

Removal of profit lunch and learn webinar summary – 19 March 2026

1. Introduction and overview

Sarah Day, ADSS Cymru Business Unit Lead, opened the session, welcoming attendees to the third removal of profit lunch and learn webinar. She outlined the purpose of these webinars:

- to explain the national policy direction to remove private profit from children’s residential and foster care in Wales
- to address sector concerns raised in earlier sessions
- to focus today specifically on *finance, keeping children central to the work, and managing uncertainty*

Speakers included:

- **Gwilym Morris** – ADSS Cymru consultant
- **Karen Benjamin** – Head of 4Cs (Children’s Commissioning Consortium Cymru)
- **Johanna Harris and Charlie Darwin** – Children’s Services, Powys County Council
- **John Mitson** – Powys foster carer

Sarah emphasised that the focus of the agenda is *not* about budgets over children, but about creating better care and better outcomes.

2. The money questions (Gwilym Morris, ADSS Cymru)

Context

- Demand for residential placements has been rising across Wales, England, and Scotland.
- The Competition and Markets Authority highlighted limited provision, market concentration, and concerns about profit levels and debt structures among private providers.
- In response, the **Health and Social Care (Wales) Act 2025** was passed, ending private profit in children’s residential and foster care.

What ‘profit removal’ means

- Profit = money remaining after all care costs are paid.
- Under the Act, *no profit extraction is permitted*.
- Providers can operate only under *not-for-profit models*, where any surplus must be reinvested into services.

Will this improve support?

- **Potential benefits:** more tailored provision, designing homes around children’s needs – not market gaps, and strengthening therapeutic/step-down services.
- **Risks:** instability during transition, capacity gaps if not managed carefully.
- Local authorities and national partners are working intensively to ensure stability and sufficient capacity.

Is the policy about saving money?

- No.
- Implementation is modelled on *like-for-like funding*, not cost-cutting.
- Welsh Government has committed significant investment, reflected in the Regulatory Impact Assessment.

What's happening now?

- Local authorities are modelling future demand, required bed numbers, and foster care needs.
- New capacity will be created through:
 - local authority-built provision
 - expansion of not-for-profit providers
 - for-profit providers converting to not-for-profit
 - regional collaboration
- Emphasis on sustainable delivery, asset use, testing new models of care, and learning from best practice across Wales.

3. Placement stability (Karen Benjamin, 4Cs)

Commitment to stability

- Welsh Government has repeatedly emphasised *no disruption* to existing placements.
- Providers, regardless of future business model, remain committed to maintaining stability for children already placed.

Key legislative milestones

- **1 April 2026:** No new for-profit fostering, residential, or secure settings can register
- **1 April 2027:** Start of *managed decline*
 - For-profit foster agencies cannot approve new carers
 - For-profit residential settings cannot increase bed numbers
- **1 April 2030:** Aim that local authorities no longer need placements from for-profit providers (with exceptions via ministerial approval route)

Current impacts

- Residential provider closures have begun but have largely been *planned*, with good collaborative practice and alignment to natural move--ons.
- Two unplanned residential transitions occurred but with extended notice given.
- Foster care exits have been primarily through *charitable acquisition*, which protects capacity.

Risks ahead

- Provider business sustainability (loss of investors, lenders calling in loans).
- Reducing placement numbers may force providers to consolidate homes, potentially leading to planned moves.
- Workforce retention challenges as 2030 approaches.
- Risks during organisational transition from for-profit to not-for-profit.

Mitigation

- Emergency closure processes tested and effective.

- Communication tools for providers, carers, and young people.
- Active local authority planning to create not-for-profit capacity.
- Cwmpas organisation funded to support provider transitions.
- Strong practice-level coordination between social workers, supervising social workers, independent responsible officers (IROs), and providers.

4. Powys County Council fostering service (Joanna Harris and Charlie Darwin)

Why Powys acted

- High reliance on external (often for-profit) placements
- Rising out-of-county placements
- Declining in-house fostering cohort
- Increasing costs for complex placements

The Powys Fostering Framework (launched 2024)

Funded through a £620k invest-to-save model, with clear repayment targets, the framework includes:

1. **Increased fees and allowances**
 - Standard rates raised significantly
 - Enhanced specialist rates for parent-and-baby and complex placements
2. **Specialist foster carer development**
 - Upskilling to care for children who may otherwise require residential care
 - Specialist parent-and-baby carers recruited from existing cohort
3. **Reflective (emergency) carers**
 - Guaranteed availability for urgent placements
 - Reduces high-cost out-of-hours arrangements
4. **Reorganised fostering service**
 - Separate mainstream and connected carers teams
 - Improved performance, assessment times and staff retention
5. **Enhanced training and therapeutic input**
 - Trauma informed practice
 - Bespoke support packages for carers and children
 - Reduced unnecessary intervention and reliance on external services

Impact

- Significant fall in children placed out of Wales (from 47 to 22).
- Major increase in approvals: from 2 (2022) to 14 (year to date).
- Assessments reduced from nine months to under four months.
- Substantial cost avoidance through reduced external residential commissioning.
- Improved matching, reduced emergency placements, and more children remaining close to home.
- Successful step-down of children from residential to foster care or home.

Slides

Slides are not available for sharing as they contain commercially sensitive information. If you wish to discuss the Powys work further, please contact Joanna Harris, Senior Strategic Commissioning Manager: joanna.harris@powys.gov.uk

5. Powys foster carer lived experience (John Mitson)

John shared the story of caring for two sisters over more than a decade and the experience of supporting the younger child through crises, residential placements, and preparing for her return home.

Key reflections

- The fostering framework has transformed support and morale among Powys foster carers.
- Support groups are now positive, solution focused, and collaborative.
- Training (including DDP, attachment, and PACE) has significantly improved carers' confidence and practice.
- Strong and consistent attachment has been critical to the child's progress.
- Enhanced wraparound support—social worker, PA, intervention teams, specialist practitioners—provides stability for the return home.
- The young person now has an apprenticeship arranged, supporting her long-term goals.

John emphasised renewed optimism for her future and gratitude for the integrated support across the authority.

6. Q&A

- **Connected carers in Powys** receive equivalent training and support opportunities; financial allowances differ but can be enhanced based on need.
- **Profit extraction limits:** under the Act, companies cannot make distributable profit; any surplus must be reinvested.
- **Tracking provider intentions** is nationally coordinated through 4Cs, with many local authorities delegating conversations fully.
- **Costs of not-for-profit models:**
 - One-off costs for re-registration or restructuring
 - Some additional ongoing costs depending on organisational model
 - Work underway nationally to assess and streamline these

Follow-up responses to unanswered questions:

- **Is there national mapping data for Wales and England that shows current provision and gaps to guide local authorities?**

There is some mapping data available. In Wales, CIW holds details of registered provision through its service directory, so there is a clear view of the provision available in Wales. England also has regulatory data through Ofsted, although it is less obviously presented as a single planning map. In practice, the challenge is less whether data exists and more how to combine it to understand where provision is located, what type it is, and how much of it is effectively unavailable because it is being used by English local authorities.
- **Does the not-for-profit framework still allow high staff wages, and is there a cap like the All-Wales Pledge for agency staff?**

Not-for-profit does not mean low pay. Salaries are a cost of running the service, so they are paid before any surplus is calculated. That means organisations can still choose to pay senior staff well or pay carers at a higher rate than local authorities. As things stand, there

isn't a specific cap within the Welsh not-for-profit framework comparable to the All Wales Pledge for agency social work. Organisations would still operate within their own pay and governance arrangements.

7. Close

Sarah Day thanked all speakers and attendees. She reiterated:

- the webinars will continue quarterly
- the next session will be on **Monday 22 June** and will focus on market transition and provider perspectives and themes from today's attendee feedback
- the removal of profit agenda is ultimately about better outcomes for children, and today's stories – especially from Powys and from foster carer John – show what is possible when systems work together

Attendees were encouraged to contact ADSS Cymru with further questions:

removalofprofit@adss.cymru