

WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

Title of proposal:	The Annual Returns (Miscellaneous Amendments) (Wales) Regulations 2026 and the Regulated Services (Registration) (Wales) (Amendment) Regulations 2026- elements related to implementation of removing profit from children's care
Official(s) completing the Integrated Impact Assessment (name(s) and name of team):	Tom Cleaver, Neil Jones Enabling People Division
Department:	Health and Social Services Group
Head of Division/SRO (name):	Alistair Davey
Cabinet Secretary/Minister responsible:	Minister for Children and Social Care
Start Date:	1 April 2025

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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

The Regulation and Inspection of Social Care (Wales) Act 2016 ('the 2016 Act') provides the statutory framework for regulating and inspecting social care services and the social care workforce in Wales. To help achieve this, the 2016 Act provides the Welsh Ministers with a range of regulation-making and other subordinate legislation powers.

The [Health and Social Care \(Wales\) Act 2025](#) ('the 2025 Act') received Royal Assent on 24 March 2025. It includes provisions intended to restrict the extraction of profit by providers of children's home services, secure accommodation services and fostering services (which the 2025 Act defines and refers to collectively as "restricted children's services"). It also inserts a new section 6A into the 2016 Act. Section 6A(1) states: "To be registered in respect of a restricted children's service, a person who is not a local authority must be a not-for-profit entity". To be a recognised 'not for profit' entity, a provider must:

- have objects or purposes that primarily relate to the welfare of children (or any other public good the Welsh Ministers may prescribe)
- operate under one of 4 types of undertaking:
 - a charitable company limited by guarantee without a share capital
 - a charitable incorporated organisation
 - a charitable registered society
 - a community interest company limited by guarantee without a share capital

Action proposed

Following Royal Assent changes to secondary legislation were identified as necessary to enable implementation of the removing profit policy. Specifically, to enable implementation of the section 6A not-for-profit requirements, changes will need to be made to the Regulated Services (Registration) (Wales) Regulations 2017 ("the registration regulations"). This is because the registration process will need to change so that CIW receives the necessary information to determine whether new providers seeking to register from 1 April 2026 meet the definition of a not-for-profit entity. In addition, changes will need to be made to the Regulated Services (Annual Returns) (Wales) Regulations 2017 ("the annual returns regulations") to require providers of restricted children's services to confirm that their organisation continues to meet the definition of a not-for-profit entity. These changes are being taken forward via the Annual Returns (Miscellaneous

Amendments) (Wales) Regulations 2026 and the Regulated Services (Registration) (Wales) (Amendment) Regulations (“The 2026 Regulations”).

How the five ways of working in the Well-being of Future Generations (Wales) Act 2015 are applied the proposed action, throughout the policy and delivery cycle

1. Long Term

The Welsh Government’s approach to removing profit from children’s care reflects a long-term vision for sustainable, equitable care. By requiring providers to operate on a not-for-profit basis, the policy aims to ensure that resources are reinvested into improving outcomes for children rather than distributed as profit. This aligns with the long-term goal of creating a stable care system that prioritises well-being over financial gain. The specific legislative changes proposed in the 2026 regulations are designed to embed these principles into the regulatory framework over the long term. The proposed changes to registration processes will strengthen the regulatory framework, giving Care Inspectorate Wales (CIW) the tools it needs to monitor compliance effectively over the longer-term. The changes to the annual returns regulations to require providers of restricted children’s services to confirm their not-for-profit status via their annual return will enhance transparency and accountability, building public confidence as well as providing CIW with a formal mechanism to verify ongoing compliance with section 6A, benefitting regulatory oversight.

2. Prevention

The broader removing profit policy seeks to prevent risks associated with profit-driven care, such as potential instability in placements due to market-driven decisions and increasing costs. By mandating that providers of restricted children’s services are not-for-profit entities, the Welsh Government is proactively addressing potential negative impacts on vulnerable children. Regarding the specific legislative changes proposed in the 2026 regulations the requirement for providers to confirm their not-for-profit status annually acts as an ongoing preventative safeguard, ensuring compliance is maintained over time. Collectively the changes protect the integrity of the policy intent, ensuring both transparency and accountability.

3. Integration

As referenced within the [Integrated Impact Assessment completed](#) for removing profit elements of the then Health and Social Care (Wales) Bill these amendments form part of the wider removing profit work and Transformation Programme which connects and contributes to a number of broader Programme for Government commitments and the [Programme for Government Well-being Statement¹](#). To deliver this wider transformation programme governance arrangements have been put in place. We have taken a three-

tiered approach to provide the right direction and scrutiny to achieve our aims and to ensure connections with other relevant policy agendas. The structure has three key groups:

- i. A Ministerial Oversight Board to oversee the Transformation Programme, providing political leadership and direction chaired by the First Minister and the Minister for Children and Social Care
- ii. A Transformation Delivery Group to lead work to drive forward the delivery of the Transformation Programme by 2026
- iii. The Eliminating Profit from the Care of Looked After Children Programme Board to provide additional expertise as we consider evidence, legislate and develop practical programmes for implementing this commitment.

4. Collaboration

A [consultation](#) ran from 16 July to 8 October 2025 covering the proposed changes to registration and annual returns as well as the proposed approach to monitor and enforce the 2025 Act's provisions around prohibiting unreasonable or disproportionate financial arrangements entered into by restricted children's services providers. 27 consultation responses were received from a mix of individual for-profit and not-for-profit providers, individual local authorities and umbrella organisations representing the interests of local government, service providers and children and young people.

More broadly the development of the amendments has involved close collaboration with CIW with other key stakeholders kept updated via the Eliminating Profit Programme Board and its supporting workstreams. Ongoing collaboration is planned through implementation, particularly in collectively communicating the key changes to providers and ensuring CIW can support them in meeting the new requirements.

5. Involvement

As above a consultation on the proposals ran from 16 July to 8 October 2025, which sought views on the proposed changes. A summary of the consultation including Welsh Government's responses can be found [here](#).

SECTION 2. WHAT WILL BE THE EFFECT ON SOCIAL WELL-BEING?

2.1 People and Communities

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal affect people and communities?

The overall removing profit policy is expected to have significant potential impacts on particular groups, for example children looked after, the workforce involved with children looked after and foster carers. However, the specific changes proposed within the 2026 regulations are not expected to have any significant positive or negative impact on people or communities. This is because the changes are technical in nature and relate to existing processes namely registration and annual returns.

There may be some limited impact on workers, specifically those within restricted children's services completing registration or annual returns processes because of the proposed changes in the 2026 regulations. However, these are anticipated to be minimal given these individuals will already be involved in undertaking these processes e.g. annual returns and the additional work involved is anticipated to be minimal. No specific impact on section 4 of the Well-being of Future Generations (Wales) Act 2015 has been identified.

2.2 Children's Rights

While the overall removing profit policy is expected to impact on children's rights the specific changes proposed within the 2026 regulations are not expected to have any significant impact. This is because the changes are technical in nature and relate to existing processes namely registration and annual returns which do not have a direct impact on children. On this basis we have not completed a full Childrens Rights Impact Assessment for this particular element however [a full CRIA was completed for the broader removing profit provisions within the 2025 Act](#).

2.3 Equality

Please see Annex B for the Equality Impact Assessment.

2.4 Rural Proofing

The proposal is not anticipated to have any specific impact on rural proofing therefore a full Rural Proofing Impact Assessment is not considered necessary.

2.5 Health

The overall removing profit policy is expected to have a positive impact upon the lives of the following groups of children and young people:

- children looked-after who need care and support; and
- children on the edge of care or at risk of going into care

However, the specific changes proposed within the proposed 2026 regulations are not anticipated to have any specific impact on health.

We do not consider a full health impact assessment necessary.

2.6 Privacy

Will the proposal involve processing information that could be used to identify individuals?
If YES, then you must complete the Data Protection Impact Assessment annex D below.

The proposed 2026 regulations will amend the existing annual returns and registration processes, introducing additional requirements for providers of restricted children's services to confirm their not-for-profit status. For registration this includes requiring applicants to provide the following evidence regarding their not-for-profit status:

- Evidence that they are a type of not-for-profit entity permitted by section 6A.
- Details of the organisation's registration with the Office of the Regulator of Community Interest Companies where the organisation is a Community Interest Company limited by guarantee without a share capital ("CIC").
- Details of registration with the Financial Conduct Authority ("The FCA") on the Mutuals Public Register where the organisation is a charitable registered society, as well as evidence that HMRC has recognised their charitable status.
- Evidence of the objects or purposes of the not-for-profit entity. It is envisaged this would be achieved by submitting the organisation's constitutional documents such as articles of associations and memorandum of association.

This evidence is not anticipated to include personal information. In addition, much of this information is already in the public domain.

The proposed changes will replicate existing practice and will not change how CIW collects and stores information. CIW is aware of, and compliant with, relevant GDPR requirements as set out in their Privacy Policy [Privacy Policy | Care Inspectorate Wales](#).

We have determined that a full Data Protection Impact Assessment is not required however a Data Protection Impact Assessment [was completed](#) for other elements of the removing profit policy where an impact was identified, specifically the requirements regarding supplementary placements and the financial arrangements of not-for-profit restricted children's services pertaining to identifying potentially unreasonable or disproportionate payments.

SECTION 3. WHAT WILL BE THE EFFECT ON CULTURAL WELL-BEING AND THE WELSH LANGUAGE?

3.1 Cultural Well-being

The proposed 2026 regulations are not anticipated to have any specific impact on cultural well-being.

3.2 Welsh Language

The proposed 2026 regulations are not expected to have any specific impact on the Welsh language. They do not alter existing requirements or introduce new obligations that would impact the use of Welsh in service delivery.

Care providers are already required to comply with Welsh Language Standards and to provide the Active Offer, ensuring people can access services in Welsh without having to request it. These obligations remain unchanged by the amendments, and providers will continue to deliver services in line with these standards. As such, the proposal does not affect the promotion or use of the Welsh language within regulated services.

The full mandatory impact assessment is available at **Annex C**.

SECTION 4. WHAT WILL BE THE EFFECT ON ECONOMIC WELL-BEING?

4.1 Business, the general public and individuals

The overall removing profit policy is expected to impact on businesses particularly ‘for-profit’ children’s home providers and fostering services, the general public and individuals. However the specific changes proposed in the 2026 regulations are not expected to have any significant impact on these groups. The changes are technical and relate to existing processes namely registration and annual returns which are already completed by those specific businesses. While current and prospective providers of restricted children’s services will have to make minor adjustments to adapt to the changes in registration and annual returns process the impact is expected to be minimal.

4.2 Public Sector including local government and other public bodies

While the overall removing profit policy is expected to impact on local government, CIW and Welsh Governments the impact of the specific changes proposed in the 2026 regulations is expected to be limited predominantly to CIW (in making the changes to its process and systems to accommodate the changes to registration and annual returns) and to local authorities who will be impacted by the changes given their role as providers of restricted children’s services.

4.3 Third Sector

Although several restricted children’s service providers are part of the third sector, the proposed 2026 regulations are expected to have only a minimal impact on these providers and their activities. The changes are technical and do not alter the way services are delivered, funded, or supported. The additional requirements introduced are only expected to have a marginal impact on their operations.

Similarly, the proposed 2026 regulations are not anticipated to impact people who currently receive support from third sector providers, nor will they affect community facilities or assets used by these organisations. While the third sector plays a significant role in delivering services, the proposal does not change funding arrangements or introduce new responsibilities. Therefore, the overall assessment is that the impact on the third sector is minimal.

4.4 Justice Impact

The proposed 2026 regulations are not expected to have any impact on the judicial system. The changes are technical in nature and relate to existing processes (registration and annual returns) which are already mandatory for providers of restricted children’s services.

SECTION 5. WHAT WILL BE THE EFFECT ON ENVIRONMENTAL WELL-BEING?

Under Section 9 of the Environment (Wales) Act 2016, the Welsh Ministers are required to prepare, publish and implement a natural resources policy and to take all reasonable steps to implement it and to encourage others to take such steps. The [Natural Resources Policy](#) was published in August 2017.

5.1 Natural Resources

The proposal will have no impact on environmental well-being.

5.2 Biodiversity

The proposal will have no impact on biodiversity.

5.3 Climate Change

The proposal will have no impact on climate change or decarbonisation.

5.4 Strategic Environmental Assessment (SEA)

The proposal is not expected to have an impact on agriculture, forestry, fisheries, energy, industry, transport, waste management, water management, tourism, town and country planning or land use; therefore, a Strategic Environmental Assessment is not required.

5.5 Habitats Regulations Assessment (HRA)

The proposal will not have an impact on the Natura 2000 European protected site network; therefore, a Habitats Regulations Assessment is not required.

5.6 Environmental Impact Assessment (EIA)

The proposal will not have an impact on any of the following areas, therefore, an Environmental Impact Assessment is not required:

- Construction, mining, extraction or waste disposal works on land and at sea (including urban development, highways, ports, energy, agriculture and fish farming).
- The change of use of land.
- Afforestation or deforestation.
- Agricultural improvement on uncultivated or semi-natural areas.
- Restructuring of rural land holdings; or
- Water extraction or land drainage.

SECTION 6. SOCIO-ECONOMIC DUTY WHAT WILL BE IMPACT ON SOCIO-ECONOMIC DISADVANTAGE?

6.1 The Socio-economic Duty.

The socio-economic duty requires relevant public bodies, including Welsh Ministers to have due regard to the need to reduce inequality of outcome that results from socio-economic disadvantage. This duty applies only to decisions which are of a strategic nature. Having considered the Socio-Economic Duty guidance, the proposal is not considered a decision of a strategic nature and in this context the Socio-Economic Duty does not apply.

SECTION 7. RECORD OF FULL IMPACT ASSESSMENTS REQUIRED

You have now decided which areas need a more detailed impact assessment. Please list them below.

Impact Assessment	Yes/No	If yes, you should
Children's rights	No	
Equality	Yes*	Equality Impact Assessment is at ANNEX A
Socio-economic Duty	No	Complete the Socio-economic Duty Assessment below
Rural Proofing	No	Complete the Error! Reference source not found. below
Health	No	Refer to the Integrated Impact Assessment Guidance
Privacy	No	Data Protection Impact Assessment Screening tool is at ANNEX B
Welsh Language	Yes	Complete the Welsh Language Impact Assessment below ANNEX C
Economic / RIA	No	Refer to the Integrated Impact Assessment Guidance
Justice	No	Complete the Justice System Impact Identification form on the intranet
Biodiversity	Yes*	Complete the Biodiversity Impact Assessment below ANNEX D
Climate Change	No	Refer to the Integrated Impact Assessment Guidance

Strategic Environmental Assessment	No	Refer to the Integrated Impact Assessment Guidance
Habitat Regulations Assessment	No	Refer to the Integrated Impact Assessment Guidance
Environmental Impact Assessment	No	Refer to the Integrated Impact Assessment Guidance

* Mandatory for all proposals in order to meet statutory obligations.

Please refer to the supporting information found on the Integrated Impact Assessment intranet page. This page contains a list of [Integrated Impact Assessment Policy Area Leads & Experts](#) who offer support for impact assessment. An early conversation with an internal expert advisor will set you on the right path.

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?

In developing the proposed amendments to the regulations, extensive engagement was undertaken with those most likely to be affected, in line with the Well-being of Future Generations (Wales) Act 2015 and the Equality Act 2010. A formal consultation was carried out with responses received from a cross-section of those most likely to be affected including individual for-profit and not-for-profit providers, individual local authorities and umbrella organisations representing the interests of local government, service providers and children and young people. Targeted engagement was also conducted during the consultation period including an event held for care providers where Welsh Government officials presented on the consultation detail and gave attendees an opportunity ask questions.

The Eliminating Profit Programme Board and its associated workstreams contain wide-ranging representation from across the relevant sectors. These include public sector and not-for-profit care sector and for-profit sector providers of children's care home and fostering services. The Programme Board and its workstreams have been updated on this work at key points and members had an opportunity to contribute formally through the consultation process. The Programme Board and its associated workstreams will continue to be kept involved throughout the course of this work with opportunities to give feedback to officials.

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

Given their technical nature the proposed 2026 regulations are expected to have limited impacts across people, culture and the Welsh language, the economy, and the environment in Wales.

Regarding annual returns the changes to require an annual declaration of not-for-profit status will give providers a simple way to show compliance, reducing uncertainty and avoiding potential extra queries from CIW. For CIW, it creates a formal mechanism to check compliance and makes false declarations enforceable, allowing swift action against breaches. Welsh Government benefits by embedding these checks into routine processes, supporting the policy objective of removing profit from children's care.

Introducing clear registration requirements to demonstrate not-for-profit status gives providers a simple way to demonstrate compliance from the outset, reducing ambiguity and avoiding reactive queries. For CIW, these requirements ensure providers meet the not-for-profit definition upfront and provide valuable information for ongoing monitoring and strategic planning. Welsh Government benefits by embedding the requirement in law at registration, supporting the policy objective to remove profit from children's care and reducing the risk of policy failure by requiring clear evidence early on.

Providers may face some limited additional work as a result of the changes in respect of collating additional information and training staff however these are expected to be minimal.

In summary the proposed changes are expected to have limited impacts across people, culture, the Welsh language, the economy, and the environment. Any potential negative effects are anticipated to be minimal and can be managed through the ongoing and planned support and guidance.

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?**

Given the changes in the proposed 2026 regulations are technical in nature and relate to existing processes they are not anticipated to impact significantly to the seven well-being goals. However potential impacts are set out below, in some cases linked to the broader removing profit policy:

- **A Prosperous Wales** – Using annual returns to evidence ongoing not-for-profit status benefits CIW's monitoring and enforcement, helping ensure that only not-for-profit providers of restricted children's services operate going forward. This links to one of the broader aims of the removing profit policy- that funding for children's social care is directed towards improving services and workforce development, strengthening the social care economy rather than being extracted as profit.
- **A Resilient Wales** – The proposed changes to registration and annual returns will benefit resilience by supporting a robust and transparent monitoring and enforcement process for the removing profit policy.
- **A Healthier Wales** – By enabling a robust and transparent monitoring and enforcement process for the removing profit policy the proposed changes to registration and annual returns will support the effective implementation of the broader removing profit policy aims. These include a system where funding for children's social care is directed towards improving services and workforce development, supporting closer-to-home placements that prioritise children's well-being, continuity of support, and stability—factors linked to better health outcomes.
- **A More Equal Wales** – The proposed changes to registration and annual returns support the broader policy aims of focussing funding for children's social care on need rather than the profit motive, supporting fairer access to quality care and strengthening accountability for outcomes.
- **A Wales of Cohesive Communities** – The proposed changes to registration and annual returns will support the effective implementation of the broader removing profit policy broader removing profit policy which in part aims to support local,

community-based provision and reduce reliance on out-of-area placements, helping children stay near their support networks, reinforcing safe, supportive, resilient communities.

- **A Wales of Vibrant Culture and Thriving Welsh Language** – The proposed changes to registration and annual returns will support the effective implementation of the broader removing profit policy which will encourage locally rooted not-for-profit services which can be better placed to reflect community identities, including Welsh language provision and cultural needs.
- **A Globally Responsible Wales** – The proposed changes to registration and annual returns will support the effective implementation of the broader removing profit policy. This will support greater transparent and local reinvestment, aligning with sustainable development principles as well as aligning with more local placements which can reduce travel and related emissions.

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

The impact of the proposed 2026 regulations will be closely monitored. Officials regularly engage with partners across the sector to obtain market intelligence, including regular engagement with CIW and through the national body of work undertaken through the Eliminating Profit Programme Board.

Regarding broader evaluation the overall removing profit policy is expected to be subject to a formal evaluation over the coming years. Using the evidence gathered to date within the RIA and the intelligence gathered as part of the 2024 Delphi exercise, we will commission a follow-up study to refresh sector intelligence to assess the effectiveness of the Eliminate provisions in the 2025 Act and any supporting legislation (including these regulations). The approach to that evaluation has been agreed by Ministers and will be undertaken in collaboration with Government Social Research officials to determine the most effective evaluation method. It will include the collection of baseline data at the start of new arrangements in 2026.

This study will validate the 2024 Delphi findings, assess current perceptions of the Act, and identify new risks, assumptions, and areas of consensus or divergence. It will also generate actionable inputs such as candidate indicators, feasible data sources, and evaluation options.

The follow-up study will adopt a formal methodology to provide a wider evidence base and account for external factors and risks. In parallel, officials will engage with key stakeholders through the Eliminating Profit Programme Board to gather views and shape the evaluation approach collaboratively.

Subject to agreement, the study will be procured by the end of the 2025/26 financial year. This timeline will enable preparation of the formal evaluation specification and commencement of work in 2026/27.

SECTION 9. DECLARATION

Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Officer / Deputy Director: Alistair Davey

Department: Enabling People Division

Date: 17 December 2025

FULL IMPACT ASSESSMENTS

A. EQUALITY IMPACT ASSESSMENT

1. Describe and explain the impact of the proposal on people with protected characteristics as described in the Equality Act 2010.

The proposed amendments to the Regulations are primarily administrative and technical in nature and are not expected to have any impact on people with protected characteristics as defined in the Equality Act 2010. They do not introduce new requirements or obligations that would create barriers or alter access to services. As such, the proposal does not promote or diminish equality, and the overall assessment is that the extent of impact is none.

There are no anticipated negative impacts on individuals in protected groups or those living in low-income households. The specific amendments are not anticipated to affect service delivery, eligibility, or quality in any significant way and therefore are not expected to introduce additional barriers. Existing duties under equality legislation remain unchanged, and providers will continue to operate in compliance with these requirements.

Given the technical nature of the changes there mitigation measures are focused on communicating the changes to key stakeholders and providing additional guidance and support- no unintended consequences have been identified. The proposal does not alter outcomes frameworks or monitoring arrangements, as it does not influence equality objectives or service accessibility. In summary, the amendments are assessed as having minimal impact on equality.

2. Record of Impacts by protected characteristic:

Protected characteristic or group	What are the positive or negative impacts of the proposal?	Reasons for your decision (including evidence)	How will you mitigate Impacts?
Age	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on	The proposed amendments to the are administrative in nature and are not anticipated to have any impact on individuals receiving	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on

	groups covered by the Equality Act 2010.	support from registered service providers.	groups covered by the Equality Act 2010.
<i>Disability)</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Gender Reassignment</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Pregnancy and maternity</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Race</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on	There are no negative impacts to mitigate.

	groups covered by the Equality Act 2010.	individuals receiving support from registered service providers.	
<i>Religion, belief and non-belief</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Sex / Gender</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Sexual orientation)</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Marriage and civil partnership</i>	The proposal is not expected to have any positive or negative impact on individuals with protected	The proposed amendments to the Regulations are administrative in nature and are not	There are no negative impacts to mitigate.

	characteristics or on groups covered by the Equality Act 2010.	anticipated to have any impact on individuals receiving support from registered service providers.	
<i>Children and young people up to the age of 18</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.
<i>Low-income households</i>	The proposal is not expected to have any positive or negative impact on individuals with protected characteristics or on groups covered by the Equality Act 2010.	The proposed amendments to the Regulations are administrative in nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	There are no negative impacts to mitigate.

Human Rights and UN Conventions

Do you think that this policy will have a positive or negative impact on people's human rights?
(Please refer to point 1.4 of the EIA Guidance for further information about Human Rights and the UN Conventions).

Human Rights	What are the positive or negative impacts of the proposal?	Reasons for your decision (including evidence)	How will you mitigate negative Impacts?
	The proposal is not expected to have any positive or negative impact on individuals with protected	The proposed amendments to the Regulations are administrative in	There are no negative impacts to mitigate.

	characteristics or on groups covered by the Equality Act 2010.	nature and are not anticipated to have any impact on individuals receiving support from registered service providers.	
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3. EU/EEA and Swiss Citizens' Rights

The proposed amendments are administrative and technical in nature and are not expected to have any impact on individuals supported by registered service providers, including those whose rights are protected under the Citizens Rights Agreements. These changes do not alter residency rights, access to services, or any entitlements derived from the EU-UK Withdrawal Agreement, the EEA EFTA Separation Agreement, or the Swiss Citizens Rights Agreement. As such, there is no anticipated positive or negative effect on EU, EEA, or Swiss citizens lawfully resident in the UK.

The amendments do not introduce new requirements that would affect rights related to residence, mutual recognition of professional qualifications, access to social security systems, or equal treatment. Individuals covered by the Citizens Rights Agreements will continue to enjoy the same protections and entitlements as before, including the right to work, study, and access healthcare and housing. No barriers are created, and no changes are made to existing compliance obligations for service providers.

In summary, the proposal does not impact workers' rights, non-discrimination provisions, or the ability of frontier workers to continue working in the UK. The changes are confined to administrative adjustments and do not affect the delivery of care or the experience of those supported by registered providers. Therefore, the overall assessment is that the extent of impact is none.

B. DATA PROTECTION IMPACT ASSESSMENT SCREENING

Please send your assessment to the Information Rights Unit (DataProtectionQueries@gov.wales) copied to your Information Asset Owner.

Title of proposal
The Annual Returns (Miscellaneous Amendments) (Wales) Regulations 2026 and the Regulated Services (Registration) (Wales) (Amendment) Regulations 2026- elements related to implementation of removing profit from children's care
Name of Information Asset Owner
Alistair Davey
PIA reference number A59775360 (iShare ID)
Please describe your proposal:
<p>The Health and Social Care (Wales) Act 2025 includes provisions intended to restrict the extraction of profit by providers of children's home services, secure accommodation services and fostering services (defined and referred to collectively as "restricted children's services"). It amends the Regulation and Inspection of Social Care (Wales) Act 2016 to require a person who is not a local authority to be a not-for-profit entity in order to be registered with Care Inspectorate Wales (CIW).</p> <p>This proposal involves changes to the Regulated Services (Registration) (Wales) Regulations 2017 ("the registration regulations"). This is because the registration process will need to change so that CIW receives the necessary information to determine whether new restricted children's service providers seeking to register from 1 April 2026 meet the definition of a not-for-profit entity. It also involves changes to the Regulated Services (Annual Returns) (Wales) Regulations 2017 ("the annual returns regulations") to require providers of restricted children's services to confirm that their organisation continues to meet the definition of a not-for-profit entity. These changes are being taken forward via the Regulated Services (Registration and Annual Returns) (Amendment) (Wales) Regulations 2026 ("The 2026 Regulations").</p>

Has data protection impact screening or assessment already been carried out?

- Yes: A full Data Protection Impact Assessment was carried out for the broader removing profit policy. This focussed on the elements of the then-Health and Social Care (Wales) Bill relating to supplementary placements and the financial arrangements of not-for-profit restricted children's services pertaining to unreasonable or disproportionate payments as these were the elements where data issues were identified.
- This DPIA screening form specifically considers proposed amendments to the Regulated Services (Registration) (Wales) Regulations 2017 and the Regulated Services (Annual Returns) (Wales) Regulations 2017 relating to removing profit.

The need for a DPIA

A full DPIA is not considered necessary. This is because the additional data required because of these amendments to the registration process is restricted to information about the organisation (name of the organisation and contact details, details of their structure and their registration with other organisations) rather than requiring personal information about individuals. Regarding the amendments to the annual returns process these are restricted to requiring a that the service provider continues to meet the requirement in section 6A(1) of the 2025 Act. This specific statement would not involve providing any personal data.

Does the proposal involve the processing of personal data by Welsh Government or any other parties?

Yes

Please tick the personal data items that will be processed (this list is not exhaustive):

Personal

<p>Name <input type="checkbox"/></p> <p>Name address <input type="checkbox"/></p> <p>Business address <input checked="" type="checkbox"/></p> <p><i>(To note this will be the email address of the organisation)</i></p>	<p><i>(To note this will be the telephone number of the organisation)</i></p> <p>Telephone numbers <input checked="" type="checkbox"/></p>
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<p>Postcode <input checked="" type="checkbox"/></p> <p><i>(To note this will be the email address of the organisation)</i></p> <p>Email address <input type="checkbox"/></p>	<p>Photographic Proof of Identity (e.g. driving licence, passport) <input type="checkbox"/></p> <p>DBS Certificate <input type="checkbox"/></p>
<p>Special Category</p>	
<ul style="list-style-type: none"> • n/a 	
<p>If special category personal data is being processed, is this data being collected mandatorily (i.e. without the data subjects having an option to not provide it)?</p> <ul style="list-style-type: none"> • No 	
<p>Do any of the data subjects whose personal data will be processed fall into the following categories?</p> <p>Children (under the age of 12) Patients Asylum Seekers Welsh Government employees</p> <ul style="list-style-type: none"> • no 	
<p>Please give an indication of the scale of the processing (e.g. pan-Wales; targeted group)</p> <p>Details</p> <ul style="list-style-type: none"> • Pan-Wales. Arrangements apply to all those seeking to register or re-register to operate a restricted children's service in Wales and those submitting an annual return. 	
<p>For the personal data being processed, please indicate</p>	
<p>Who the data controller is?</p>	<p>Details: Care Inspectorate Wales</p>

Any data processors?	Details: Yes (CIW staff)
Will the data be shared?	Details: Yes with CIW
What is the statutory basis for processing the data? NB – GDPR itself does <u>not</u> provide a statutory legal basis to process personal data.	
<p>The proposed arrangements are amendments to existing arrangements specified within the Regulated Services (Registration) (Wales) Regulations 2017 and the Regulated Services (Annual Returns) (Wales) Regulations 2017. The overarching legislation that supports these proposed amendments are set out in under the Health and Social Care Act 2025, under which a full Data Protection Impact Assessment was carried out for the relevant elements related to removing profit.</p> <p>The statutory basis for processing the additional information for the registration process and for annual returns are the requirements within the Regulation and Inspection of Social Care (Wales) Act 2016.</p> <p>The processing is also necessary for the performance of tasks carried out in the public interest or in the exercise of official authority vested in the controller (article 6(e) GDPR).</p>	
Have legal Services confirmed that the basis outlined above provides the necessary statutory gateway for processing (including any proposed sharing)?	
<ul style="list-style-type: none"> ● Yes 	
Will the proposal involve new or significantly changed processing of personal data about each individual?	
<ul style="list-style-type: none"> ● No 	
Will the personal data be consolidated, linked or matched with data from other sources?	
<ul style="list-style-type: none"> ● No 	
Will the personal data be used for automated decision making?	
<ul style="list-style-type: none"> ● No 	
Will the personal data result in systematic monitoring of data subjects?	
<ul style="list-style-type: none"> ● No 	

Does the proposal involve new or changed data collection, retention or sharing policies/practices for personal data?

- No

Do you have a clear retention policy and what practical things are in place for you to ensure that your Retention Policy is applied?

- Yes (please provide details)

The additional information collected by CIW as a result of the amendments to registration and annual returns would be retained in accordance with CIW's existing retention policies.

Will the proposal involve the introduction of privacy-intrusive technologies such as

Smart cards

RFID tags

Biometrics

Visual surveillance (e.g. CCTV)

Digital image and video recording

Profiling, data mining or logging electronic traffic

Locator technologies (e.g. GPS, mobile phone tracking)

Other (please provide details)

- No

Will the proposal involve new or changed identity management or authentication processes?

- No

Will the proposal have the effect of enabling identification of individuals who were previously anonymous?

- No

Please send your assessment to the Information Rights Unit (DataProtectionQueries@gov.wales) copied to your Information Asset Owner.

For completion by Information Rights Unit

Is a Data Protection Impact Assessment (DPIA) required for this proposal?

- Yes
- No

Has advice on General Data Protection Regulation (GDPR) compliance been provided?

- No
- Yes:
 - Does the proposal require a Privacy Notice to be drafted? Yes/No
 - Does the proposal require consultation with the ICO under GDPR Art 36(4)? Yes/No
 - Does the proposal require a contract between Welsh Government as data controller and a third-party processor? Yes/No
 - Does the proposal require a data sharing agreement to be drafted? Yes/No

C. WELSH LANGUAGE IMPACT ASSESSMENT

1. **Welsh Language Impact Assessment reference number (completed by the Welsh Language Standards Team, email: Safonau.Standards@gov.wales):**

Reference number: **07/12/2025**

2. **Does the proposal demonstrate a clear link with the Welsh Government's strategy for the Welsh language? – [Cymraeg 2050 A million Welsh speakers](#) and the related Work Programme for 2021-2026? [Cymraeg 2050 work programme 2021-2026](#)**

The proposed amendments do not affect any provisions relating to the Welsh Language.

3. **Describe and explain the impact of the proposal on the Welsh language and explain how you will address these impacts in order to improve outcomes for the Welsh language. How will the proposal affect Welsh speakers of all ages (both positive and/or adverse effects)? You should note your responses to the following in your answer to this question, along with any other relevant information:**

The proposed amendments to the regulations are primarily administrative in nature and are not expected to have any direct impact on individuals using registered services, or their staff. They do not introduce new service requirements or alter existing standards of care and therefore will not affect the availability or quality of services and support provided in Welsh.

As the amendments do not change how services are delivered, there will be no impact on Welsh-speaking communities, Welsh medium education, or opportunities for Welsh learners of any age. The sustainability of Welsh-speaking communities will remain unaffected, as the proposal does not influence staffing, Welsh language provision, or community engagement. Similarly, there will be no adverse or positive effect on access to health and social care services in Welsh, as these requirements are already embedded within existing regulations.

Current obligations on service providers to meet individuals' Welsh language needs and provide information in Welsh remain unchanged. Providers will continue to ensure that people know about services and support available in Welsh and can access them as easily as in English, in line with their statement of purpose and the Welsh Language Standards also with *More than just words/Mwy na geiriau* the WG strategy to strengthen Welsh language services in health and social care. The central aim of the

strategy is to embed the Active Offer in services so that Welsh speaking patients and individuals can easily access the care they need in Welsh, without having to ask. As the amendments do not alter these duties, no additional measures are required, and success will be measured by continued compliance with existing language requirements.

As currently the guidance relating to registration and annual returns processes as well as the forms themselves will remain available bilingually once updated to incorporate the new changes.

D. BIODIVERSITY IMPACT ASSESSMENT

Embedding biodiversity

1. How will your proposal integrate biodiversity into decision making?

The proposed amendments to the Regulations will not impact biodiversity; therefore, integration of biodiversity is not required.

2. Has your proposal ensured biodiversity is accounted for in business decisions?

The proposal to amend the Regulations does not affect biodiversity, and there is no impact.

3. How does your proposal improve understanding and raise awareness of the importance of biodiversity, encouraging others to act?

The proposed amendments to the Regulations will have no impact on biodiversity and will not enhance understanding or awareness of its importance.

Improving our evidence, understanding and monitoring

4. Have you used the best available evidence of biodiversity to inform your proposal and this assessment?

No, the proposed amendments to the Regulations will have no impact on biodiversity.

5. Have you used up to date knowledge of the key impacts on biodiversity to make evidence-based decisions?

No, the proposed amendments to the Regulations will have no impact on biodiversity.

6. Can your proposal contribute to our body of knowledge for biodiversity?

No, the proposed amendments to the Regulations will have no impact on biodiversity.

Governance and support for delivery of biodiversity action

7. Can your proposal support biodiversity action in any way?

No, as the proposal to amend these regulations does not affect biodiversity does not impact on biodiversity.

8. Can your proposal help to build capacity for biodiversity action?

No, the proposed amendments to the Regulations will have no impact on biodiversity.

9. Have you recorded decisions and actions to maintain and enhance biodiversity?

No, as the proposed amendments to the Regulations will have no impact on biodiversity.

If your proposal concerns construction or management of land and/or sea, please also consider Questions 10 – 16:

Not applicable