The Promise Scotland's response to the Scottish Government's consultation on Financial Transparency and Profit Limitation in Children's Residential Care

October 2025

"There is no place for profiting in how Scotland cares for its children."

The promise, Page 111

Background

The Promise Scotland is the organisation set up to support Scotland in the delivery of the implementation of the findings of the Independent Care Review.

The Independent Care Review resulted in a promise to Scotland's care experienced children, young people and adults that all would grow up loved, safe, and respected.

This response should be read in the context of the seven reports produced by the Independent Care Review, specifically The Promise, Follow the Money and The Money, alongside Plan 24-30, Scotland's plan to keep the promise, which identifies 'money and commissioning' as one of 25 core themes where a route map for change must be developed.

Key messages

- The Independent Care Review was clear that Scotland must avoid the monetisation of the care of children and prevent the marketisation of care, ensuring that its most vulnerable children are not profited from. This principle applies to all forms of care.
- Applying the principle of 'not profiting in how Scotland cares for its children' must be delivered in a way that does not impact the current delivery of important services for children.
- With just over five years to go to the promise being kept by the end of 2030, it is more important than ever that the maximum amount of public money is dedicated to delivering better outcomes for children, young people and families, rather generating profit for companies / providing dividends to shareholders.
- Proposals to improve financial transparency are a positive step towards making any assessment of how effectively public money is being used and how well it is being spent to achieve the intended outcomes.

- Any presence of surplus funds generated within any part of the 'care system' must be directed to the care and support of children and young people.
- Regulatory bodies must scrutinise any presence of profit to ensure that funds are properly directed to the care and support of children.
- This Bill presents an opportunity to consider the funding and commissioning model for secure care in Scotland, to align with the promise's vision and Reimagining Secure Care.
- The regulations in this Bill make the initial step as Scotland works towards removing all profit from the 'care system.'
- There must be continued collaboration and engagement as the Plan 24-30 route map for Money and Commissioning develops, to ensure alignment across multiple plans, priorities and policies.

A note on The Promise Scotland's approach to this response

We have not provided a response to all the specific questions in this consultation, but rather a high-level, overarching view of the provisions in the Children (Care, Care Experience and Services Planning) (Scotland) Bill relating to profit limitation and financial transparency. This response reflects what was heard during the Independent Care Review and the conclusions made in its reports, in particular, The Promise, Follow the Money and The Money.

Question 3: Should the Bill provisions also cover other services such as secure care?

Reimagining Secure Care must be an opportunity to reimagine the governance arrangements and the funding and commissioning model for Secure Care. The Scottish Government must be brave and consider what an alternative approach could look like, that aligns more with the promise's vision for Secure Care and for the specific conclusions about avoiding the monetisation of the care of children and the marketisation of care (Pg 111).

The Promise Scotland supports the call in the Reimagining Secure Care Report for a review of the funding and commissioning model for secure care, with a consideration for a nationalised model which the report calls "a necessary step." This must be prioritised, and this Bill presents an opportunity to do so.

We welcomed the Scottish Government's response to the report, agreeing with the principles of the report, and a long-term shift towards more community focused support. This vision for reform must continue to be focussed on alongside the current work to restore capacity in the existing system.

Question 18: Do you have any other comments on the residential childcare proposals in the Children and Young People (Care and Services Planning) (Scotland) Bill?

The Independent Care Review

The Independent Care Review heard from children, young people and care experienced adults that they were too aware of being treated as a commodity and having a monetary value attached to them feeling safe, secure and cared for. Children spoke of their lives feeling "like a business", and of feeling that their circumstances were being used to profit from (Evidence Framework, pg.52).

The promise is therefore clear that Scotland must avoid the monetisation of the care of children and prevent the marketisation of care (pg.111). The Follow the Money and The Money reports demonstrate that Scotland must take a different approach to how it invests in its children and families. The application of the principle must be delivered in a way that does not impact the current delivery of good, important services for children.

The conclusions of the Independent Care Review around profit must be met:

- Services within the 'care system' must not profit from care.
- Any presence of surplus funds generated within any part of the 'care system' must be directed to the care and support of children.
- Targets associated with adopting children, including financial and profit-based targets, must be removed.
- Processes of regulation, scrutiny and commissioning must support the removal of profit from the care system.

The rise of for-profit companies among residential childcare providers across the UK has been driven largely by market forces, rather than policy design. In our response to the Education, Children and Young People Committee's call for views on the Children (Care, Care Experience and Services Planning) (Scotland) Bill, we were clear that the provisions in the Bill are a careful first step in addressing profit in children's care, and we are pleased to see this consultation on the provisions to give members of the care community, duty bearers, decision makers and those working in the sector an opportunity to engage with and inform these provisions as they are developed and strengthened.

The application of the principle of 'not profiting in how Scotland cares for its children' must be delivered in a way that does not impact the current delivery of important services for children. We are cognisant of how sensitive and careful the transition must be and are alert to the risks of shifting away from the existing model without thoughtful sequencing and preparation. We do not underestimate the scale of the challenge ahead, but recognise the opportunities the provisions in this Bill presents.

The legal structure of those providing residential care for children is not a guaranteed indicator of the quality of care and support provided to children. It is important for the focus to be on the quality of care and relationships that a child or young person is experiencing when they are not able to live at home. Regardless of who the provider of care is, they must adhere to the same high standards that the promise demands so that all children and young people feel loved, safe and respected.

Plan 24-30

Plan 24-30 states that, by 2030, Scotland will be taking a different approach to how it invests in children and families. Children in Scotland will not feel the monetisation of their care and the money Scotland spends on its 'care system' will be invested in effective services that meet the needs of its children, young people, families and care experienced adults. This means that prevention will be the primary focus of services and therefore also of investment.

The Promise Scotland welcomes continued collaboration and engagement with Scottish Government as the route map for Money and Commissioning develops to ensure alignment across multiple plans, priorities and policies.

Learning from other jurisdictions in the UK

We understand that the Scottish Government is consulting with and learning from Wales about the process of becoming the first nation in the UK to legislate to eliminate private profit in children's residential and foster care. The approach in Wales mandates that providers must be not-for-profit, giving until April 2026 for new registrations / April 2027 for organisations transitioning. This will ensure that care for children will only be provided by the public sector, charitable or not-for-profit organisations in the future, and that all money going into the system is reinvested into children's welfare, rather than taken as profit for shareholders.

Financial transparency

We are supportive of regulations to enhance financial transparency by requiring certain residential childcare providers to provide financial and other relevant information about the operation of their services. There is however a need for greater clarity on what is meant by 'limiting profit from children's residential care should it be determined that excessive profits are being made'. It is essential that following this initial step Scotland works towards removing all profit from the 'care system.' It is imperative that any presence of surplus funds generated within any part of the 'care system' is directed to the care and support of children and young people.

Surplus funds in third sector organisations

We are aware of concerns held by third sector organisations about provisions in the Bill which may limit surplus funds. Currently, surplus in third sector organisations allows services to run, maintains full staffing levels and is reinvested into delivering high-quality care and support to the children and young people they care for.

Therefore, careful consideration must given to avoid unintended consequences for the third sector and the vital services and support they provide for children and young people.

For further information about our response please get in touch with our Senior Policy Officer, Emma Young, at emma@thepromise.scot.