



Ein cyf/Our ref DB/10029/24
Jonathan Stanley

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04 October 2024

Dear Jonathan

Thank you for your e-mail of 26th August to the First Minister and former Cabinet Secretary for Health and Social Services, enclosing a copy of analysis from the NCCERC relating to our commitment to remove profit from the care of looked after children. Your correspondence has been passed to me as delivery of this commitment falls within my ministerial portfolio.

Firstly, can I extend my thanks to you, and to the NCCERC for your detailed analysis of the Bill. I have reflected on the points raised within that document and have set out some points below by way of response.

The provisions in the Health and Social Care (Wales) Bill relating to the removal of private profit from the care of looked after children are pivotal to our broader transformation and vision for children's services in Wales. That vision will fundamentally change how we provide services to children and their families as part of locally based services that have the welfare of the young person at their heart. As part of that transformation:

- We want fewer children taken into care.
- We want services to provide the right support for families, at the right time, to help them to stay together, wherever possible.
- When children are taken into care, we want them to be looked-after as close to home as possible, with the right support for their needs.
- And when young people are ready to leave care, they will be supported to plan for their future and to lead independent lives.

The commitment to remove profit is very much focused on specificity and not just sufficiency. I am clear it is not about like for like replacement of one provider by another but about rebalancing the shape, type and scale of provision. We will look at the balance between residential, foster care, kinship care and special guardianship orders. This will include models of care, wrap-around support and models of ownership, as part of our wider vision for children's services, to make it needs-based, integrated, local and affordable.

As part of our wider transformation programme we are developing a National Practice Framework. The Framework will be the key foundation for how we work in Wales to ensure

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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.

the best outcomes for our most vulnerable children, helping us to achieve greater commonality and more seamless working at local, regional and a national level, and provide families with the support they need as we transition to fitting services around people, not people around services. The Framework will be published by the end of the year and implementation will be closely monitored and supported by training and practical resources in 2025.

Many respondents to the consultation agreed that specifying the types of not-for-profit organisations that can operate in Wales, rather than a definition of profit or not-for-profit, would provide clarity around the delivery of the policy and make it easier for commissioning authorities to identify who they are able to contract with.

In line with our policy intent, the four models that we have included all satisfy the principle that there must be no payment of dividends to shareholders or members and that the trading surpluses should be reinvested into the service (including building appropriate reserves and capital expenditure) for the benefit of looked after children.

I am aware that existing for-profit providers have highlighted the potential costs associated with transitioning to a not-for-profit model as a barrier, but also in some cases they do not believe the four models included on the face of the Bill are workable.

It is clearly important that we maintain the integrity of our legislative proposals and focus on eliminating profit. However, I am committed to continuing to work with the existing for-profit sector to understand in more detail what the issues are, be they cost, access to professional advice, or physical assets and to consider what support the Welsh Government could provide to overcome these.

We have been clear throughout that the current system is not sustainable – the system currently sees a shortage of placements, a high number of individuals in care, a cost-of-living crisis, and significant workforce challenges.

We recognise this is a complex commitment to deliver big changes and have taken seriously the need to mitigate disruption to children and young people as far as possible. This is reflected in the transitional provisions set out in the Bill which aim to secure continuity of placements for those children who are already in placement on the date of implementation by allowing a registered for-profit provider of a restricted children's service to continue operating after the provisions have come into force. The Bill would also enable a local authority to place a child in a new placement with a registered for-profit provider, subject to the approval of the Welsh Ministers, in certain circumstances where the other available placements would not be appropriate for the child.

Whilst we cannot, of course, compel providers to remain registered and operate under the new conditions, we intend that this will ease the transition process as far as possible.

I expect local authorities to use the next three years to rapidly accelerate their care reduction policies and programmes as well as to develop sufficient alternative placements of the right type, in the right places. I know that all local authorities in Wales have been revising their Placement Commissioning Strategies for 2024-27, and looking at how they strengthen commissioning and forecasting, based on current and future need. A dynamic gap analysis is also underway, and through the programme governance structures we have put in place, local authorities will be developing a national implementation plan on how to achieve sufficiency of provision by April 2027.

I recognise that in order to help achieve our ambitions for the children's social care sector we need a robust and sustainable approach to recruitment and retention of the workforce.

Social Care Wales (SCW) has embedded “We Care Wales” the first national profile-raising campaign for careers in social care, early years, childcare and play, into all aspects of its work to help attract, recruit and retain workers into the sector. Through the programme governance structures there is also a specific workstream focusing on growing and supporting the residential care workforce.

Yours sincerely

A handwritten signature in black ink, reading "Dawn Bowden". The signature is written in a cursive style with a large initial 'D' and 'B'.

Dawn Bowden AS/MS
Y Gweinidog Gofal Cymdeithasol
Minister for Social Care