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Douglas Ross MSP - Convener
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09 March 2026

Dear Convener,

Supplementary Financial Memorandum for the Children (Care, Care Experience and Services Planning) (Scotland) Bill

In line with parliamentary standing orders, a supplementary financial memorandum for the Children (Care, Care Experience and Services Planning) (Scotland) Bill (“the Bill”) has been provided. The memorandum details the potential costs for amendments that were accepted at Stage 2 as well as updated figures for costs relating to aftercare and independent fostering agencies.

As I noted in my response to the Stage 1 report, COSLA issued a commission to local authorities in November 2025 requesting additional information on projected costs in these areas. A report summarising the key findings from the information gathered was provided to the Scottish Government in mid-February. Where relevant, this additional information has been used to further refine the costings in the financial memorandum.

I am keen to ensure full transparency in the working presented. Please therefore find further detail on the revisions in the annex to this letter which have been included in the supplementary Financial Memorandum.

I would like to once again thank the committee for its continued work on this important Bill and look forward to Stage 3 in the coming weeks,

Yours sincerely,

Natalie Don-Innes MSP
Minister for Children, Young People and The Promise

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Updated information from the Financial Memorandum for the Bill as introduced

CURRENT UNDERSTANDING OF THE CARE EXPERIENCED POPULATION

1. The Scottish Government have undertaken additional analysis to estimate the care-experienced population age 16 plus. This work has drawn on Longitudinal Looked After Children data and aimed to address concern of underestimation for older birth cohorts that was identified in the financial memorandum presented at Stage 1.:

“The longitudinal dataset combines records of episodes of care from annual returns between 2009 and 2024. This means that individuals whose care experience started prior to 2009 are only included in the data if they were also looked after during 2009 or later. As such, the size of the care experienced population will be increasingly underestimated for older birth cohorts born before 2009, as they will not include individuals who had an episode of care prior to 2009 and never entered care again.”¹

2. As well as the overestimate for the 41+ age group:

“Scottish Government analysts used longitudinal looked after children data making assumptions around, the rates per 1,000 of current 18, 19 and 20 year olds who have experienced care, and mortality rates to estimate that there will be circa 138,000 care experienced adults over 40. Whilst the methodology applied using the longitudinal data is considered accurate, estimates for the eligible population are complex. There is no data on when care experience started for the 41 plus age cohort. This is therefore, likely to be an overestimate”.²

3. The reviewed methodology estimates the care experience population by:

- addressing the gap in data, mostly affecting the 26-40 age group
- robustly addressing duplication of care experience, including in older age groups, by using aggregate statistics and applying assumptions to historic data derived from the longitudinal looked after children dataset
- applying elevated mortality rates in line with evidence based on linked administrative data for care-experienced adults
- using historic statistics to better reflect the trend in people becoming care-experienced over time

4. No assumptions are made about children who have lived in informal kinship care arrangements or about inward or outward migration to or from Scotland of care-experienced people, and they are effectively excluded from the analysis.

¹ [Financial Memorandum for the Children \(Care, Care Experience and Services Planning\) \(Scotland\) Bill](#)

² *Ibid.*

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5. The updated care experience estimates impact the eligible populations for advocacy services and aftercare.

Table 1: Care experienced population estimate, by age range

	0-15	16-25	26-40	41-100	All
Revised Estimate February 2026	24,698	32,459	53,363	125,970	236,490
Population estimates included in the financial memorandum at introduction	25,017	30,109	16,625	138,075	209,826

~ Source: Scottish Government internal estimates, Longitudinal Looked After Children dataset, 2023-24

AFTERCARE, ACCOMMODATION AND CONTINUING CARE

6. In response³ to the Education, Children and Young People Committee Stage 1 report, the Minister for Children, Young People and The Promise set out that the Scottish Government was working with COSLA and Social Work Scotland to improve understanding of the financial implications of the Bill and review the modelled costs.

7. Data gathered from local authorities by COSLA was received in February 2026. In addition, updated modelling for the estimated eligible number of young people supported and the latest financial effect of the GDP Deflator have been applied.⁴

8. Taken together, this means an increase to the additional costs associated with extending Aftercare as introduced at Stage 1 are projected to be between £5 million higher in year 1 (2027-28) to £23 million in year 3 (2029-30) than previously estimated.

Table 2 – Updated estimated additional costs associated with extending Aftercare (rounded to the nearest £100,000)

Policy Area	2026/27	2027/28	2028/29	2029/30
‘Moving on’ – extending Aftercare	-	£7,600,000	£18,000,000	£30,800,000
Stage 1 estimate (June 2025)	-	£2,511,000	£4,954,000	£7,435,000

³ [Stage 1 Report on the Children Care, Care Experience and Services Planning Scotland Bill | Scottish Parliament Website](#)

⁴ [GDP deflators at market prices, and money GDP November 2025 \(Budget 2025\) - GOV.UK](#)

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9. The key assumptions which underpin the updated costs are laid out below.

Eligible population:

- The eligible population is based on 'gradual eligibility' estimated from the longitudinal looked after children dataset. In 2027-28, it uses data on the number of children who are currently 15 years old and have been looked after and for 2028-29 it uses data on number of children who are currently 14 years old, and so on. Further analysis has been undertaken to review the total estimated care experienced population. This has identified revision to the estimates included at Stage 1.
- The number of children who have been in care on their 16th birthday each year (averaged over the last ten years) are deducted as these children would already be eligible for Aftercare.
- In year 2027-28, the eligible population coming forward for an assessment is assumed to be 49%.
- 65% of those assessed require support, based on estimates from previous costings (in 2012 and 2016). All of those supported through Aftercare receive 'support costs' every year, and 25% of those are assumed to also receive a one-off payment for 'set-up' costs.
- In year 2028-29, a new cohort of newly eligible young people turn 16. This newly eligible population is added to the 51% of the previous year's cohort who did not come forward for an assessment, and 49% of this whole group are assumed to come forward for an assessment in 2028-29.
- Of those receiving an assessment in the second year, 65% are again expected to receive Aftercare support, and so on.
- The eligible group of young people receiving support would grow year-on-year until the eldest reach age 26, and thereafter Aftercare shall support 65% of those requesting an assessment of need within each year, and offer an additional year of support for those from previous years.

Number of young people supported through Aftercare:

10. The estimated number of young people supported through the extension of Aftercare can be found at Table 3.

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Table 3 – Estimated number of young people supported⁵

	2027/28	2028/29	2029/30
Number getting assessment	821	1,215	1,470
Number getting support	534	1,323	2,279
Number getting 'set-up' support	133	197	239

Cost per person:

11. The estimated cost of assessment, support and set-up costs per young person can be found at Table 4. A total cost of £15,845 per person is assumed for young people who are assessed and receive a full package of support.

Table 4 – Updated cost per young person for 2027-28 (in 2026-27 prices) (February 2026)

Assessment cost	Support cost	Set-up costs	Total Cost
£809	£12,201	£2,836	£15,845

12. The support cost was originally calculated using analytical work carried out in 2011/12 ahead of the introduction of the Children and Young People (Scotland) Bill⁶, updated by GDP Deflator to provide costs for 2027-28 in 2026-27 prices.

13. Following engagement with COSLA, supplementary data has been used to help inform the revised costs included above since stage 1. COSLA provided an average range of figures from local authorities, based on the best information possible within the timeframe between Stage 1 and 2. The support cost is steady-state⁷, mirroring the approach used within the Stage 1 Financial Memorandum, however COSLA noted that the level of support required could be much higher based on individual need and highlighted that local authorities would require fair and sustainable funding through the wider Local Government Settlement to support the implementation of any new duties.

14. The cost data provided covers various items:

- Assessment Cost – assumed to be predominantly staff time to prepare for, undertake, write-up and make a decision following an assessment. Costs have been calculated

⁵ ⁵ Based on longitudinal data of those 'looked after' under [Children \(Scotland\) Act 1995](#)

⁶ [Supplementary Financial Memorandum \(posted 31 January 2014\)](#)

⁷ i.e. do not include any recruitment, training or other costs which might be required to expand capacity to provide aftercare Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

using the cost of a social worker's time for a Children's Hearing of around £34 per hour and the average time per assessment, which is estimated £809 in 2027-28.

- Support Cost – based on evidence from COSLA, calculated using a median average cost of a package of 'low support' estimated at £230 per week. Examples of types of this support included one-off support costs, a few hours of support per month and rent payments. It is assumed that everyone receives support for 52 weeks each year, although it is likely that some will receive support for less than this.
- Set-up Costs – are financial assistance to help meet costs incurred when young people move into their own accommodation and may include help to purchase set-up, white goods, crockery and cutlery, and other household items. Set up costs were calculated as an average of the data collected from local authorities provided by COSLA (£2,780) and updated by the GDP deflator to 2027-28.

FOSTER CARE

Scope

15. At introduction, the provisions within this Bill require all Independent Fostering Agencies (IFAs) in Scotland to operate as registered charities before being authorised to provide foster care services. This will provide the legal foundation to further strengthen the not-for-profit model of foster care by ensuring that public funds are reinvested directly into services for children, rather than extracted as private profit. The new requirement will be commenced by regulations at a future date.

16. Since introduction, further analysis and engagement have identified updates that are needed to the information provided in the Financial Memorandum accompanying the Children (Care, Care Experience and Services Planning) (Scotland) Bill. Updated information is provided below.

Costs on the Scottish Administration

17. The Scottish Government will incur costs in supporting implementation of the new framework requiring all Independent Fostering Agencies (IFAs) to operate as registered charities. These costs include the development of guidance, stakeholder engagement with providers and local authorities and policy support during the transitional phase, and ongoing oversight to ensure policy intent is being met.

18. Quality assurance of the Financial Memorandum has indicated that costs to the Scottish Administration were previously overestimated. The original Financial Memorandum estimated implementation and policy development costs at approximately £150,000 to £225,000. Following engagement with analysts, the underlying assumptions have been refined, confirming that the level of Scottish Government staffing and policy support required during implementation is lower than initially modelled. The revised estimated costs is therefore approximately £90,000 to £210,000 and reflects improved information rather than a change in policy scope. These costs will be met from within existing resources..

19. The Care Inspectorate has indicated that the Financial Memorandum may underestimate the level of resource required to support the (re)registration of independent

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fostering agencies under the proposed provisions. They have noted that any change in legal entity triggers a full statutory registration process. Engagement with the Care Inspectorate has identified additional risk to the current figures, due to potential variation in registration effort and the scope to manage impacts during a transition period, however given the expected variation a revised cost estimate has not been produced.

20. There is therefore no additional cost anticipated on the Scottish Administration compared to the original Financial Memorandum in respect of registration-related activity. While the implementation and policy development estimates have been refined following engagement with analysts, the cost assumptions relating specifically to Care Inspectorate registration activity remain as set out in the original Financial Memorandum. No revised estimate for registration costs has been identified due to the variability and case-specific nature of potential registration work.

Costs on local authorities

21. All figures provided in the Financial Memorandum, regarding costs on the local authorities, remain unchanged.

Costs on other bodies, individuals and businesses

22. As stated in the Financial Memorandum, IFAs currently operating as private businesses or within corporate group structures will be required to restructure as charities. This will incur legal, governance, and organisational costs.

23. Since introduction, further analysis has identified that some items currently reflected in the Financial Memorandum - such as counsel fees - would fall to parties to proceedings, e.g. the independent fostering agency, rather than to the Scottish Courts and Tribunals Service (SCTS). SCTS has provided an updated estimate of the costs that would fall to them in the event of an appeal, assessed at approximately £2,500 per appeal, based on the assumption of a two day First Tier Tribunal hearing. Appeal volumes are expected to be low, given the relatively small number of independent fostering agencies and any party costs associated with proceedings would fall to the relevant provider rather than to the SCTS.

24. Further quality assurance of the Financial Memorandum has identified an error in the initial calculation of the expected savings associated with this provision. As a result, the estimated savings range between £2.2 million to £4.7 million, reflecting uncertainty around take-up and behavioural assumptions. However, this will not result in additional costs. These savings remain subject to behavioural assumptions and market response. They do not represent a guaranteed fiscal return.

25. All other figures provided in the Financial Memorandum, regarding costs on other bodies, individuals and businesses, remain unchanged.

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Table 5: Additional costs for other bodies, individuals and businesses

Falling on	2026/27	2027/28	2028/29	2029/30
Other bodies, individuals and businesses	-	£0-£22,500	-	-

ADVOCACY

Scope

26. Section 4 of the Bill includes a requirement on Scottish Ministers to make arrangements for the provision of independent advocacy support to those who are or might be care experienced, the parameters for which will be further set out through regulation-making powers, which will set out the full detail of the provision. Placing a duty on Scottish Ministers to make provision for advocacy support for care experienced people by regulations will enshrine a legal right of access to advocacy services.

27. At Stage 2 amendments were passed on section 4 of the Bill. This included a definition of “independent advocacy” on the face of the Bill (new section 4(2A)). Amendments passed also included a requirement that regulations to implement advocacy must make provision to ensure that care experience advocacy services are offered “at the earliest appropriate opportunity” (new section 4(3A)). These do not, however, have any financial impact on the Bill provisions.

Implementation

28. Care experience advocacy services will be implemented by regulations, subject to passage of the Bill. As required by section 4(7), advocacy regulations will be informed by consultation with the care experienced community and wider stakeholders. Advocacy support will be introduced as soon as practical after laying regulations.

29. Introducing regulation making duties, and undertaking further consultation, will enable the development and implementation of advocacy support which is tailored to fit the needs of people with care experience and the stage they are at in their journey through care. This will also future proof the advocacy provision as the regulations can be reviewed and updated according to the developing needs of the care experienced population as work progresses to keep the Promise and into the future.

Update at Stage 2

30. Since Stage 1, further work has been undertaken to update the estimated size of the care experienced population. At introduction of the Bill, the financial memorandum noted that current estimates of the size of the care experienced population likely included underestimates for some age groups and overestimates for other groups, due to the historic recording of data on care experience. Since introduction of the Bill, the population size estimate has been revised to take account of: people whose care experience started prior to 2009 (when the longitudinal data started being collected); gaps in the data recorded for people aged below 41 years; the duplication rate of people with multiple instances of care experience; elevated

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mortality rates for people with care experience, and; using historic statistics to better reflect the trend in people becoming care-experienced over time.

31. At introduction of the Bill the financial memorandum included costs for a range of scenarios for the take up of advocacy services associated with the new lifelong right. These were set out for illustrative purposes only, and it was noted in the financial memorandum that further work would be required to refine these further.

32. The additional analysis work undertaken by COSLA and Social Work Scotland provided to the Scottish Government in February included some information on existing advocacy provision across 24 local authorities.

33. This work provides some further high level illustrative information on current provision and spend on advocacy as well as wider mechanisms to ensure children's participation and that their voices are heard. This includes that:

- The total cost of commissioned advocacy services across the 24 local authorities that responded was £2.1m (although it is noted that many local authorities that commission services will use a blended approach alongside internal local authority delivered advocacy provision alongside commissioned services).
- The total cost of internal, local authority delivered advocacy services across the 24 local authorities that responded was £577,050.
- The total cost of Children's Rights Officers and Services across the 24 local authorities that responded was £538,000. The provision of advocacy support to children and young people is part of a Children's Rights Officer's role in a number of local authorities.

34. This provides useful illustrative information however it is noted that further work is required to achieve a breakdown of data to quantify the full scale of current advocacy provision and to estimate demand for take up of a new lifelong right to independent advocacy. Further work is also required to inform implementation, quantify existing advocacy provision and to make more robust estimates of the demand for a new care experience advocacy service.

35. To progress this additional modelling, social research will be commissioned subject to passage of the Bill. This research will inform the refinement of models estimating the potential take up of care experience advocacy services across all age groups and support the detailed insights required in relation to the full extent of existing advocacy provision, and existing areas of unmet need.