WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

Title of proposal:	**SLR-1026 – The Fostering Panels (Establishment and Functions) (Amendment) (Wales) Regulations 2026**
Official(s) completing the Integrated Impact Assessment (name(s) and name of team):	**Tracy Dunning** **Enabling People Division**
Department:	**Social Services & Integration Directorate** **Health, Care and Prevention Group**
Head of Division/SRO (name):	**Alistair Davey**
Cabinet Secretary/Minister responsible:	**Delyth Jewell MS** **Deputy Minister for Social Care, Mental Health and Women's Health**

Start Date:	**TBC**

SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

In narrative form, please describe the issue and the action proposed by the Welsh Government. How have you applied / will you apply the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to the proposed action, throughout the policy and delivery cycle?

Issue and Proposed Action

The Health and Social Care (Wales) Act 2025 establishes a legislative framework to remove profit from children's residential care, secure accommodation and fostering services. By 2030, provision is intended to be largely delivered by not-for-profit providers registered with Care Inspectorate Wales (CIW), ensuring public funding is reinvested in outcomes for children rather than extracted as profit.

In developing the arrangements arising from the 2025 Act and the associated subordinate legislation, the Welsh Government has identified a specific implementation issue relating to the transfer of foster carers from an existing for-profit fostering service to a new business established to meet the new not-for-profit requirement set out in the 2025 Act.

When a for-profit fostering service re-establishes as one of the permitted not-for-profit models, the newly created not-for-profit service is regarded as a new legal entity, even if the people, systems and operations remain the same. This means it must meet all registration, governance and foster carer approval requirements as a new provider, as prescribed in regulations.

As the new not-for-profit body is a distinct and separate legal entity, foster carer approvals cannot simply transfer from the for-profit fostering service to the new not-for-profit fostering service. Every foster carer must receive a fresh approval from the new service. Furthermore, foster carers cannot be approved by two agencies at once.

In practice, this means foster carers currently approved by an existing for-profit fostering service will need to be subject to a full re-approval process in order to continue fostering with a successor not-for-profit fostering service, even where there has been no change in their circumstances or suitability. A full re-approval process would typically involve a repeat assessment of the foster carer's suitability, including updated statutory checks and references, consideration by a fostering panel, and a new agency decision. This would create a significant administrative and financial burden for foster carers and providers and could result in disruption for children already in placement.

To address this, the Welsh Government proposes amending the Fostering Panels (Establishment and Functions) (Wales) Regulations 2018 to allow, in strictly defined and time-limited circumstances, the automatic transfer of existing foster carer approvals from

an existing for-profit entity to a new not-for-profit entity, where there is clear organisational and operational continuity. Safeguards would prevent gaps or dual approval, ensure continued oversight and require review within 12 months.

Application of the Five Ways of Working

Long Term

The proposal supports long-term system reform, including the transition to not-for-profit provision, increasing demand for placements and ongoing workforce pressures. Without intervention, mandatory re-approval could reduce foster carer capacity, contribute to carers leaving the service, and undermine placement sufficiency, resulting in increased reliance on costly or distant placements.

By maintaining continuity of approved foster carers, the proposal preserves capacity, supports workforce retention and minimises disruption to children, while reducing duplication and allowing resources to be redirected towards care quality and support. It also avoids significant reassessment costs for providers, which could otherwise divert resources during transition, thereby supporting organisational stability and enabling investment in governance and service improvement. This will help to stabilise provision during a period of reform, build confidence across the system and support the long-term shift to a sustainable, values-driven not-for-profit model of care, recognising that maintaining stable relationships is closely linked to improved outcomes for children, including their wellbeing and educational attainment.

Prevention

The proposal is preventative, addressing risks before they materialise. Without it, reassessment requirements could create delays and uncertainty, increasing the likelihood of placement disruption and reliance on emergency arrangements.

Provision for approvals to carry over in defined circumstances supports continuity of care, enabling children to remain in stable environments with trusted carers. This helps prevent emotional distress, educational disruption and other negative outcomes associated with instability.

It also prevents unnecessary pressure on the workforce. Reassessment processes may lead to frustration and disengagement among foster carers, increasing the risk that some may choose to step away from fostering. By reducing bureaucracy, the proposal supports retention and morale.

System-wide, it avoids diverting professional capacity into duplicative processes, ensuring resources remain focused on support, recruitment and service quality.

Any reduction in scrutiny is mitigated through safeguards, including validity checks, continued supervision and mandatory review within 12 months, ensuring ongoing oversight.

Integration

The proposal aligns with the Well-being of Future Generations (Wales) Act 2015, contributing to:

- **A healthier Wales**: by supporting emotional and psychological stability through continuity of care, reducing the trauma and anxiety associated with placement disruption, and enabling children to build secure, trusting relationships that are essential for their overall wellbeing and development.

- **A more equal Wales**: by improving outcomes for care-experienced children, who are among the most vulnerable groups, and ensuring that system changes do not create additional disadvantage, helping to reduce inequalities in health, education and life chances.

- **A Wales of cohesive communities**: by helping children remain in stable, family-based placements within or close to their home areas, supporting the maintenance of relationships with family, friends and schools, and strengthening their sense of belonging and community connection.

- **A prosperous Wales**: by improving efficiency across the system, reducing unnecessary administrative costs and duplication, supporting workforce stability, and ensuring that public resources are directed toward improving services and outcomes rather than process-heavy reassessments.

It also supports ongoing commitments to remove profit from care and aligns with the Social Services and Well-being (Wales) Act 2014, particularly local authority sufficiency duties.

Integration is demonstrated through coordinated alignment across regulatory oversight, commissioning arrangements, workforce management and service delivery. Care Inspectorate Wales (CIW) oversight, local authority sufficiency planning and provider transition processes are designed to operate cohesively, ensuring that regulatory assurance, placement capacity and workforce stability are maintained in parallel. This joined-up approach recognises the interdependencies between these elements and supports a consistent, system-wide response to transition.

The proposal also reinforces and enables wider reform activity, including the development of a not-for-profit provider base, strengthening of local and regional commissioning, and efforts to improve outcomes for care-experienced children through stability and early support. By reducing constraints during provider transitions, it ensures these reforms can progress in a complementary and mutually reinforcing way, while also contributing to

improved outcomes across related policy areas such as health, education and community cohesion.

Collaboration
The proposal has been developed through engagement with key stakeholders, including:

- Foster carers and networks
- Providers (for-profit and not-for-profit)
- Care Inspectorate Wales
- Local authorities
- Sector representative bodies

Feedback has highlighted the risks of mandatory reassessment and shaped a proportionate solution.

Delivery will continue to rely on collaboration between providers, CIW and local authorities to manage transitions, ensure compliance and maintain placement stability.

Involvement

The proposal reflects the experiences of foster carers and children. Evidence shows that stability and continuity are critical to children's wellbeing.

Foster carers have identified reassessment as burdensome and unnecessary where there is no significant change in circumstances. The proposal reduces this burden while maintaining safeguards.

Children consistently emphasise the importance of stable relationships and trust. By minimising disruption, the proposal aligns with these priorities.

Ongoing involvement will be supported through feedback, reviews and inspection processes.

Impact
The proposal delivers clear benefits. It protects placement stability and sufficiency, preserves relationships and reduces disruption for children. It also reduces administrative and financial burdens, enabling resources to be redirected to frontline services.

It supports workforce retention and capacity and enables effective implementation of the 2025 Act without unintended consequences.

Risks include perceptions of reduced scrutiny and potential inconsistency in defining "organisational continuity." Operational complexity during transitions is also a consideration.

These are mitigated through clear eligibility criteria, CIW oversight, validation of checks, continuity of support and mandatory review within 12 months.

There are some evidence gaps, including the scale and timing of transitions and workforce responses. These will be managed through ongoing monitoring and stakeholder engagement.

Costs and Savings

The proposal is expected to generate net savings by avoiding duplication and preventing placement disruption. Providers benefit from avoiding reassessment costs, including social work time, panel processes and statutory checks, enabling reinvestment in support, training and service development. Local authorities benefit from a reduced risk of placement breakdown and reliance on costly emergency placements, supporting sufficiency and stability.

While Welsh Government and CIW will incur limited, short-term implementation costs, longer-term efficiencies are expected, with the overall approach supporting more effective use of public funding by reducing unnecessary expenditure and focusing resources on improving outcomes for children.

Mechanism

The proposal will be delivered through The Fostering Panels (Establishment and Functions) (Amendment) (Wales) Regulations 2026 using the annulment (negative) procedure.

This provides a targeted, proportionate response without requiring primary legislation, enabling timely implementation.

CIW will maintain oversight, including assessing continuity and ensuring compliance with safeguarding, supervision and review requirements.

The Integrated Impact Assessment will inform the Regulatory Impact Assessment, ensuring full consideration of impacts. This approach also allows flexibility to respond to emerging issues while maintaining clarity for stakeholders.

SECTION 8. CONCLUSION

(Please note that this section will be published)

8.1 How have people most likely to be affected by the proposal been involved in developing it?

Development of the proposal will be informed by structured engagement with those most likely to be affected, in line with the Well-being of Future Generations (Wales) Act 2015. A formal public consultation will be undertaken, inviting responses from a wide range of stakeholders including foster carers, providers (for-profit and not-for-profit), local authorities, CIW, and representative bodies.

The consultation will seek views from organisations representing care-experienced children, including advocacy groups and the Children's Commissioner for Wales. This will ensure the proposal reflects children's priorities, particularly stability, continuity and maintaining trusted relationships.

The consultation will aim to capture views from relevant organisations and representative groups to identify potential impacts on children and carers from different backgrounds, including those with protected characteristics and Welsh speakers. This will help ensure the proposal promotes equality, avoids unintended barriers, and takes account of Welsh language needs.

The Eliminating Profit Programme Board and its associated workstreams include representation from across relevant sectors, including public, not-for-profit and for-profit providers of children's residential and fostering services. The Programme Board has been kept informed of this work and has provided input at key stages. It will continue to be engaged as the policy develops, with opportunities for members to offer feedback and inform ongoing implementation and review.

Feedback from consultation will be used to refine the proposal and will continue to inform implementation, monitoring and review.

8.2 What are the most significant impacts, positive and negative?

The proposal is expected to deliver significant positive impacts across people, culture and the Welsh language, and the economy, with minimal direct environmental effects.

People and social well-being
The most significant anticipated impact is on children's stability and wellbeing. By enabling the foster carer approvals to be transferred from an existing for-profit entity to a new not-for-profit entity, the proposal is expected to reduce the risk of placement disruption and

help preserve trusted relationships that are critical to emotional security, educational attainment and long-term outcomes.

The proposal also supports foster carers by removing the requirement for duplicative reassessment where no change in circumstances has occurred. This reduces administrative burden, supports morale and contributes to retention at a time of workforce pressure. Local authorities and providers benefit from reduced operational disruption and greater certainty.

Potential negative impacts are limited but include a perceived reduction in scrutiny where approvals are transferred rather than foster carers being reassessed. There may also be risks of inconsistency in how “organisational continuity” is interpreted. These risks are mitigated through clear criteria, CIW oversight, ongoing supervision and a mandatory review within 12 months.

Cultural well-being and the Welsh language
The proposal supports cultural continuity by helping children remain in existing placements, including those where relationships support identity, language and community connection. Maintaining placements with Welsh-speaking carers, where relevant, protects access to Welsh language care and supports the Cymraeg 2050 ambition.

No adverse impacts on the Welsh language have been identified. Avoiding disruption to placements is expected to support the continued use of Welsh within care settings and help maintain children’s linguistic identity.

Economic well-being
The proposal generates clear economic benefits through increased efficiency. It avoids the costs associated with full reassessment processes, including social work time, panel administration and statutory checks. These savings enable providers and local authorities to redirect resources towards support, training and service quality.

It also helps to avoid more significant costs associated with placement breakdown, including the use of emergency or out-of-area placements, which are often more expensive and less stable. By supporting workforce retention and maintaining capacity, the proposal contributes to a more sustainable and resilient fostering system.

While there may be some short-term implementation costs for Welsh Government and CIW (e.g. guidance, oversight), these are expected to be proportionate and outweighed by longer-term efficiencies.

Environmental well-being
The proposal has no significant direct environmental impacts. Indirectly, by reducing administrative duplication and avoiding unnecessary travel associated with reassessment processes, there may be minor positive effects, although these are not expected to be substantial.

Involvement
The forthcoming consultation will seek to explore key issues relevant to those most affected by the proposal. This will include understanding views on the importance of maintaining stability and continuity for children in foster placements, alongside the need to minimise unnecessary administrative processes for foster carers and professionals.

The consultation will also consider how any proposed flexibilities can be balanced with maintaining robust safeguarding standards and appropriate oversight.

Feedback received will help to test assumptions, identify any unintended impacts, and shape the final design of the proposal to ensure it is proportionate, deliverable and underpinned by effective safeguards.

Overall, the proposal delivers strong net positive impacts, particularly for children, while managing risks through clear safeguards and oversight.

8.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The proposal has been designed to maximise positive contributions to the well-being goals while minimising risks through clear safeguards, oversight and ongoing monitoring.

Maximising contribution to well-being objectives and goals

The proposal directly supports several of the well-being goals:

- **A healthier Wales**: By enabling continuity of foster placements, the proposal promotes emotional stability and psychological wellbeing for children. To strengthen this contribution, Welsh Government will ensure guidance emphasises the importance of continuity of care, trauma-informed practice and maintaining trusted relationships.
- **A more equal Wales**: Care-experienced children are among the most vulnerable groups. The proposal helps reduce inequalities by avoiding additional disruption during provider transitions. Ongoing equalities analysis and engagement with representative organisations will ensure the needs of children and carers with protected characteristics continue to be considered and addressed.

- **A Wales of cohesive communities**: Maintaining existing placements helps children remain within their communities, supporting connections with family, schools and social networks. Implementation guidance will reinforce the importance of local placement stability.

- **A prosperous Wales**: By reducing duplication and administrative costs, the proposal supports more efficient use of public resources. Savings can be redirected into frontline services, including training, recruitment and support for carers, strengthening the sustainability of the fostering system.

- **A Wales of vibrant culture and thriving Welsh language**: The proposal supports continuity of Welsh-language placements where they exist, helping children maintain their linguistic identity. Welsh Government will ensure guidance encourages providers to consider language needs during transitions and maintain access to Welsh-language services.

- **A resilient Wales (indirectly)**: Although environmental impacts are minimal, reducing unnecessary reassessment processes may marginally reduce travel and administrative resource use.

In addition, the proposal supports children's rights under the UNCRC, particularly the right to stability, care and participation. Ongoing engagement with children's organisations and feedback mechanisms will ensure children's voices continue to inform implementation and review.

Strengthening contributions across policy areas

To further enhance impact, Welsh Government will:

- **Work with CIW, local authorities and providers** to integrate the proposal into wider reforms linked to the 2025 Act.
- **Promote consistent national guidance** to ensure equitable application across Wales.
- **Align implementation with workforce strategies** to support foster carer recruitment and retention, by ensuring a smooth transition for existing carers and encouraging the recruitment of new carers within not-for-profit and local authority services.
- **Encourage continued engagement with stakeholders**, including Welsh language groups and equality organisations, to refine delivery over time.

Mitigating negative impacts

The main identified risks relate to perceptions of reduced scrutiny, potential inconsistencies in application, and operational complexity during transitions. These will be mitigated through:

- **Robust safeguards**: Clear eligibility criteria defining when approvals can transfer, ensuring this only applies where there is demonstrable organisational and operational continuity.
- **Regulatory oversight**: CIW will retain oversight of providers and transitions, ensuring compliance with safeguarding standards.
- **Ongoing supervision and checks**: Foster carers will remain subject to existing supervision, support and review requirements.
- **Time-limited arrangements**: Mandatory review of transferred approvals within 12 months to confirm continued suitability.
- **Clear guidance and communication**: National guidance will support consistent interpretation and implementation across Wales, reducing the risk of variability.
- **Monitoring and evaluation**: Data will be collected on placement stability, workforce retention and transition outcomes to identify any unintended consequences early.

Promoting wider impact areas

- **Children's rights**: Continued engagement with advocacy groups and children's organisations to ensure implementation reflects children's experiences. Child friendly information will be considered where appropriate.
- **Equalities**: Ongoing Equality Impact Assessment and stakeholder engagement will identify and address any differential impacts.
- **Welsh language**: Reinforcing expectations around maintaining Welsh language provision and monitoring any effects on access.
- **Biodiversity and environment**: While impacts are limited, no further action is required beyond standard sustainable working practices.

Residual risks

No significant unmitigated negative impacts have been identified. Any remaining risks (such as minor variation in interpretation) are proportionate and will be actively managed through guidance, oversight and review mechanisms. The benefits of improved stability and reduced disruption significantly outweigh these risks.

Overall, the proposal takes a balanced and proportionate approach, maximising positive outcomes for children and the care system while maintaining appropriate safeguards.

8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The impact of the proposal will be monitored through existing regulatory, operational and data collection mechanisms, supported by targeted evaluation activity.

CIW will play a central role in ongoing oversight, including monitoring provider transitions, ensuring compliance with eligibility criteria, and maintaining assurance that safeguarding

standards are upheld. Local authorities and providers will also monitor placement stability, foster carer retention and service continuity through routine performance management processes.

Key indicators will include:

- Placement stability (including disruption rates during transitions)
- Foster carer retention and workforce capacity
- Timeliness and outcomes of the 12-month review of transferred approvals
- Feedback from children, foster carers and providers

Qualitative feedback will be gathered through engagement with stakeholders, including representative bodies and advocacy organisations, to capture lived experience and identify any unintended consequences.

A post-implementation review will be undertaken following the initial phase of provider transitions to assess whether the policy has achieved its objectives, particularly in reducing disruption and administrative burden while maintaining safeguards. This review will draw on both quantitative data and stakeholder feedback.

Findings will inform any necessary refinements to guidance or regulatory arrangements. Ongoing monitoring will ensure the proposal continues to support stability, efficiency and high standards of care as the wider reforms under the 2025 Act progress.