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Y Gweinidog Gofal Cymdeithasol  
Minister for Social Care



Llywodraeth Cymru  
Welsh Government

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Peredur Owen Griffiths MS  
Chair  
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Dear Peredur,

Thank you for your letter of 8 July, following my appearance before the Finance Committee to discuss the Health and Social Care (Wales) Bill. I am providing a detailed response to the points you have raised in the annex to this letter. I hope that this will provide a degree of clarity to the Committee.

I am copying this letter to the chairs of the Health and Social Care Committee and the Legislation, Justice and Constitution Committee.

Yours sincerely,

**Dawn Bowden AS/MS**  
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Minister for Social Care

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

**1. The Welsh Government's approach to quantifying and presenting the financial implications of the Bill**

- (a) The sum of the constituent elements in the Regulatory Impact Assessment (RIA) suggests the total cost of the Bill ranges from £394.5m to £495.7m. However, this differs from the total cost set out in that RIA summary, which is £429.8m to £455.7m. We've also noted other inconsistencies in the value of costs and benefits in the RIA summary with the tables included in the rest of the RIA. Please could you provide a clarification of the correct figures or an explanation for these differences.**

We have reviewed the RIA summary tables and we are content the ranges of £394.5M to £495.7M presented there are correct.

The range £429.8M to £455.7M does not feature in the RIA summary but appears to have been calculated by adding up the lowest values from the 'Administrative costs', 'Compliance costs' and 'Other costs' ranges and the highest values from those same ranges in the RIA summary. However, to calculate minimum or maximum costs for the eliminating private profit section of the RIA, the estimated costs of different scenarios need to be considered collectively, rather than simply adding all the lowest figures from the ranges together, or all the highest figures from the ranges.

Ranges for the costs and cost-savings under the eliminating private profit section have been calculated using different assumptions (scenarios) for the proportion of existing private sector providers who will opt to remain in the market. These are presented as scenarios A, B and C in the RIA. Market intelligence and stakeholder discussions have led us to believe that an outcome somewhere between Scenarios B and C is most likely and so the figures in the RIA summary tables are based on the range of costs and cost-savings calculated under these two Scenarios.

Comparing Scenarios B and C, private providers' costs (which are shown in the 'Other costs' section of the RIA summary table) are highest under Scenario B and lowest under Scenario C. The reverse is true for public sector administrative costs, where costs are lower in Scenario B and the higher end of the range is calculated under Scenario C.

Therefore, to simply add together the upper end of the private sector cost range and the upper end of the public sector cost range leads to an incorrect total, because they are derived from different scenarios and different sets of modelling assumptions. This is set out in Chapter 7 of the RIA, but we acknowledge it could have been explained more fully in the RIA summary in Chapter 6. We would anticipate laying a revised Explanatory Memorandum/RIA following the completion of Stage 2, and can include some additional narrative in Chapter 6's RIA summary table to clarify this point.

There are also £2.3M of administrative cost-savings identified in the RIA summary. The total cost as given in the RIA summary is reached on the basis

of the net administrative costs, i.e. the administrative costs less the administrative cost savings.

Taking these two points together, and bearing in mind that the individual values in the RIA summary are subject to rounding, we hope that these points explain the basis for the calculation of the overall range of estimated costs in the RIA summary.

You have also raised concerns about inconsistencies between values in the RIA summary and in the body of the RIA at Chapter 7. Some of the apparent inconsistencies you are concerned about are explained below, but we have identified an error in Table 7.13 of the RIA, which estimates values for profit lost by the private sector in relation to the proposals on eliminating private profit in the care of looked after children. The values included for Scenarios B and C for the financial year 2034-5 are incorrect – these should be -£32,809,000 for both scenarios.

This error is not reflected in the totals given in the RIA summary, which are correct. The correct figures are also given in the [ADSS Cymru report](#) which has been published separately. However, we will update and correct the Explanatory Memorandum at the next opportunity, after Stage 2 proceedings are completed.

My officials would be happy to engage further with the Committee in writing if any other inconsistency is identified (beyond the points covered above and that discussed below in response to question 3(c)), should you wish your clerks to write to my officials.

## **2. Changes and financial implications related to ‘eliminating profit’ for children’s residential and fostering services**

- (a) On what evidence do you think local authorities will see reduced costs for residential and fostering services over the appraisal period, particularly since the Welsh Local Government Association (WLGA)/Association of Directors of Social Services Cymru (ADSS) highlight some of the operational benefits are contested and the Competition and Markets Authority said the cost of local authority children’s home placements is not lower than the cost of placements with private providers.**

In the projections, the introduction of new services by local authorities and not-for-profit providers is anticipated to result in a 10% reduction in relative outturn (expenditure in a specified period). The projections include the cost of the development of new local authority and not-for-profit provision in the transitional costs, including capital costs (e.g. for residential care homes for children). Developing their own new local authority provision means that, on an ongoing basis, local authorities do not need to pay for using these capital assets (except depreciation costs).

It is important to consider a number of wider points in this context. Specifically private providers, given their current position of market dominance, considerably influence price, and what they provide and where. There is no incentive for private providers to reduce the numbers in care and some providers see profit margins of over 22%.

The costs associated with the current approach to the provision of care are also rising. The spend on residential care was around £198M in 2022-23. This has tripled since 2016-17, when the cost was around £65M for the year.

If we do nothing, local authorities will continue to face increasing financial challenges which in turn will stagnate their ability to effectively shape the market to meet their needs, resulting in higher costs and inadequate placements, with all the associated problems of quality of care, stability, the workforce, and securing the range of provision to meet children's needs.

Whilst the Competition and Markets Authority (CMA) did state that the cost to local authorities of providing their own children's home placements is no lower than the cost of procuring placements from private providers, it also highlighted that fact that the cost to local authorities of providing their own foster care was lower. And whilst it has been necessary for the purpose of making the calculations in the RIA to assume a like-for-like replacement of residential and foster care placements, in policy terms we would not expect this to be the case as the eliminating profit agenda sits in a wider context of encouraging the sector to reduce the number of children that come into care, and to move away from reliance on residential care towards other forms of meeting children's needs, including foster care. This means the future requirements for residential care placements for children may well be smaller than projected.

The changes we are proposing will allow us to lower and control the continuing increase in the costs of private placements that local authorities are currently experiencing and create better matching opportunities resulting in better outcomes for children and young people.

Bringing services in-house will support a social worker-led understanding of patterns in placement, which will enable proactive capacity management, minimising the scramble for last-minute placements that can lead to suboptimal matches and higher costs.

I acknowledge the WLGA's concerns, particularly around the cost of residential care, however while this was not within the RIA costings, our transformation agenda does anticipate less reliance on residential care in the future. Nevertheless, I do appreciate that there will probably be a significant level of upfront capital investment required in some areas and we will continue to work with local government colleagues to ensure this is factored-in to their planning.

We also note ADSS Cymru's point within its written evidence to the Health and Social Care Committee that despite the challenges and risks, it believes

that the removal of profit from the care of children looked after is the right thing to do.

**(b) What cost differential are local authorities seeing from bringing their services in-house and have you conducted a pilot to test the potential to make savings in providing fostering placements, as suggested by the Competition and Markets Authority. If so, could you provide information on what it showed.**

As noted, the CMA report recommended that pilots should be set up in certain local authorities to test the potential to make savings by bringing more fostering placements in-house.

Whilst we naturally hope that our changes will contribute to the future financial sustainability of children's social care, our commitment to the transformation of children's services is not primarily about saving money. It is about changing how we provide services to children and their families as part of locally-based services that have the welfare of the young person at their heart.

Foster carers are central to delivery of the changes we are seeking to make and we are committed to increasing the supply of local authority foster carers. Not only will this help to secure a sufficient supply of foster carers in the future but it will also help deliver our wider transformation agenda to re-balance provision away from residential care to foster care. We are providing significant funding to Foster Wales to help achieve its ambitious target of recruiting an additional 800 foster carers by 2026.

**(c) How have you calculated the profit that providers are expected to lose as a result of the proposals, reflecting the "broad spectrum of businesses" in the market and why is so little information provided about the estimates in the RIA and the separate report by the ADSS Cymru.**

The RIA methodology's key guiding principle was proportionality. When producing estimates, ADSS attempted to balance the level of detail and the effort required to capture new data against the range of potential outcomes that could be achieved. Given the wide variation in commercial models and that the level of operating profit will vary, ADSS did not segment profits lost for different categories of businesses.

Within the modelling which informed the RIA ADSS calculated the potential profit lost by for-profit providers under Scenarios A, B and C. This was calculated by considering lost profits as for-profit providers exit the market, then adding the increased profits gained during the transitional period on the assumption that these providers would increase fees to offset anticipated costs associated with closure.

Using 2022-23 as the price base year, ADSS estimated that approximately £33M of profit per year would be lost once all for-profit providers had exited the market. ADSS calculated that once they leave the market, for-profit

providers would lose profits equivalent to 17% of the outturn currently apportioned to this cohort of providers. This has been modelled at an aggregate level and does not consider different business or operating models. The 17% was estimated using Welsh market intelligence data and LaingBuisson's Children's Services UK Market Reports analysis of profitability (for-profit companies). This analysis used the industry standard EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) Margin as a comparative indicator of profitability. For clarity, the estimate of the profit providers are expected to lose because of the proposals was not used in the calculations to estimate the cost and benefits to the public sector. These calculations were separate. That is, the profit lost as a result of the legislation would not simply be gained by local authorities.

Different net profit amounts would be lost at a different rate in each scenario during the transition period, reflecting that different proportions of for-profit providers would gain increased profits during the transition period. The underpinning assumption made in this estimate is set out in the [ADSS report](#) at Table 2 - How transitional costs have been obtained. The underpinning logic is that providers would increase fees (and therefore percentage profit) to offset anticipated costs associated with closure.

Some of the impacts on different types of businesses are also considered in Chapter 8 of the Explanatory Memorandum, within the competition assessment.

I have mentioned in my answer to question 1(a) above that we have identified an error in Table 7.13 of the RIA which estimates values for profit lost by the private sector. I have set out there the correction which will be made when we revise the Explanatory Memorandum after Stage 2.

**(d) Submissions to the Welsh Government's consultation on the policy proposal said the introduction of the requirements for existing providers from 1 April 2027 was "felt to be overly ambitious and carried with it a risk to the safety of children and young people who require a good quality, registered and stable placement". Despite this, you plan to keep to this timetable. Can you explain why is this the case.**

The intention is for the relevant provisions of the Bill to be brought into effect so that new providers registering with CIW will have to have not-for-profit status from 1 April 2026; and so that existing "for profit" providers will be subject to transitional provisions (to be set out in regulations) from 1 April 2027. This represents the start of the transition period so far as limitations on the ability to place are concerned.

The transitional provisions will prevent existing providers from registering new homes or approving new foster carers. However, the provisions will also mean that existing providers will be able to accommodate new children subject to approval, sought by the placing Welsh local authority, from Welsh Ministers. This carefully designed structure of transition is intended to help manage the sufficiency risk during the transition period, as not for profit provision is built-

up, and secure a safe, stable and equitable transition to the new system. Where the placing authority is an English placing authority, providers will only be able to accept placements in prescribed circumstances.

The length of the transition period will be determined by a range of factors, including the level of demand for placements in restricted services, and the speed of replacement of for-profit by not-for-profit provision. Any decision to bring this transition period to a close will be informed by careful consideration of children's article 8 UNCRC rights.

**(e) What assumptions have you made in the RIA about the length of the transition period and what would be the financial implications if it needs to be extended.**

The cost estimates for Scenarios A -C in the RIA are based on the costs of establishing new not-for-profit provision being incurred over three years, from 2025-26 to 2027-8. The end of the financial year 2027-28 was anticipated as the earliest that sufficiency of provision could potentially be achieved based on intensive investment over a three year period beginning in April 2025 (in line with the anticipated Royal Assent for the Bill) and spanning the period that new providers registering with CIW are required to be a not-for-profit entity (from 1 April 2026), the beginning of transitional provisions (from 1 April 2027) then a further one-year period of investment up to the end of the 27/28 financial year during the transitional period itself. The cost estimates also include provision for ongoing consideration of requests for approvals of supplementary placements from 2027-8 onwards.

Provider intentions regarding decisions to potentially transition to not-for-profit models are only now beginning to emerge following the Bill's introduction. Therefore, there is scope to potentially update the RIA in the future as our understanding of the likelihood of potential scenarios develops through continued engagement with the sector.

If the transition to not-for-profit provision takes longer than forecast in the RIA it is anticipated that associated costs would be incurred over a longer period, but also that it would take longer to realise the benefits of the change.

**(f) The Children's Home Association says responses to a survey after a Welsh Government workshop in November 2023 indicated no independent providers would, at that time, be willing or able to transition to not-for-profit. How will you manage the transition if a significant proportion of private providers exit the market quickly; how will capacity be met and transition be resourced.**

Through our existing engagement mechanisms and via intelligence from partners we would expect to have advance notice in many cases should providers elect to leave the market, enabling time to plan alternative provision. Local authorities, as commissioners, also have management processes and mechanisms in place to manage provider exit and the transfer of placements, which would be deployed in such scenarios.

I would also note that it is probably not within providers' commercial interests to leave the sector quickly while the transitional provisions are in place. This is because the period will enable them to continue to earn a degree of income from their services (albeit subject to the permission of Welsh Ministers), while new provision is established.

### **3. Changes and financial implications related to the proposal to allow CHC direct payments**

**(a) You assume 110 people across the local authorities in Wales are currently delaying or refusing to transfer to Continuing Healthcare (CHC). Disability Wales told the Health and Social Care Committee this number seemed "quite low". Could you respond to that statement.**

The figure of 110 people is based on information we have received from local authorities' direct payments officers and heads of adult services through our engagement with them.

Direct payments officers currently support the range of individuals who are in receipt of social care direct payments, including those who would be likely to be assessed to be eligible for CHC, were they content to undergo the relevant assessment.

This is the best evidence we have received for an estimate, through our engagement with stakeholders. We would of course consider other evidence from other stakeholders, if that is provided.

**(b) The financial implications of introducing CHC direct payments has been informed by experiences of implementing Personal Health Budgets in England, with the cost of direct payments ranging from £46,000 to £120,000 per package. While you note there is likely to be a similar variation across packages in Wales, you have used an average package cost of £50,000 in the RIA. Could you provide an explanation for why this is.**

Whilst the costs are varied, the £50,000 estimate is intended to represent the fact that some packages will cost more, and some will cost less. Some of the more expensive packages of care are for people in care homes, and it is not the intent for these CHC recipients to be eligible for a direct payment as they would not be purchasing services for deployment in their own private homes. It is therefore not appropriate to simply look at the most expensive and least expensive packages and split the difference.

It has proved extremely difficult to get an average cost for a CHC package of care, from either England or Wales. In Wales, for example, Local Health Boards have differing systems regarding what is included in a CHC

package, and many collect different statistics in different ways to meet internal requirements.

As a result, a decision was made to seek advice from the National Care Commissioning Unit (NCCU). The £50,000 estimate for a CHC package of care is based on these discussions with the NCCU, who have undertaken recent work as part of the CHC Workstream of the Welsh Government Value and Sustainability Board.

**(c) The RIA quantifies the cost reduction to local authorities from people transferring from social care to CHC direct payments as ranging from £10.9m to £13.7m. Why have you used the maximum benefit in the RIA summary rather than the range of values.**

We have reviewed the RIA summary tables and are content that the figure presented for the estimated cost reduction to local authorities and individuals is correct. The RIA summary gives a figure of £13.7M as the estimated combined cost reduction to local authorities and individuals as a result of the proposed introduction of CHC direct payments.

The summary of cost-savings at Table 7.39 in the RIA provides the detail behind the figure. A note accompanying the table explains that some cost-savings could go to individuals, if they currently contribute to their care. If so, that would reduce the cost-savings for local authorities.

**(d) What assurance can you give that the administrative and support arrangements for CHC direct payments, with their estimated costs, reflect the experience of Local Health Boards' with existing CHC packages and local government's with social care.**

We have looked to learn from experience in England and Scotland, and this has emphasised how essential providing support to direct payment recipients is to the success of the scheme.

There will be a number of administrative costs incurred to implement and administer CHC direct payments. These administrative costs will cover setting up and funding staffing, training for both staff and personal assistants, employer support for those in receipt of direct payments plus setting up the technical side of the scheme (IT tools to support the costing of individual budgets, payment and audit tools for managing the expenditure, payroll systems etc).

A central Hub for some key administrative functions is proposed in order to create a pool of specialised staff who can deal efficiently with management of the direct payments elements and ensure as far as possible a level playing field across Wales for those accessing CHC via a direct payment. This Hub model is based on a previous Welsh Government/NHS Wales project managing a large number of retrospective CHC claims across Wales via a single team. It is also in line with other centralised and standardised approaches being considered for data capture and financial

management of CHC. We believe that this approach may be more cost effective than asking individual Local Health Boards to make their own arrangements to administer direct payments. It will also ensure that support and advice is consistent across Wales.

To estimate the associated administrative and arrangement cost, a scoping exercise was done to seek the most accurate picture possible, with officials obtaining costing data from representatives of those organisations who currently operate in Wales. This included cost data on managed accounts with support; payroll; set up charges; and core support packages.

**4. How the provisions in the Bill will be monitored as well as the related financial outlay**

**(a) Will the Welsh Government provide additional funding to cover the capital and ongoing costs that local authorities and Local Health Boards are expected to incur as a result of these proposals; what happens if the estimated reduction in outturn does not materialise.**

We have been carefully considering the likely costs associated with the proposals in the Bill and how these can best be met. We will continue to take account of emerging evidence and how this informs our understanding of the likely impacts of the proposals, including the costs.

As the large majority of the likely costs relate to eliminating private profit from the care of looked after children, I will deal with these first in my answer, before turning to the likely costs associated with CHC direct payments.

*Eliminating private profit from the care of looked after children*

As a broader point I would highlight that, as explained in response to question 2(a) above, if we continue to use a mix of providers of residential children's care (local authority, not-for-profit and private), costs will continue to rise over the coming years. Public money for children's services will continue to be taken out as profit instead of being re-invested to improving services, capacity and outcomes for children.

Local authorities will continue to face increasing financial challenges which in turn will stagnate their ability to effectively shape the market to meet their needs. There is no incentive for private providers to decrease the need for provision, which often results in higher costs and inadequate placements, bringing a range of associated problems.

The changes driven by our eliminating profit proposals and wider children's services transformation programme should allow us to lower and control the continuing increase in the costs of private placements that local

authorities are currently experiencing and create better matching opportunities, resulting in better outcomes for children and young people.

The savings that would be generated by not directing funding to private provision, and through reducing our reliance on residential care, will in the longer term release more budget for preventative and therapeutic resources which would in turn help with placement stability, reduce the number coming into care, and increase the number of those returning to families.

I recognise that local government finances are under pressure. Welsh Ministers have delivered on our commitment to deliver an uplift to the Revenue Support Grant for this financial year and also passed on the subsequent UK Government consequential worth circa £14M in revenue funding.

We are also investing an additional £68M into the sector during 2022-2025 to help local authorities build in-house and not-for-profit residential and foster care provision, help move children out of residential care back into a family setting, and to provide locally based and designed services, including specialist provision for children with more complex needs. We will be considering the future of this fund, and what contribution it might make to further delivery of the eliminating profit and radical reform agendas.

Investment in beds and homes will require capital investment and we also want to build on our broader revenue and capital investments across care and support for children's services via the Regional Integration Fund, the Integration and Rebalancing Capital Fund and the Housing with Care Fund. Officials are currently scoping what future contribution could be made from these sources, which have already been contributing to the general children's transformation agenda.

There is not an agreed Welsh Government budget beyond this financial year, however, these proposals are a high priority for Government and will be considered as part of the forthcoming budget round.

*Projected revenue costs and how they will be met:*

The total estimated cost to Local Authorities set out in the RIA minus their expected capital costs to purchase and refurbish properties leaves a cost of between approximately £78.6M and £102.7M. These costs would include additional commissioning and legal costs as the new provision comes on-stream.

The RIA also estimates a cost of approximately £4.5M to Welsh Government associated with the implementation of the provisions in the Bill. This includes approvals of local authority sufficiency plans and applications to Welsh Ministers to place children in 'supplementary' placements, communications, engagement and awareness raising,

developing guidance and training materials, and reporting on and reviewing delivery and implementation.

This £4.5M figure also includes expected costs for Care Inspectorate Wales in relation to monitoring and enforcement and changed requirements in respect of registration of new and existing providers. Resourcing for a small team has been included in recognition of this, along with an amount for the development of bespoke IT systems to support the changes.

Local Authorities, through their membership of Regional Partnership Boards (RPBs) have access to the Regional Integration Fund – a revenue fund. The RIF, established in 2022, has funding of £146M allocated between April 2022 and March 2027. The fund seeks to create sustainable system change through the integration of health and social care services. There is a focus on six new national models of integrated care with one being 'Accommodation-Based Solutions'. RPBs could choose to direct the funding towards supporting projects associated with the development of not-for-profit provision i.e. staffing and set-up costs related to establishing new care home services for children.

The revenue cost to local authorities is expected to be partially offset by a reduction in their overall spending on children's residential and foster care (identified as 'outturn costs' in the RIA) with a saving estimated to be between £184M and £253.9M during the ten year period.

Subject to agreement of future budgets the expected revenue costs for Welsh Government are expected to be met from existing budgets. And, so far as other costs are concerned, this work area is a priority to consider in the context of the forthcoming budget round.

*Projected capital costs and how they will be met:*

Between £107.1M and £142.8M has been estimated for local authorities in capital costs to purchase and refurbish properties to replace capacity which could be lost when for-profit providers leave the market in Wales. This has deliberately been estimated on a conservative basis, assuming that all provision is replaced like for like. Whilst this was a prudent approach to take given that we cannot project with certainty how reliance on (for example) residential provision will change in the period from now until the start of the transitional period, we would hope that that reliance would start to decrease and this will be reflected in the amount of residential provision needed, and therefore in costs to LAs.

This is expressed in our wider children's transformation agenda which is about reshaping and re-balancing future provision so we have better models of care in residential care, with more children placed in family settings with wraparound support.

Welsh Government has been supporting local authorities via RPBs to develop their in-house care provision for several years through a number

of different funding streams. Past and current capital funding streams include the Integrated Care Fund, the Housing with Care Fund and the Integration and Rebalancing Capital Fund. While these funds are for purposes wider than the implementation of the Bill and focused on integrated models of care rather than meeting core social care costs, there is scope within the criteria to support the development of children's residential care.

Welsh Government will continue to support local authorities through these established funding mechanisms. However, we do expect Local Authorities, as they do now, to continue to contribute to funding the costs of providing accommodation for children looked after, as part of their wider social care budgeting.

### *Borrowing options:*

Local authorities have powers to borrow for any purpose relevant to their functions. Alongside other sources of funding Welsh Government officials are exploring how these powers could potentially apply in respect of local authorities borrowing to cover anticipated capital costs.

### CHC Direct Payments

The costs of CHC are increasing steeply year on year in Wales and have risen from £278M to £449M in less than a decade (2014-2023).

The rise in CHC costs is likely to be due to a number of factors, including an ageing population, increases in chronic disease, changes in lifestyle, and increases in health care costs.

It is important to stress that although experience in England tends to suggest that CHC packages delivered through direct payments will be cheaper than comparable packages delivered in the traditional way, our proposed change is not driven by financial considerations. It is driven by the request of service users – disabled people or people with long-standing health conditions – for the greater voice and control which direct payments have the potential to give them.

It is important to note that the estimated 110 individuals, who are disabled or have a long-standing health condition, who are refusing CHC, are doing so because they feel the current CHC system does not meet their needs. These individuals feel that accepting CHC without a direct payment would lead to a loss of voice and control over their care. If the current system met their needs in terms of voice and control, they would already form part of Local Health Boards' total CHC costs. We estimate that they represent only 1.1% of the current CHC cohort.

Any additional costs are expected to be at least partially offset by a reduction in the cost of providing care to those individuals who currently receive traditional CHC but who will instead opt to receive a direct payment in the future.

Local Health Boards will need to budget plan for the scenario of additional cases coming into the ambit of CHC as well as any likely benefit of the costs of existing packages changing as a result of direct payments coming in.

There will be administrative costs incurred to implement and administer CHC direct payments. These costs are estimated to be in the order of £1.1M per annum. A transitional period of three years (2025-26 to 2027-28) is envisaged during which Welsh Government intends to provide financial support to cover the costs.

The costs should then be fully borne by Local Health Boards after the three-year transitional period, at a point when some savings should begin to be realised which will be offset against the costs incurred by the Boards.

**(b) How will you monitor whether the proposals achieve the policy objectives and how are the related costs of post-implementation review reflected in the RIA.**

The implementation of the eliminating private profit element of the Bill will be underpinned by a programme of ongoing monitoring and evaluation. This will in part be achieved through the Eliminating Profit Programme Board which was established in 2021 to support delivery of the Welsh Government's commitment.

The RIA also includes provision for estimated costs of monitoring and evaluation to Welsh Government and Care Inspectorate Wales. These cost estimates are set out in Table 7.14 of the RIA.

We recognise that any more formal evaluation would need to focus on the extent to which the legislation has contributed to delivering the change across the range of key outcomes where we expect it to make a difference.

We will continue to reflect on costs as stakeholders, who have been waiting to see the provisions within the Bill, begin to make decisions about their future.

In order to assess the effectiveness of direct payments within CHC, we will commission an independent evaluation to cover both the implementation and the impact of the proposal.

As part of the evaluation, we would want to ensure we hear the views of those involved in implementing the proposal, to help shape delivery in the future and ensure that the proposal is being delivered as intended.

Agreed outcomes may include improved quality of life; reduction of individual's reliance on unplanned care; and overall savings per person, per year for CHC Direct Payment recipients.

The costs of evaluation for the introduction of CHC direct payments are estimated at £90,000 over 3 years, i.e. £30,000 a year for 3 years from 2025-6 to 2027-8. This is set out at table 7.30 of the RIA. It is proposed that this cost will be met by Welsh Government.