The NHS

6. For the NHS in Wales the EM says³ that many of their service areas have no or very under developed arrangements to provide information and to engage with carers. Many NHS service areas will be starting from scratch. The first step for some NHS organisations may be to open discussions with carers and their representatives to ascertain what their priorities for information provision are and the level and nature of the engagement that carers want.

Assessment of costs

7. The EM accompanying the proposed Measure states that there would be administrative and compliance costs for the relevant authorities in Wales associated with the proposed Measure. These are estimated at £5.8 million over three years.

8. These estimates are based on an incremental approach to implementing the strategies:

- Year 1 – initial phase on developing the strategies, in consultation with carers and their representatives. Welsh Minister to confirm they are satisfied that strategies comply with requirements of the proposed Measure;
- Year 1 to 2 – preparation for implementing the strategies. To include developing and distributing the appropriate information, adjusting authorities’ existing guidance and procedures and undertaking staff training; and
- Year 2 to 3 – commencement of implementation to begin during year 2 with full implementation from year 3.

9. The figure of £5.8m is derived from an analysis of the various elements that will go into implementing the strategy. These come in 2 ‘tranches’:⁴ Tranche 1 (year 1) will relate to local authority social services and NHS directly provided services. Tranche 2 (from year 3) will be for other service areas such as local authority education services and NHS contracted services. The analysis of costs is given in the table below:

³ Proposed Carers Strategies (Wales) Measure, Explanatory Memorandum, para 8.7

⁴ Finance Committee FIN(3)-07-10 paper 3, *Proposed Carers Strategies (Wales) Measure – Further Information from the Deputy Minister for Social Services*, 29 April 2010

Breakdown of costs by general headings and year

	<i>£000s</i>			
	Year 1	Year 2	Year 3	Total
Tranche 1	800-970	1,600-1,900	2,300-2,850	4,700-5,720
Partnership working	250-300	250-300	250-300	750-900
Supporting infrastructure	400-500	..	850-1,100	..
Training	0	300-400	550-650	850-1,050
Information development				
& distribution	70-90	..	450-600	..
Young carers	80	150	200	430
Tranche 2	0	0	300-450	300-450
Total	800-970	1,600-1,900	2,600-3,300	5,000-6,170

Source: Paper to Committee from Deputy Minister for Social Services, Welsh Government⁵

.. denotes data unavailable

Figures for Supporting infrastructure and Information and development are not provided for year 2. However, given the totals indicated for year 2, the combined costs for these areas can be seen to be in the range of £900,000 to £1,050,000.

10. The EM says that there are 29 relevant authorities in Wales (22 local authorities and 7 local health boards) and that these costs equate to £200,000 per authority over three years. In summary the overall position is as shown in the table below.

Estimated costs associated with implementation of the proposed Measure

<i>£000s</i>		
Year	Total	Per Authority
1	900	31
2	1,700	59
3	3,200	110
Total	5,800	200

11. In her oral evidence⁶ the Deputy Minister said that the expectation was that the funding requirement will level out at about £3.2m after the first three years.

Reliability of estimates

12. The Finance Committee was concerned that the top end of the estimates indicate a figure of £6.17m and if actual costs proved to be at the high end of the range the policy would be underfunded. The Deputy Minister acknowledged the concern saying⁷ that in any

⁵ Finance Committee FIN(3)-07-10 paper 3, *Proposed Carers Strategies (Wales) Measure – Further Information from the Deputy Minister for Social Services*, 29 April 2010

⁶ RoP p196, 29 April 2010

⁷ RoP p215-217, 29 April 2010

estimates there is a degree of uncertainty and that they had deliberately not gone to the top of the range.

Young carers

13. In a subsequent letter to the Finance Committee the Deputy Minister confirmed that additional funding will be available for strategies for young carers and that this would amount to £80,000, £150,000 and £200,000 in each year in addition to the £5.8m indicated for the main programme.

Funding source

14. While in the context of the overall NHS and Local Government budgets the level of funding called for is not large, the Finance Committee was unsure whether it was 'new' money or whether the funding for the Measure would come at the expense of funding on other programmes. In their evidence to Legislation Committee 5, the Welsh NHS Confederation⁸ and the Welsh Local Government Association⁹ both expressed the view that funding for the Measure should not be at the expense of front line services – particularly at a time when other central grants are being cut.

15. The Finance Committee discussed the source of the funding with the Deputy Minister and asked¹⁰ whether the £5.8m is new money or whether it will be diverted from existing provision within the budget. The Deputy Minister said¹¹ that the £5.8m will be made available from the health and social services budget. In a subsequent letter¹² to the Committee the Deputy Minister said that the funding of £0.9m for year 1 will be accommodated within the existing carers' policy implementation budget and in years 2 and 3 the funding will be met from within existing Health and Social Services budgets. The Deputy Minister went on to say that this is funding which has not previously been allocated and the question of diverting resources from existing provision elsewhere does not arise.

Delivery of funding

16. The Committee found it difficult to understand the precise mechanisms by which funding will be delivered to authorities. In the Deputy Minister's paper to the Committee¹³ she says that her intention

⁸ Legislation Committee No 5 LC5(3)-04-10 paper 1, *Evidence from the Welsh NHS Confederation*, 3 March 2010

⁹ Legislation Committee No 5 LC5(3)-05-10 paper 1, *Evidence from the Welsh Local Government Association*, 10 March 2010

¹⁰ Rop p170, 29 April 2010

¹¹ Rop p171, 29 April 2010

¹² Finance Committee FIN(3)-08-10 paper 3, *Proposed Carers Strategies (Wales) Measure – Follow up response from Deputy Minister for Social Services*, 13 May 2010

¹³ Finance Committee FIN(3)-07-10 paper 3, *Proposed Carers Strategies (Wales) Measure – Further information from the Deputy Minister for Social Services*, 29 April 2010

is to designate under section 5(3) of the proposed Measure an NHS organisation as the lead authority and then to distribute these additional resources via a direct grant to that authority. The lead authority will then have the responsibility to pass on the grant resources to any other organisation which will also be incurring costs under the strategies. This will include the local authorities and any other organisation. She said that it was her intention to distribute these additional resources between the NHS organisations using normal NHS resource distribution arrangements.

17. In her oral evidence the Deputy Minister suggested a more flexible arrangement and said¹⁴ that the resources will be allocated by way of grants to lead authorities. She said that she foresaw that the NHS will be the lead authority in most places. The Deputy Minister went on to say¹⁵ that the money will be calculated on a per capita basis, and distributed as grants to the local health boards if they are the bodies leading the strategies, and will then be distributed to the contributors to the strategy. The Deputy Minister also said¹⁶ that the expectation is that funding requirements will level out after the first three years when the strategies will have embedded and the development work will have been completed. Normally, there will be a transfer to the revenue support grant at that point.

18. The Committee noted that a transfer to Revenue Support Grant would apply only to local authorities and presumes that where the lead authority is a health authority the money would go into the normal allocation process for that sector. The Deputy Minister's description of the approach to delivering funding was not entirely clear and the Finance Committee is concerned that there is still some uncertainty in the Government's mind about how it will do this. **It asks the Minister to let it have a note clarifying this.**

19. In the context of this particular measure, the Finance Committee did not come to a view on the funding mechanism per se or whether the lead authority should be local health boards or local authorities or, as the papers suggest, whichever is more appropriate in a particular area. The Finance Committee is however concerned about the reductions in allocations in some areas that may occur in year 3 when the per capita formula is replaced by a more general funding mechanism. Concerns about this kind of change, and their disruptive impact on services, have been regularly put to the Committee in its inquiries. The Finance Committee asks the Deputy Minister to ensure that, whatever mechanisms are used, authorities are reminded of the need to plan for this in order to meet their statutory objectives.

¹⁴ RoP p200, 29 April 2010

¹⁵ Ibid

¹⁶ RoP p196, 29 April 2010

20. The Committee was also concerned that the approach proposed seems to run counter to the general policy of trying to develop integrated, simple approaches to funding such services and for which, in relation to carers, local authorities were generally considered the appropriate agency. In her letter¹⁷ to the Finance Committee the Deputy Minister reinforced the point by saying that grants for carers totalling £9.4m went to local authorities while for the NHS the total funding for carers was only £0.343m. While the Finance Committee can understand the logic of looking pragmatically at the situation in each area, it urges the Deputy Minister to ensure that the approach followed is consistent with the wider policies in relation to funding of locally-delivered services.

Discussion

21. The Finance Committee acknowledges and welcomes the fact that the cost estimates are based on a careful analysis of the various factors that contribute to them. It notes that some elements of these incorporate a degree of judgment and are based on experiences in Scotland which are not closely comparable. This demonstrates that it is very difficult to estimate accurately, at this stage, the level of funding that will be needed if implementation of this measure is to be successful. The Government will need to bear that in mind in preparing future budgets. Nonetheless, the costs appear reasonable and the Finance Committee notes that consultees, and particularly the Welsh NHS Confederation and the Welsh Local Government Association, have not challenged the estimates.

22. The Finance Committee notes that Government's figures include the risk of a possible shortfall in funding but considers this a reasonable way to proceed and, within the accuracy of the figures, that the gap is probably negligible.

23. The Finance Committee welcomes the additional funding for Young Carers.

24. The Finance Committee notes that the funding for the Measure will come from unallocated funds within the existing Health and Social Services budget.

25. Finally the Finance Committee has sought clarity on aspects of the way in which funding will be delivered and wonders if the lack of clarity is perhaps because there is some uncertainty in how the Government intends to proceed. The Finance Committee notes the indication that in some areas funding may be delivered via the NHS and

¹⁷ Finance Committee FIN(3)-07-10 paper 3, *Proposed Carers Strategies (Wales) Measure – Further information from the Deputy Minister for Social Services*, 29 April 2010

in others via local authorities. The Committee is concerned that this seems to run counter to the wider policy objective of integrating and streamlining funding mechanisms and of using a single route when services span the NHS and local government. In the case of carers, the Committee understands this should be local authorities..

26. The Finance Committee also urges the Government to ensure that if the funding mechanism changes – such as from a per capita basis to a more general funding ‘formula’, it ensures that authorities are not adversely affected in the transition. In particular, it should ensure that local health boards and local authorities have good notice of any changes as a result and in sufficient time for them to be able to plan for them, although it recognises that decisions on what happens after year 3 will be for a future administration.

Conclusion

27. Subject to the observations made above the Finance Committee has no objection on financial grounds to the proposed Measure

Angela Burns
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