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26 January 2026

Dear Conveners,

I am writing to provide the Education, Children and Young People Committee and the Finance and Public Administration Committee with an update to information provided in the Financial Memorandum accompanying the Children (Care, Care Experience and Services Planning) (Scotland) Bill.

These updates relate to the provision in the Bill requiring independent fostering agencies to be registered as charities, as set out below.

## 1. Scottish Courts and Tribunals Service costs

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. SCTS has also advised that appeal volumes are likely to be low, given the relatively small number of independent fostering agencies, and that any party costs would be separate to, and out with, their remit.

## 2. Care Inspectorate (re)registration costs

The Care Inspectorate has advised that the Financial Memorandum may underestimate the level of effort required to support the (re)registration of independent fostering agencies

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under these provisions, noting that registration activity following a change in legal entity is subject to the full statutory registration process.

Scottish Government officials are, therefore, engaging with the Care Inspectorate to further test the assumptions underpinning the existing cost estimates. This will include the drivers of variation in registration effort and the scope for managing impacts during any transition period. At this stage, this work has not identified a revised cost figure but has highlighted additional risk. We will ensure the Committees are updated as this engagement continues.

### **3. Savings assumptions and Scottish Administration costs**

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 have been revised to range between £2.2 million to £4.7 million, reflecting uncertainty around take-up and behavioural assumptions. This same analysis has shown that the costs to the Scottish Administration were previously overestimated, and the estimated costs associated with initial implementation and policy development are approximately £90,000 to £210,000.

### **4. Local authority cost assumptions**

In addition to the above, I wish to clarify that when calculating costs to local authorities the potential need for residential placements has not been included in the estimates of short-term increased placement costs, on the basis that the risk of this occurring is small.

### **5. Technical correction**

Finally, a minor typographical error has also been identified in paragraph 104 of the Financial Memorandum, where the figure shown as £10,00 should read £10,000.

Should a revised or supplementary Financial Memorandum be required following Stage 2, the Scottish Government will seek to include the updates provided in this letter to ensure that it accurately reflects the costs and savings that fall to public bodies, and that the assumptions underpinning those estimates are clearly set out.

I am writing to make both Committees aware of these updates so that you have the most up to date information available. Work is also continuing on other cost areas the Committees sought clarity on, including aftercare and advocacy. We are engaging with COSLA to inform these updates and are awaiting further information, and will provide this to the Committees as soon as it is available.

I would be happy to provide any further information that either Committee may require.

Yours sincerely,

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

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