

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

The Regulation and Inspection of Social Care (Wales) Act 2016 (“the 2016 Act”) provides the statutory framework for the regulation and inspection of social care services and the regulation of the social care workforce in Wales. Section 37 of the 2016 Act contains a regulation making power for the Welsh Ministers to make provision about ratings that may be given in relation to the quality of care and support provided by a service provider who has been inspected. Inspection ratings are a widely used tool in the armoury of regulators across the world – i.e. Estyn, Food Standards, Care Quality Commission etc. – and can be a powerful driver of improvement, and a way to give citizens information about public services. Ratings will allow people to compare the quality and safety of services and will foster a culture in which service providers are encouraged to aim for excellence rather than simple compliance. The draft Regulated Services (Inspection Ratings) (Wales) Regulations 2025 (“the draft regulations”) provide requirements for a system of published inspection ratings for care home service providers and domiciliary support service providers, developed to implement the objective set out in the primary legislation. The draft regulations deal with three aspects of the system – displaying inspection ratings, appealing against inspection ratings and offences.

CIW piloted a system of ‘silent’ or unpublished inspection ratings between June 2023 and April 2024 and commissioned an independent evaluation to assess the consistency of practice in applying ratings, as well as the impact on service providers and inspection teams. The review made several recommendations on how the ratings could be improved in preparation for the publication of ratings from April 2025. CIW has published an action plan setting out the steps it will take ahead of this date including wider engagement, communication and co-production with stakeholders on key decisions.

Once inspection ratings have been implemented successfully for care home services and domiciliary support services, we will consider how they may be applied to other services regulated under the 2016 Act.

### ***Collaboration and involvement***

A 12-week public consultation was undertaken between 29 July and 14 October 2024 and invited respondents to submit their views via an online form, by email or post. An easy read version of the consultation document was also created. Notification of the consultation was sent via email to a range of stakeholders with an interest in the proposals. The consultation was highlighted through social media and the CIW newsletter.

In total, the Welsh Government received 127 responses, of which 73 were complete responses, 21 complete responses containing no text or information and 33 incomplete responses with little text or information. Forty-six responses were from individuals, and 77 responses were on behalf of organisations, with the remainder not specifying. One service provider submitted 29 responses via its services, representing 22% of the total responses.

### ***Impact***

CIW

The draft regulations include provision for a service provider to appeal against a rating. The regulations state that providers can appeal on the grounds of factual inaccuracy and/or incomplete evidence. Specifying the conditions on which a provider can appeal against their inspection ratings should limit the number of groundless or vexatious appeals made to the regulator, thus saving CIW time (although we do anticipate a small increase in the overall number of appeals as providers adjust to the new system). The appeals process replicates that which is already in place for providers to challenge inspection reports. As such, CIW staff will not need to spend time familiarising themselves with the appeals procedure.

There is a risk that the positive working relationship between CIW and providers could deteriorate because of published ratings, as providers may perceive that CIW is placing an additional burden on them. The independent evaluation of silent ratings showed that some providers felt ratings could affect the morale and well-being of managers and staff. This risk is mitigated by CIW's ongoing engagement with providers on ratings. CIW has published an action plan in response to the recommendations from the evaluation, which can be found here: [Ratings for care home and domiciliary support services – our action plan | Care Inspectorate Wales](#)

### *Service providers*

The four inspection ratings will be 'excellent', 'good', 'requires improvement', and 'requires significant improvement'. In response to the recommendations made by the independent evaluation and further stakeholder engagement the previous rating of 'poor' has been replaced with 'requires significant improvement'. This better signals the potential for improvement. Service providers who achieve a "good" or "excellent" (or equivalent) rating will benefit from being able to demonstrate the quality of the service they are delivering compared to other service providers. Describing the appeals procedure within regulations is intended to provide clarity and certainty for providers so they are clear on the grounds on which an appeal can be made, the timescales and the process. The regulations will be supported by CIW's operational guidance.

The independent evaluation of silent ratings identified a risk that a "poor" rating could have a negative impact on staff morale and well-being which could lead to low performance or staff leaving the organisation. There is also a risk that a poor inspection rating will have a negative impact on a provider's business, as it may deter people from using the service and could impact on the ability of organisations to secure financial loans and insurance. It could also deter staff from wanting to work there. Conversely there may be a risk of complacency for providers who achieve excellent ratings, particularly if they may not be reinspected for a few years.

### *Public*

The publication of inspection ratings should make it easier for those who have an interest in the quality of individual service settings, such as people who need care and support or their family members, to undertake a comparative assessment between services of a similar size and description. Having the assurance of accurate information on which to base choices should make the process of choosing a service provider less time consuming. Publishing inspection ratings is also expected to incentivise providers to make continual improvements in the way they provide care. Thus, service users are likely to benefit from the expected improvements to the quality of service they receive. There is a

risk that people may only rely on ratings to choose between services rather than reading the full inspection report for additional context. This may result in people overlooking services that could be suitable for themselves or others.

## **Cost and Savings**

### *Costs for CIW*

The case for inspection ratings was made during the development of the Regulation and Inspection of Social Care (Wales) Bill in 2016 (“the Bill”). Pages 167 to 172 of the Regulatory Impact Assessment for the Bill outlined the anticipated costs, benefits, and risks of introducing inspection ratings. The document can be accessed here under Explanatory Memorandum: [Regulation and Inspection of Social Care \(Wales\) Act 2016 \(senedd.wales\)](#)

CIW has been laying the groundwork for the introduction of published inspection ratings since 2019. It has already received nearly £3.4million from the Welsh Government to recruit additional staff, update the ICT system, train staff and undertake an independent evaluation of silent (unpublished) ratings. The below table shows the breakdown of funding CIW has received from the Welsh Government by financial year:

### Funding to CIW to support the implementation of inspection ratings

<b>Financial year</b>	<b>Funding to CIW</b>	<b>Reason</b>
2019-20	£455k	Recurring staff costs for implementation
	£284K	ICT development
	£16k	Staff training
2020-21	£454,336	Recurring staff costs for implementation
2021-22	£402,767	Recurring staff costs for implementation
2022-23	£540,000	Recurring staff costs for implementation
2023-24	£602,748	Recurring staff costs for implementation
	£14,807	Independent evaluation of silent ratings
2024-25	£615,531	Recurring staff costs for implementation
	£14,807	Independent evaluation of silent ratings
<b>Total</b>	<b>£3,399,996</b>	

### *CIW staff*

The recurring costs for additional CIW staff at £615,531 per year would continue. This is because additional inspectors are needed for CIW to maintain the overall number of inspections per year due to the increase in inspection time because of introducing ratings. This is based on evidence from the introduction of silent ratings for childcare and play services.

Before the introduction of silent ratings for childcare and play services in 2016-17, an inspector spent on average 3.28 hours per inspection, compared with 4.71 hours in 2016-17 and 5.24 hours in 2017-18. This demonstrates an average increase in inspection time of 62.5% per inspection. CIW has calculated that maintaining the average number of inspections for regulated adult and children's services therefore requires an additional 7.4 inspectors, as well as two Team Supports and one Team Manager at a cost of £615,531 per year. The cost has increased in 2024-25 compared to previous years due to the recent pay award.

### *ICT system*

The implementation of inspection ratings will require updates to CIW's ICT system to enable an integrated system of ratings for care home and domiciliary support services. This includes revisions to inspection templates, enabling the CRM system to record the rating and the facility to automatically pull ratings information from the CRM system into the inspection report template and onto the CIW website. Funding of £284,000 has already been provided to CIW for these updates. For the purpose of the IIA, this is a sunk cost and is disregarded from the analysis, as such, there are no additional ICT costs anticipated.

### *Training*

Training is required for inspectors to ensure they understand the ratings approach and how to apply the thresholds consistently in practice. CIW has already provided two days of training for all inspectors at a cost of £16K (a sunk cost). An additional day of training for inspectors will be required to inform them of the changes arising from the independent evaluation and lessons learnt during the pilot phase. CIW anticipate this additional training would cost approximately £8k.

### *Updating guidance*

Existing inspection guidance and associated materials would also need to be revised to include ratings. CIW anticipate that it will take an SEO 3 months to revise the guidance at a cost of approximately £14,160 based on the average salary for an SEO of £56,633. Whilst this would be carried out by existing CIW staff, it does represent an opportunity cost.

### *Handling appeals*

With regards to potential increases or decreases in the number of appeals following the implementation of published ratings, CIW's data shows that in 2022-23 (before the silent ratings pilot began in June 2023), the number of inspection report challenges was 125. This dropped to just 80 in 2023-24. CIW has said this may not be attributable to the introduction of silent ratings as they made other changes to their decision-making framework at that time.

Using the data from childcare and play services instead, the number of inspection report challenges was 146 in 2018-19 before published ratings were introduced in April 2019. This rose to 158 in 2019-20. This demonstrates an 8% increase in the number of appeals following the introduction of published ratings for these services. From this we can assume there may be a small increase in the number of appeals relating to care home and domiciliary support services from April 2025 onwards. As CIW received 80 inspection report challenges in 2023-24, an 8% increase would create an additional 6.4 challenges for CIW to deal with in 2024-25. Estimating that it takes CIW 3 days on average to handle a stage 1 and stage 2 appeal, this would lead to an additional 19.2 days' work. Assuming this is undertaken by an SEO with an average salary of £56,633, the total additional cost would be £2,980 in 2024-25. It is unclear whether this increase would continue year on year. The data for childcare and play services after 2019-20 is affected by the reduction in inspections and the temporary suspension of ratings because of the COVID-19 pandemic.

### *Printing and distributing inspection ratings certificates*

The inspection ratings regulations will require providers of care home services for adults and domiciliary support services to display inspection ratings on their website and within their service premises (with some exceptions). For domiciliary support services this will mean displaying ratings within the public office from which the service operates, if it has one. For adult care home services with five or more individuals living at the service, this will mean displaying within the care home setting. CIW is intending to let a small contract to undertake the printing and posting of laminated A4 inspection ratings certificates for display by providers. The rationale is to ensure the certificates issued by CIW, on behalf of the Welsh Ministers, for display purposes are consistent and professional in appearance and to reduce the burden on providers. Care home services with four or fewer individuals and care homes for children are exempt from the requirement to display the certificate but will be provided with an inspection ratings certificate for their records. The anticipated cost is £16,000 per annum.

### *Costs for providers*

The cost for providers to display ratings on their website will be negligible.

There will be a cost for providers associated with the time they will need to familiarise themselves with the new system of ratings. Whilst CIW has already engaged extensively with providers on ratings since 2019, further time will be needed once the details of the ratings system have been established. We anticipate it will take each provider 10 hours to familiarise themselves with the new regulations and guidance documents in preparation for the introduction of published ratings.

The Annual Survey of Hours and Earnings (ASHE) provides figures on hourly earnings for different occupations. The table sets out the figures for the two most relevant occupations in the survey data. Estimating that it will take 10 hours for a Responsible Individual and manager to familiarise themselves with the regulations and guidance, we estimate this is likely to cost £614 per provider. Based on there being 690 care home providers and 451 domiciliary support providers in Wales as of 10 July 2024, the aggregate cost for this is estimated to be £700,570.

Occupation	Hourly gross pay (Wales, median, 2022)	Hourly gross pay including on-costs (30%)	Cost for RIs and managers to familiarise themselves with ratings (assumes 10 hours)
H&SS Managers and Directors	27.15	35.30	£353.00
Managers and Proprietors in Health and Care Services	20.07	26.09	£260.90

[Earnings and hours worked, region by occupation by four-digit SOC: ASHE Table 15 - Office for National Statistics \(ons.gov.uk\)](#)

As described in the RIA for the Bill, service providers may experience some additional costs associated with staff spending more time in discussion with the inspector. As set out in page 169 of the RIA for the Bill, assuming the inspector spends an additional 30 minutes with the service manager and with four care workers in individual discussions, the additional cost was estimated to be £32 per setting in 2018. This has been recalculated for 2024. Based on the hourly rate of a service manager (£20.07) taken from the most recent Annual Survey of Hours and Earnings, and a care worker (£12.00) based on the Real Living Wage, plus on-costs of 30%, the additional cost of an inspector spending an additional 30 minutes with four care staff and a service manager in 2024 is estimated to be £44.25 per inspection. According to CIW's annual report for 2022-23, a total of 1,433 inspections were performed across all services. As care homes and domiciliary support services make up around 95% of all services in Wales, the aggregate cost per year is estimated to be £60,224.

The four inspection ratings will be 'excellent', 'good', 'requires improvement', and 'requires significant improvement'. Requiring providers to display their inspection ratings could have a negative financial impact on services that receive a "requires significant improvement" (previously described as "poor") rating for any of the four themes against which a rating will be provided (Well-being, Care and Support, Environment, and Leadership and Management). Whilst inspection reports already describe the quality of care for each of these four themes in narrative form, having a rating for each theme will highlight more clearly where the service is underperforming. This is likely to deter people from wanting to use the service which could have an impact on the provider's income for that service. However, ratings are unlikely to affect commissioner behaviour as CIW already communicates with local authority commissioners about services which are underperforming.

Data from CIW's silent ratings pilot shows that, out of 2,920 ratings awarded to providers between 1 June and 31 December 2023, just 7.8% of ratings were "poor". Most providers

were rated as good. This gives an indication of the percentage of the market that may be affected by poor ratings.

Silent ratings awarded between 1 June and 31 December 2023

Theme:	Number of ratings awarded:			
	Excellent	Good	Needs Improvement	Poor
Well-being	86	421	198	81
Leadership and Management	83	490	147	66
Care and Support	92	478	138	56
Environment	33	462	63	26
	<b>294</b>	<b>1851</b>	<b>546</b>	<b>229</b>

*Costs and savings for the public*

It is likely to be less time consuming for the public to make a comparison between similar services once inspection ratings have become established. This is likely to create a saving in terms of people's time, however, it has not been possible to monetise this saving.

Summary of costs, 2024-25 to 2028-29 (£)

	2024-25	2025-26	2026-27	2027-28	2028-29
<b>CIW</b>					
Guidance	14,160				
Training	8,000				
Annual inspections	615,531	615,531	615,531	615,531	615,531
Appeals	2,980	2,980	2,980	2,980	2,980
<b>Service Providers</b>					
Familiarisation	700,570				
Time during inspections	59,490	59,490	59,490	59,490	59,490
Printing Certificate	640	640	640	640	640
<b>Total</b>	<b>1,341,881</b>	<b>619,151</b>	<b>619,151</b>	<b>619,151</b>	<b>619,151</b>





## SECTION 8. CONCLUSION

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

The Welsh Government has undertaken a public consultation on the proposals. The consultation documents were published bilingually and in Easy Read on the Welsh Government's website and contained a response form which could either be submitted via email or in hard copy.

<https://www.gov.wales/inspection-ratings-care-homes-and-domiciliary-support-services-html>

A list of stakeholders invited to respond to the consultation included:

- Directors of Social Services
- Heads of Children's Services
- Heads of Adults' Services
- NHS Chief Executives
- NHS Board Secretaries
- Welsh NHS Confederation
- Welsh Local Government Associated (WLGA)
- Association of Directors of Social Services Cymru (ADSSC)
- Regional Partnership Board Chairs and Vice Chairs
- Regional Partnership Board Leads
- Children's Commissioner for Wales
- Information Commissioner's Office (ICO)
- Older People's Commissioner for Wales
- Welsh Language Commissioner for Wales
- Future Generations Commissioner for Wales
- Public Service Ombudsman for Wales
- Audit Wales
- Care Forum Wales
- National Provider Forum
- Welsh Council for Voluntary Action (WCVA)
- Children in Wales
- Equality and Human Rights Commission
- Llais (Citizen Voice Body)
- Ministerial Advisory Forum on Ageing
- Regional Safeguarding Boards Chairs and Business Managers
- Children's Homes Association
- Children's Commissioning Consortium Cymru (4Cs)

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

The significant positive impact of the proposals is that they seek to provide communities with a uniform method to aid understanding of how well the social care services in their areas are doing after inspection and how they compare with those around them and

across Wales. It is our intention that potential users, their families and friends have access to information that helps them find the best care and support for their loved ones. We also intend that the introduction of inspection ratings foster a culture in which service providers are encouraged to aim for excellence rather than compliance and continue to deliver the quality services we all want and need. This will afford service providers with an opportunity to showcase where their services are successful and when they have invested resources and time to work hard to improve upon their previous ratings.

A negative impact that these proposals could have on businesses is a requirement for greater investment of resources and time to improve ratings or appeal decisions if they disagree with them. This could impact upon the ability to secure “new clients” to use their services, it could also have a further unintended impact on the morale of the workforce if they are working hard but fall short in the inspection. The inspection ratings will show the quantitative view of the services after an inspection against four specific themes. This also has the potential to be a benefit if, with improving or maintaining high ratings, businesses will see more interest in obtaining their services.

### **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?**

CIW will work with the service providers to understand their rating and where improvements might be required to help improve the rating. A two-stage appeals process will provide a robust procedure to appeal an inspection rating on the grounds of the accuracy and the completeness of evidence considered in the inspection process.

The Welsh Government will protect children’s rights by ensuring that we listen to and act upon their views. We have already considered the views that were raised by this group that their care homes are akin to family homes, and displaying inspection rating certificates may detract from the “homeliness” of the service and could be unsettling for individuals living at the service if the rating was ‘requires improvement’ or ‘requires significant improvement’.

We will also protect the Welsh language by ensuring that the inspection ratings images and certificates are bilingual and, where required, certificates are displayed prominently to allow people using those services, and prospective users, to see these ratings.

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

The system of unpublished inspection ratings has already been trialled. CIW commissioned an independent evaluation of the trial period and has responded to the recommendations. CIW will monitor the implementation of published inspection ratings and report to the Welsh Ministers.