

# Removing profit from the care of children looked after: Frequently asked questions (FAQ)

We have captured some of your most frequently asked questions

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## Overview and policy context

### 1. What is Care Inspectorate Wales's (CIW) role in the removal of profit from the care of children looked after?

CIW is responsible for regulating and inspecting care services in Wales. In the context of the Welsh Government's policy to remove profit from the care of children looked after, CIW (acting on behalf of Welsh Ministers) will implement the changes to the **Registration and Inspection of Social Care (Wales) Act 2016** (<https://law.gov.wales/regulation-and-inspection-social-care-wales-act-2016>) brought about by the **Health and Social Care (Wales) Act 2025** (<https://law.gov.wales/regulation-and-inspection-social-care-wales-act-2016>) ('the Act').

### 2. What does a 'not-for-profit' provider mean?

To qualify as a not-for-profit provider under the Act an organisation must meet the following criteria (unless it is a local authority):

- Its main purpose must relate to the welfare of children, or another public benefit as may be set out by Welsh Ministers.
- It must be structured as one of the following legal entities:
  - a charitable company limited by guarantee without a share capital
  - a charitable incorporated organisation
  - a charitable registered society, or
  - a community interest company limited by guarantee without a share capital.

### 3. Can for-profit providers continue to operate in Wales from 1 April 2026?

Yes, but with significant restrictions. The Welsh Government is committed to phasing out the extraction of profit from children's social care services, specifically children's homes, fostering services, and secure accommodation, as part of its wider reform under the **Health and Social Care (Wales) Act 2025** (<https://law.gov.wales/regulation-and-inspection-social-care-wales-act-2016>) ("the Act").

#### Key dates and changes:

- From 1 April 2026: New providers registering or varying their registration with CIW to provide children's homes, fostering, or secure accommodation services must now meet the not-for-profit requirements. Existing providers cannot add a restricted children's service to their registration or add new places at which restricted children's services are provided unless they meet the not-for-profit criteria.
- From 1 April 2027: For-profit providers will be barred from expanding. They will not

be allowed to:

- Add new beds to children's homes which are already registered
- Approve new foster carers
- From 1 April 2030:
  - Children cannot be placed into the care of a for-profit organisation in Wales by an English local authority except in exceptional circumstances (to be outlined in the regulations)
  - Welsh local authorities will only be able to place children in a for-profit service in Wales with the agreement of Welsh Ministers via the supplementary placement process outlined in the Act
  - Welsh local authorities must obtain Ministerial approval through the supplementary placements process before making any new placements in fostering, residential, or secure accommodation in England, except where the placement is within local authority-run provision.

**What about secure accommodation?**

Although the policy also applies to secure accommodation services, there are currently no for-profit providers registered in Wales. The legislation prevents any for-profit providers from registering or varying their registration to offer secure accommodation in future.

#### **4. What are the implications of the amendments to RISCA for 16+ supported accommodation services?**

Post-16 support only services are not impacted by this change to legislation.

## **Registration process and timeframes**

#### **5. Will CIW's registration process change for new not-for-profit providers?**

The core registration requirements remain the same for new not-for-profit entrants to the market, although, where an application relates to a service which is one of the "restricted children's services" we request extra documentation which evidence the type of undertaking (e.g. charitable company limited by guarantee with no share capital) and demonstrate the objects and purposes of the organisation e.g. the Article of Association.

You can find full details of the application requirements in the [Guide to registration under the Regulation and Inspection of Social Care \(Wales\) Act 2016](https://www.careinspectorate.wales/guide-registration-regulation-and-inspection-social-care-wales-act-2016) (<https://www.careinspectorate.wales/guide-registration-regulation-and-inspection-social-care-wales-act-2016>).

**6. What is the anticipated timeframe for re-registration with CIW for services re-establishing as a new not-for-profit entity?**

CIW aims to complete the re-registration process within its standard 14-week timeframe. However, it may be quicker if the service remains largely unchanged and CIW already has detailed knowledge of the provider.

## Processing and registration

**7. Does it matter when my application is determined after I submit it?**

No. If your application is successfully submitted by 31 March 2026, it does not matter when it is determined. Transitional savings provisions allow CIW to treat that application under the unchanged RISCA regulations, even if registration is completed after 1 April 2026.

**8. What if my application is declined and I appeal?**

If you successfully submit an application by 31 March 2026, and an inspector subsequently declines to grant registration, you can appeal to CIW or later to the Tribunal. If your appeal is successful, you will still be treated under current RISCA at the point of registration, because you submitted your initial application by the deadline.

**9. Will there be any restrictions once I'm registered?**

Yes. If and when you are granted registration, you will be subject to restrictions that come into force in a phased way beginning on 1 April 2026, which will restrict any further expansion.

**10. Is there an expectation that a for-profit provider needs to transfer all carers over to the new not-for-profit entity immediately or can both entities run alongside each other to manage the re-establishment period?**

It is possible for a provider to run both entities alongside each other for a period of time and allow for gradual re-establishment of carers across to the not-for-profit provider. The details of the change to the not-for-profit entity will be a matter for individual provider's business planning.

**The Fostering Panels and Care Planning (Miscellaneous Amendments) (Wales) Regulations 2026 (<https://www.legislation.gov.uk/wsi/2026/16/introduction/made>)** set out the duties on fostering services when foster carers transfer between services.

However, Welsh Government recognises that there may be challenges when transferring foster carers from an existing for-profit fostering service to a new organisation that meets the not-for-profit requirement. They are currently considering how these challenges could be addressed, including possible legislative changes, and will present options to Ministers as early as possible in the new Senedd term.

**11. If I have a dormant children's care home as part of my registration with CIW and I want to re-activate the service will it need to be not for profit?**

Whether or not a service is dormant, if it is registered at the time that the provisions come into force then it will be subject to the Schedule 1A transitional arrangements and will be able to operate with restrictions.

**12. What if I operate a care home for both adults and children?**

If your home primarily cares for children and the service generally comprises more children than adults, then it would be likely be considered to be a children's home and would be affected by the restrictions on for-profit children's home providers.

CIW recognise that in a small number of cases there may be services who care for equal numbers of children and adults, or where numbers can fluctuate with more numbers of children being cared for than adults at certain times. Ultimately this will come down to the main purpose of the service and whether it is considered to care mainly for children or for adults. In some cases, CIW will need to make a judgement on this in line with the new [policy on requirements for care home services that look after children and adults at the same place \(https://www.careinspectorate.wales/policy-requirements-care-home-services-look-after-children-and-adults-same-place\)](https://www.careinspectorate.wales/policy-requirements-care-home-services-look-after-children-and-adults-same-place).

In some cases, providers may wish to adapt their admissions policies to ensure that they avoid the risk of running a care home service wholly or mainly for children. In other cases, providers may choose to re-establish themselves as one of the not-for-profit bodies to enable them to operate "wholly or mainly for children" for periods where it is necessary to do so.

## Local authorities working with landlords

### 13. When does a local authority and a care provider need to jointly register with CIW?

Under **Schedule 1, paragraph 1 of the Regulation and Inspection of Social Care (Wales) Act 2016** (<https://www.legislation.gov.uk/anaw/2016/2/schedule/1>), a care home service is defined as the provision of accommodation together with nursing or care for a person because of their vulnerability or need.

Where a local authority is the tenant renting a property from a landlord and commissioning care from a separate care provider, both parties are considered to be jointly delivering the regulated service - the local authority providing the accommodation and the care provider delivering the care and support

In this situation, the local authority and the care provider would need to jointly register with CIW. However, this would not be allowed if the care provider is a for-profit legal entity.

### 14. How can joint registration be avoided in these circumstances?

To avoid the need for joint registration, the care provider (who must be a not-for-profit legal entity) must be the tenant who holds the lease with the landlord.

In this arrangement, the care provider becomes solely responsible for delivering the regulated service and will therefore:

- Register solely with CIW, and
- Hold full responsibility for meeting all requirements of the inspection framework (Wellbeing, Care and Support, Leadership and Management, and Environment).

If CIW issues any Priority Action Notices, the responsibility for addressing these lies entirely with the registered provider, who must work directly with their landlord to resolve any environmental or accommodation-related issues.

## Legal models and governance

### 15. Who can act as the responsible individual (RI) under each of the four approved not-for-profit models?

This would depend on the model - trustees, directors, or members. CIW will continue to assess the eligibility of the RI during the registration process. Please read section 4 of Guide to Registration-RISCA for information regarding RI's.

### 16. Can an RI or other directors (e.g. HR, finance) be paid a salary under the not-for-profit models? What is considered a 'reasonable' salary?

Yes, salaries are permitted if reasonable and transparent and compliant with the relevant legislation. The financial regulators who oversee the four permitted not-for-profit models, e.g. the Charities Commission, provide guidance around this.

### 17. Will Welsh Government or CIW set salary guidelines for CIC directors and RIs?

No, salary guidelines will not be set by CIW or Welsh Government. Existing financial regulators already have requirements and guidance about this.

### 18. Can a paid employee also be a trustee or director in a charitable model?

Yes, but only in limited circumstances. The charity's governing documents must allow it, and in most cases, explicit approval from the Charity Commission is required. The arrangement must be in the charity's best interests, and robust safeguards must be in place to manage conflicts of interest, including:

- The employee-trustee must declare their interest.
- They must withdraw from discussions and decisions about their own employment terms.
- The charity must record decisions transparently and ensure the payment is reasonable

Read the [Charity Commission's guidance on rules regarding paying a trustee \(https://www.gov.uk/government/publications/charities-paying-a-trustee-or-a-connected-person-understand-the-rules-cc11\)](https://www.gov.uk/government/publications/charities-paying-a-trustee-or-a-connected-person-understand-the-rules-cc11).

## Support and guidance

### 19. What support is available for providers re-establishing as one of the permitted not-for-profit models?

If you have any queries, please email us at: [CIW@gov.wales](mailto:CIW@gov.wales) (<mailto:CIW@gov.wales>). We are here to provide support and advice, and we are happy to meet with you to discuss your individual circumstances.

To support providers who are considering re-establishing themselves as one of the permitted not-for-profit models under the [Health and Social Care \(Wales\) Act 2025](https://law.gov.wales/health-and-social-care-wales-act-2025) (<https://law.gov.wales/health-and-social-care-wales-act-2025>), Welsh Government is funding Cwmpas to offer free, tailored advice and practical support. This includes guidance on restructuring, governance, and choosing the most suitable legal form. Providers can find more information and access support via the [Cwmpas website](https://cwmpas.coop/careprovidertransition/) (<https://cwmpas.coop/careprovidertransition/>).

CIW also has a [removing profit from children's care webpage](https://www.careinspectorate.wales/removing-profit-childrens-care) (<https://www.careinspectorate.wales/removing-profit-childrens-care>). This will be kept updated with further information over the coming months. Visit the [Welsh Government removing profit from the care of children looked after webpage](https://www.gov.wales/removing-profit-care-children-looked-after) (<https://www.gov.wales/removing-profit-care-children-looked-after>) for more information.

## Inspection, monitoring and enforcement

### 20. Will inspection criteria change for not-for-profit children's services?


All services are inspected under the Regulation and Inspection of Social Care (Wales) Act 2016 and the associated Regulations and statutory guidance. However, CIW will have to include new aspects of 'the Act' such as the monitoring of unreasonable and disproportionate financial arrangements.

### 21. Will CIW monitor ongoing compliance with the not-for-profit status?

Yes, this will be via annual returns and collaboration with financial regulators. False declarations may lead to enforcement action. CIW will employ the use of accountancy specialists to help assess any concerns raised.

**22. What happens if a provider is found to be extracting financial gain in a way that undermines its not-for-profit status?**

CIW can investigate and take enforcement action, which could result in cancellation of registration.



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