

Explanatory Memorandum to the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2025

This Explanatory Memorandum has been prepared by the Health, Social Care & Early Years Group and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2025. I am satisfied that the benefits justify the likely costs.

Dawn Bowden MS
Minister for Children and Social Care
13 February 2025

PART 1 - OVERVIEW

1. Description

- 1.1. The Social Services and Well-being (Wales) Act 2014 (“the Act”) brings together local authorities’ duties and functions in relation to improving the wellbeing of people who need care and support, and carers who need support. The Act, along with regulations and codes of practice made under it, provides the statutory framework for the delivery of social care in Wales to support people of all ages as part of families and communities.
- 1.2. The Care and Support (Charging) (Wales) Regulations 2015 (“the Charging Regulations”) governs local authorities in discharging their discretion to set a charge, contribution, or reimbursement for care and support services provided under Part 4 (meeting needs) and Part 5 (charging and financial assessment) of the Act.
- 1.3. The Care and Support (Financial Assessment) (Wales) Regulations 2015 (“the Financial Assessment Regulations”) sets out the method by which local authorities must carry out an assessment of a person’s financial resources in order to determine a charge where appropriate.
- 1.4. The first objective of the amending regulations is to effect a change to the Charging Regulations to apply an uplift to the minimum income amount which a person in a residential care home is entitled to keep of their net weekly income. The second objective is to amend the Financial Assessment Regulations to direct that payments made by the Ministry of Defence under the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme are disregarded for the calculation of capital for when determining a charge

2. Matters of special interest to the Legislation, Justice and Constitution Committee.

- 2.1. None.

3. Legislative background

- 3.1. The relevant powers enabling the making of regulations in relation to the contribution or reimbursement of direct payments towards the cost of meeting a person’s needs for care and support under sections 50, 52 and 53(3) of the Act.
- 3.2. The relevant power enabling Welsh Ministers to make regulations regarding the exercise of the power to impose charges for the provision of care and support are contained in sections 61 and 66 of the Act.
- 3.3. The relevant power enabling the making of regulations in respect of financial assessments for determining a charge for the provision of care and support is contained in sections 64 and 64(2)(b) of the Act.

- 3.4. The amending regulations is subject to the negative procedure. They are intended to come into force at the same time as the uplifts to pensions and benefits on 07 April 2025.

4. Purpose and intended effect of the legislation

- 4.1. Under the Act, local authorities have discretion to charge for the provision or arrangement of care and support (the amending regulations apply only in relation to the provisions relating to adults), and the provision or arrangement of support for carers. They also have discretion to set a contribution or reimbursement for direct payments they provide to a person to enable them to arrange their own care and support. This applies to care and support in a person's own home, within the community, or in residential care. Where an authority wishes to apply this discretion to set a charge, contribution or reimbursement, regulations made under the Act govern the arrangements applicable to this.
- 4.2. The Charging Regulations govern local authorities' determination of a charge for providing or arranging care and support to an adult, or support to a carer, where they use their discretion to charge. They also govern authorities' determination of a contribution or reimbursement for an adult receiving direct payments to secure their own care and support, or a carer securing their own support, where authorities use their discretion to set these.
- 4.3. The Financial Assessment Regulations govern local authorities' assessment of a person's financial resources to meet a charge.
- 4.4. Since the introduction of these regulations in 2016, a number of policy changes have been agreed which required amendments to the:
- 4.4.1 Charging Regulations - Amending regulations to effect those changes are:
- the Care and Support (Choice of Accommodation, Charging and Financial Assessment) (Miscellaneous Amendments) (Wales) Regulations 2017 that came into force on 10 April 2017;
 - the Care and Support (Charging) (Wales) (Amendment) Regulations 2018 that came into force on 9 April 2018;
 - the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2019 that came into force on 8 April 2019;
 - the Care and Support (Charging) (Wales) and Land Registration Rules (Miscellaneous Amendments) Regulations 2020 that came into force on 6 April 2020;
 - the Care and Support (Charging) (Wales) (Amendment) Regulations 2021 that came into force on 12 April 2021;
 - the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2022 that came into force on 11 April 2022;
 - the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2023 that came into force on 10 April 2023; and
 - the Care and Support (Charging) (Wales) (Amendment) Regulations 2024 that came into force on 8 April 2024.

4.4.2 Financial Assessment Regulations - Amending regulations to effect those changes are:

- the Care and Support (Choice of Accommodation, Charging and Financial Assessment) (Miscellaneous Amendments) (Wales) Regulations 2017 that came into force on 10 April 2017;
- the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2019 that came into force on 8 April 2019;
- the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2022 that came into force on 11 April 2022; and
- the Care and Support (Charging) and (Financial Assessment) (Wales) (Miscellaneous Amendments) Regulations 2023 that came into force on 10 April 2023.

4.5. The changes that amend the Charging Regulations will:

- 4.5.1. Uplift from £43.90 a week to £44.65 a week - the level of the minimum income amount applied in charging for residential care, or in setting a contribution or reimbursement for direct payments to secure residential care, by amending regulations 13 and 28 of the Charging Regulations. The minimum income amount is the sum of money a person in residential care, and who is supported financially by their local authority, is able to retain from their net weekly income to spend on personal items as they choose. The sum is reviewed annually in the light of the weekly uplifts applied to UK state pensions and welfare benefits.

4.6. The changes that amend the Financial Assessment Regulations will:

- 4.6.1. Recognise the new Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme awarded by the UK Government under which payments are made by the Ministry of Defence to persons who were dismissed, discharged or forced to resign because of a ban on lesbian, gay, bisexual and transgender members of the armed forces of the Crown between 1967 and 2000

- 4.6.2. This will be achieved by amending Schedule 2 to the Financial Assessment Regulations to include:

- “42. Any payment made to A by the Ministry of Defence under the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme, under which payments are made to persons who were dismissed, discharged or forced to resign because of a ban on lesbian, gay, bisexual and transgender members of the armed forces of the Crown between 1967 and 2000.”

- 4.7. The regulations subject to this Explanatory Memorandum are required to introduce an update to the Charging Regulations to reflect an uplifted sum of money that applies to people in receipt of residential social care and support and the Financial Assessment Regulations to reflect a new financial recognition scheme that has come into effect since these regulations were last updated.

5. Consultation

5.1. Consultation on amending the Charging Regulations is not required. A consultation on the principle of the changes being made by the amending regulations to the Charging Regulations was originally held between 21 December 2016 and 25 January 2017. Changes do not reflect a change in Welsh Government policy but instead act to update regulations to keep pace with the uplifts applied to state pension and benefits. As such consultation on an annual basis is not undertaken.

5.2. Consultation on amending the Financial Assessment Regulations is not required. Amendments in relation to the new disregards arising from changes in UK Government policy in non-devolved areas could affect a small number of individuals and does not reflect a change in Welsh Government policy. Changes to the regulations are merely a technical adjustment to ensure the regulations accurately reflect the financial support schemes identified above to ensure any awards made to individuals are protected from care and support charging.

PART 2 – REGULATORY IMPACT ASSESSMENT

6. Introduction

6.1. The changes reflecting new disregards, or technical adjustments to the rate of the Minimum Income amount being introduced by the amending regulations are considered in this Regulatory Impact Assessment.

6.2. Introducing the new changes will ensure the Charging Regulations and the Financial Assessment Regulations are up to date and can operate effectively.

7. Options

MINIMUM INCOME AMOUNT (MIA)

7.1. Options and Benefits

7.1.1. This Regulatory Impact Assessment considers two options in relation to making these changes:

- Option 1 – “do nothing” and not make the amending regulations;
- Option 2 – “make the amending regulations” to introduce changes to the Charging Regulations in relation to charging for care and support. This is the preferred option.

7.2. Background

7.2.1. Where a person is in residential care, and in receipt of financial support from their local authority towards the cost of their care, they are required to contribute towards this cost from the majority of their weekly income. However, under the Charging Regulations a person must be able to retain an amount of their income to spend on personal items as they wish. This is known as the MIA. The level of the MIA is reviewed annually to take account

of annual uplifts to UK state pensions and welfare benefit payments, which form the basis of care home residents' weekly income. Taking these uplifts into account, Ministers propose to increase the MIA from 07 April 2025 from its current level of £43.90 per week to £44.65 a week. This will allow residents to retain a slightly higher amount of their income to spend as they wish on personal items.

Option 1 – do nothing

7.2.2. This option maintains the level of the MIA at £43.90 per week. As a result, all of the increase in a resident's weekly income from April 2025 as a result of their uplifted state pension and welfare benefit payments will benefit their local authority in the form of charge income to pay towards their care.

Option 1 – do nothing - Costs

7.2.3. There are no new cost implications for local authorities from this option. Instead, authorities would receive up to an estimated £5.8 million per annum in increased contributions from the 16,144 care home residents over state pension age as recorded in data published by Welsh Government in October 2019 (no data of this nature has been collected since that time). This would be due to the increased income residents would have resulting from the uplifts in the amount (£6.95 pw) of the basic state pension alone. Residents in this position would not retain any of the uplift applied.

Option 1 – do nothing - Benefits

7.2.4. There would be no benefits for care home residents supported by their local authority as they would be unable to retain any of the increase applied to their state pension nor would those seeing uplifts applied to any welfare benefit they receive, see a benefit. Instead, these funds would increase residents' weekly contributions to local authorities for the cost of their care, so as to benefit the income stream authorities receive from supported care home residents.

Option 2 – make the amending regulations

7.2.5. This option would make the amending regulations to increase the MIA from its current level of £43.90 to £44.65 per week. This would allow local authority supported residents to retain an inflationary uplift of 1.7% to spend on personal items as they wish.

Option 2 – make the amending regulations - Costs

7.2.6. This option results in local authorities receiving a smaller increase in charge income, than if the regulations were not made, of around an estimated £5.2 million per annum through contributions from the 16,144 residents over state pension age alone. This would be due to the increased income residents would have resulting from the uplifts in state pensions. Residents would retain a proportion (collectively around £630,000 per annum) of this uplift to spend on personal items as they wish.

Option 2 – make the amending regulations - Benefits

7.2.7. This option shares, the increased income which local authority supported residents would have from April 2025 as a result of uplifts to their state pensions. Residents in this position would be able to retain £0.75 pw of this uplift to spend on personal items, while authorities would receive the balance in increased contributions from residents towards the cost of their care. Also, an increase in the MIA would lessen the impact of recent cost of living increases and ensures the value of the MIA is not eroded in real terms.

7.3. Conclusion

7.3.1. In view of the financial benefit seen by care home residents, while enabling local authorities to receive an increase in revenue to use towards the provision and quality of the care and support they provide or commission, “Option 2 - make the amending regulations” is recommended. As a result local authorities are set to gain an increase in residential care charge income of some £5.2 million p.a. from care home residents in receipt of the basic rate state pension alone. It also ensures care home residents in receipt of such pensions are able to retain, collectively, an estimated £630,000 p.a. to spend as they wish.

FINANCIAL SUPPORT SCHEMES

7.4. Options and Benefits

7.4.1. This Regulatory Impact Assessment considers two options in relation to making these changes:

- Option 1 – “do nothing” and not make the amending regulations;
- Option 2 – “make the amending regulations” to introduce a new disregard to the Financial Assessment Regulations to ensure recipients of payments, made under the named scheme, are not required to use these payments towards the cost of their care and support. This is the preferred option.

7.5. Background

7.5.1. A new financial recognition scheme has been put in place over the last year that needs to be recognised in the Financial Assessment Regulations. Schemes are typically new pieces of legislation introduced by other UK governments, or the Welsh Government, that make payments to individuals or households, or monetary awards to individuals who have been caused harm, abuse or injury and are to receive payments in recognition of their suffering.

7.5.2. The scheme in question is the new Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme awarded by the UK Government under which payments are made to persons who were dismissed, discharged or forced to resign because of a ban on lesbian, gay, bisexual and transgender members in the armed forces of the Crown between 1967 and 2000

7.5.3. Financial recognition schemes introduced by the UK Government need to be recognised in legislation to ensure that, where a person is to receive a payment under one of the listed schemes, the payment they receive should be disregarded when assessing income and/or capital as part of their financial assessment. The exact number of individuals that these regulatory amendments will impact is not known, however, given the targeted nature of the specified financial support scheme the numbers are estimated to be small.

Option 1 - do nothing

7.5.4. This option would mean that no changes are applied to the forms of capital or income that must be disregarded in full in a person's financial assessment. Any financial support payment a person receives from such schemes would form part of their eligible financial resources and be taken into account in full in assessing their ability to meet a charge for care and support.

Option 1 - Costs

7.5.5. There would be no new cost implications for local authorities from this option. Instead, they would be able to take the full amount of these financial support payments into account in financial assessments which could result in a person having to pay a higher charge for their care and support.

Option 1 - Benefits

7.5.6. This option provides no benefit to individuals in receipt of such payments and would instead deny them the ability to benefit from these payments. Instead, it is possible that a person could be required to pay a charge for the care and support they require which would not have otherwise been the case.

Option 2 – make the amending regulations

7.5.7. This option would make amending regulations so that any amount of financial support received by a person from one of the named schemes can be retained in full and not used towards the cost of their care and support.

Option 2 – Costs

7.5.8. There would be no new cost implications for local authorities from this option.

Option 2 – Benefits

7.5.9. This option would disregard the full value of financial recognition payments received by a person from the named scheme. As a result, they would benefit in full from payments awarded as they were intended.

7.6. Conclusion

7.6.1. In view of the fact that payments made under the new financial recognition scheme are intended to be made to persons who were dismissed, discharged

or forced to resign, Option 2 – “make the amending regulations” is recommended as both appropriate and necessary in such circumstances.

8. Competition Assessment

Competition Filter Test	
Question	Answer: yes/no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulations do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisations?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

9. Post Implementation Review

- 9.1. The Act contains provisions to allow Welsh Ministers to monitor functions of it carried out by local authorities and other bodies. The Welsh Ministers may require these bodies to report on their duties in implementing these amending regulations.
- 9.2. The Welsh Government continue to monitor the impact of the amending regulations on areas such as the Welsh language, the UN Convention on the Rights of the Child, Older People and Equality.