

IMPOWER



The Way We Care

Responding to challenges within the care market for children and young people

NOVEMBER 2024

CCN
COUNTY COUNCILS NETWORK

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About the authors



CCN is the voice of England's counties.

Representing the local authorities in county areas, the network is a cross-party organisation which develops policy, commissions research, and presents evidence-based solutions to issues on behalf of the largest grouping of councils in England. In total, the **20 county councils** and 17 unitary councils that make up the CCN represent **26 million residents**, account for **39%** of England's GVA, and deliver high-quality services that matter the most to local communities.

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IMPOWER

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DOMINIC LUSCOMBE
Director



Our EDGEWORK® approach drives better outcomes across complex systems, radically improving performance and saving millions of pounds as a result and leaving our clients financially and operationally resilient in their most challenging areas.

Alongside our long-term partner, County Councils Network, delivering better outcomes is at the heart of what we do and is the key to large scale savings and long-term financial sustainability. We aim to put humanity at the heart of public service reform.

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Thanks to participants

We would like to give special thanks to:

Contributors to our Advisory Group

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Foreword

In the recent Budget the new government confirmed that it is considering its plans for children's social care reform, to be set out in next year's Spending Review.

This is welcome news for local authorities. Last year the County Councils Network highlighted that for the first-time children's services had become the single biggest spending pressure on council budgets; estimated at £318m and accounting for 45% of total overspends, outstripping every other service including adult social care¹. This is an urgent issue to be tackled – not only to best support the current record numbers of our most vulnerable children in the care system, but also to help address the financial sustainability of local authorities.

This report is therefore released at an opportune time to help inform the choices that are on the table for reform. As the data it contains lays bare, the costs of supporting children in care are rising sharply, but unfortunately outcomes are not rising commensurately. In particular it shows that too often there appears to be far too little correlation between the increasingly eye-watering cost of individual placements when set against the needs of the individual children that reside in them.

This is primarily a consequence of market failure – which has already been identified most notably by the Competition and Markets Authority in 2021. Councils are faced with unenviable choices when needing to place a child taken into care at short notice – they cannot just be left homeless until a suitable price can be negotiated for their care. Similarly, once in a placement already traumatised young people should not be transferred up and down the country like a commodity simply to achieve cost efficiencies – this is not only morally dubious, but also counter-productive to the very aims of the system to improve their welfare.

Nevertheless, too often more and more children are being placed many miles from their communities, schools and existing support networks because the market is not working for local areas.. On paper, many of CCN's member authorities actually have enough placements for their looked-after children. However, as this report shows, too often councils are unable to access them due to a combination of market pressures. In turn they are forced to send children further afield.

All these challenges and more need addressing – in particular the lack of investment to ensure that councils are able to provide alternative care arrangements for some children such as kinship care or even reunification with their families, as well as the early intervention services that can prevent more entering the system in the first place.

The good news is that many of the solutions were articulated in the Independent Review of Children's Social Care led by Josh McAlister.

While some of these reforms are already being implemented, they clearly lacked the necessary investment that would see its full ambition realised, while in some areas, reforms to the dysfunctional market need to go further.

Of course, the primary aim of any new strategy must be the welfare of the country's most vulnerable children. But the ongoing stability of the system rebalanced towards a lower cost model of early help and family support is clearly very much aligned with this. It is hoped that the information and recommendations set out in this new report will focus more minds on how both these objectives can be achieved across the new parliament.

Cllr Roger Gough

Children's Services Spokesperson for the County
Councils Network and Leader of Kent Council

1. <https://www.countycouncilsnetwork.org.uk/download/5081/?tmstvy=1730478341>



1. Executive Summary

1.1 Introduction

The Independent Review of Children's Social Care, a Competition and Markets Authority (CMA) study, and a wide range of research and data have all highlighted severe challenges with the care placements market for children and young people.

This report sets out analysis of the impact of these challenges and their 'root causes', drawing on data analysis and a local authority survey and engagement with a range of stakeholders.

It proposes a set of recommendations for local authorities, key partners, care providers and government – focused on addressing the underlying drivers of these challenges and establishing a better functioning and more sustainable market.

1.2 Key findings and conclusions:

Ten-point Summary

1. The cost of providing care to children and young people who are looked after is a significant and growing challenge for most local areas, and long-term outcomes for care leavers remain relatively poor.
2. Costs have risen sharply over the last seven years and forecasts indicate further growth that will challenge the delivery of other services to children, families and residents.
3. More children are entering, and remaining, in care overall, and the mix of provision has changed with a greater number and proportion of children and young people placed in residential care, and less experiencing family life (through foster care for example).
4. As a result, a greater proportion of children's social care expenditure is needed for children who are looked after, and in turn a greater proportion of this expenditure is directed to residential homes, 'crowding out' capacity for investment in earlier intervention (or in developing the sufficiency of appropriate homes).
5. There is no single driver or solution of this challenge – the drivers are complex and multi-factorial and include the following:
 - Lack of sufficient family-based care nationally (foster carers and kinship carers).
 - The sufficiency and 'value' of residential care, with an undervalued workforce.
 - Lack of understanding of children and young people's needs, strengths and aspirations – and the application of this in practice, home-finding and commissioning.
 - The prevalence of short-term, transactional relationships between commissioners and providers versus long-term relational partnerships and sharing of risk and investment.
6. This challenge requires a whole system approach – and new forms of collaboration are required from local areas, care providers and key partners in response.
7. There is an opportunity to expand supply of good value provision through a 'mixed economy' of strategic, long-term partnerships with external providers (sharing risk, investment and skills); targeted in-house offers; and a reset of current approaches to supporting and attracting kinship and foster carers.
8. Fundamental to this whole-system response is establishing a better understanding of children and young people's need and the connection with the cost of care – and using this to understand and improve the 'value' of provision.
9. Intervention from government is required on provider regulation (including on excessive profit, appropriate provision and unplanned placement endings) and to enable and support the right approaches and conditions locally.
10. This report recommends a number of national and local measures across three aims: prevent, supply and better utilise.

1.3 Recommendations: Summary

Change and intervention is needed at a local and national level to address these issues effectively and sustainably, and to provide children and young people with improved life chances. The recommendations proposed in this report focus on local areas, partners, providers and government departments working differently to:

Reduce the number of children entering care and increase safe exits from care

- Government to **provide the £2.6bn investment** recommended by the *Independent Review of Children’s Social Care* and needed to expand ‘family help’ and transform the system.¹
- Local areas to **establish multi-agency preventative models** to meet the needs of cohorts of children and families as early as possible, driven by shared data, leadership and funding.
- Local areas to use proven **needs-led, strengths-based reviews**, family networks, and sector-leading practice to identify and deliver more **opportunities for children and young people to safely return to families**.

Ensure that there is sufficient supply of good value care provision which gives children and young people a more stable base from which to grow and develop

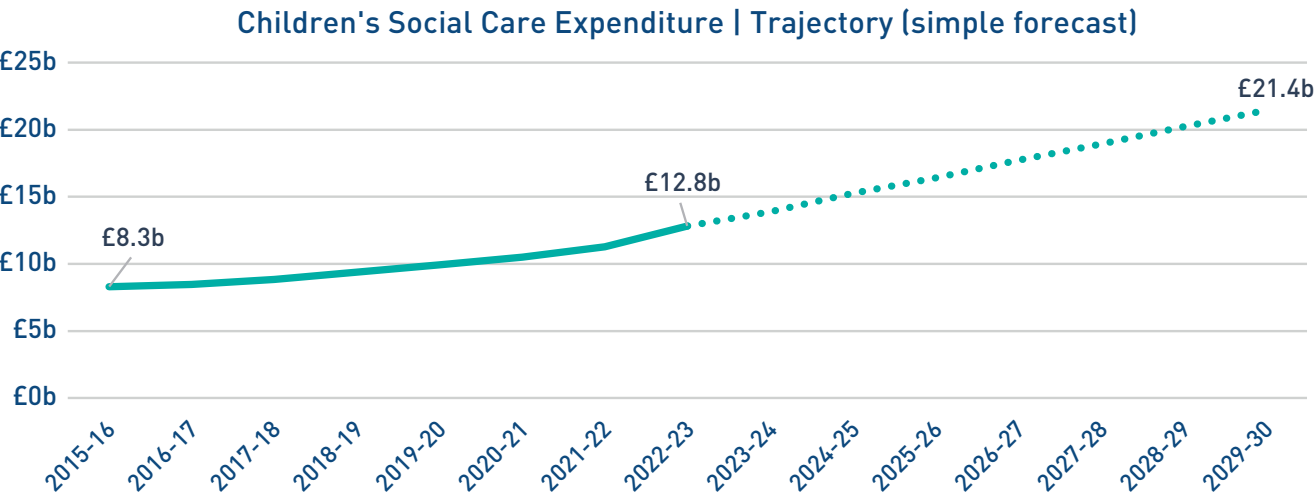
- Government to **review, identify and implement changes to current national planning legislation and guidance** which would enable care providers to provide sufficient supply of residential care.
- Government to deliver a **review of the regulation and planning regime for care providers** (inc. excessive profit, unplanned placement endings and consideration of ‘value’).

- Government to deliver a comprehensive **review and reset of current approach to attracting and supporting kinship and foster carers** (in-house and external), including significant additional investment.
- Local areas to maximise the opportunity to **increase the supply of care provision through a mix of strategic partnerships with providers and in-house provision**.

Ensure that care provision is best used to meet the needs of children and young people in local areas

- Government to develop a **national banding system linking levels and types of need and care costs**, allowing a consistent assessment of ‘value’.
- Government to establish a phased requirement for **all children and young people to be cared for within their local area** or region (where safe and appropriate).
- Local areas to deliver an immediate **review of needs-led, strengths-based reviews of all existing care placements**, identifying opportunities for safe exit, step down and changes to care and support, with the learning from this process disseminated to support practice development.
- Local areas to transition to **new ways of working with providers including long-term, relational strategic models** – sharing risk, investment and skills.
- Local areas to collaborate with ICBs and mental health provider collaboratives to **establish multi-agency investment approaches** to supporting children who are looked after.

1.4 Key insights and statistics



“We’re paying millions for very poor care in some instances and that’s just tragic.”
Children’s Services Commissioner

0% of surveyed representatives of local areas consider that investment in external residential care provides good value for money	21% Increase since 2019 in the number of children and young people looked after who are placed in independent provision
51% The proportion of children and young people in residential care without severe or complex needs (from a 2023 exercise assessing the needs of 539 children across four local areas)	73% The increase in expenditure on Children Looked After between 2016 and 2023 (£2.8bn)
45% Increase since 2019 in the number of children and young people looked after who are placed in children’s homes, semi-independent living accommodation and secure units	11% The proportion of local areas confident that they can deliver the level of cost-savings targeted for 2025/26 in Children’s Social Care.

1. Independent review of children’s social care – final report (publishing.service.gov.uk)

2. Introduction



2.1 Context to this report

The landscape of children's social care in local areas has reached a critical stage.

In the 2024 Budget the new government confirmed its commitment to children's social care reform, with plans to be set out in next year's Spending Review. This is welcome news for local authorities.

Last year the County Councils Network (CCN) highlighted that for the first-time children's services had become the largest area of overspend within council budgets; estimated at £318m and accounting for 45% of total overspends, outstripping every other service including adult social care². For the first time, this was driven primarily by the increased costs of placements for looked after children.

Further analysis this autumn has projected that total children's services spending could grow by as much as £8.4bn between 2022/23 and 2029/30, a 65.8% increase nationally and even higher for CCN councils at 66.6%³.

CCN has consistently highlighted that the overall squeeze on local authority finances since austerity has meant local authorities have been forced to spend greater proportions of their children's services budgets on specialist services such as supporting children in care, at the cost of vital early help provision that can help see and solve problems earlier and safely prevent children entering care in the first place.

Yet despite this rapidly growing spend, lifelong outcomes for children who experience care are not improving and there are big questions to

address about value. In 2022 a review of the sector by the Competitions and Markets Authority reported that *"there are significant problems in how the placements market is functioning", identifying a number of structural issues including "a lack of placements of the right kind, in the right places", as well as some of the largest private providers "making materially higher profits and charging higher prices than we would expect if this market were functioning effectively"*⁴.

Whilst there is general acceptance that the market is 'broken', there is less consensus on the actionable causes and the solutions. This report was therefore commissioned as a means to better understand what is driving these pressures in the children's social care placement market and to consider what might be done to help alleviate them.

2.2 Methodology

In recognition of these challenges, this report focuses specifically on the commissioning and provision of care and support for children and young people who are looked after and aims to:

- identify, quantify, and diagnose the challenges;
- better understand the specific factors driving them; and
- put forward potential solutions and responses at a local, regional, and national level.

It draws on analysis of data on costs and needs; a survey of CCN member authorities, the views of children and young people; and contributions from a range of stakeholders.

2. <https://www.countycouncilsnetwork.org.uk/download/5081/?tmstv=1728912940>

3. <https://www.countycouncilsnetwork.org.uk/download/5462/?tmstv=1728912940>

4. <https://www.statista.com/statistics/375696/children-in-care-in-england-uk-timeline/>

5. <https://www.gov.uk/government/publications/childrens-social-care-market-study-final-report/final-report>

In addition to a review of existing sector reports and analyses, the findings and recommendations here draw on a number of additional research strands, as summarised below:

Activity	Methodology	Output
Local authority survey	A survey of CCN member local authorities focused on data, views and experiences of care commissioning and sufficiency (17 member responses).	Aggregated qualitative and quantitative information on costs and views / experiences – incorporated into findings and recommendations.
Future cost and needs projections	Analysis of cost and need projections nationally and regionally based on historic trends, using publicly available local authority DfE submissions. ⁶	Estimation of expected increases in costs at a regional and national level, incorporated into report findings.
Analysis of needs and cost data	Analysis of needs and cost data for over 3,500 children and young people across five local authorities. Specific analysis of correlation between needs and cost and variance by type of care and demography (source: IMPOWER & CCN research, December 2023).	Identification of the relationships between need and cost and variance by type of care and demography, incorporated into report findings and recommendations.
Engagement with children and young people	Engagement with children and young people to capture their views and experiences.	Insights and experiences from children and young people, informing report findings and recommendations.
Input from Advisory Group	Formation of an Advisory Group holding two facilitated meetings in September and October. Using discussion to capture insights, views, ideas and experiences – across a range of sectors. Advisory Board members listed below.	Insights and experiences from a range of perspectives and sectors, directly informing report findings and recommendations.

6. Local authority revenue expenditure and financing - GOV.UK (www.gov.uk)

7. The Outlook For Council Finances

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In order to calculate the projected future expenditure and need for services, the average growth rate of historical expenditure and need data has been projected forward to 2029-30 from a 2022-23 baseline. This models a simple forecast on the basis growth rates will continue to increase as they have done since 2019. These projections align closely with the recent CCN Report The Outlook For Council Finances.⁷

Advisory Group members

Louise Aynsley	Chief Financial Officer, Suffolk County Council
Debbie Barnes	Chief Executive, Lincolnshire County Council
Eleanor Brazil	Department for Education Commissioner
Lucy Butler	Director for the South East Regional Care Cooperative
Brenda Farrell	Head of Business: Adoption and Fostering, Barnardo's
Colin Foster	Chief Executive, Northamptonshire Children's Trust
Martin Kelly	Director of Children's Services, City of York Council
Mark Owers	Independent Expert on Children's Social Care and System Reform
Phil Rook	Chief Financial Officer, Worcestershire County Council
Maria Willoughby	Deputy Medical Director and Family Health Care Group Director, County Durham and Darlington NHS Trust
Nick Barnett	Managing Director, Caldecott Foundation



3. Understanding the challenges within the market for children's care placements

3.1 Overview

To develop a deeper understanding of the challenges with care commissioning and provision, the drivers of these challenges, and potential interventions and solutions, IMPOWER have worked with CCN to carry out research and analysis. This has drawn on:

- Survey of CCN member councils.
- Future cost and needs projections.
- Analysis of needs and cost data.
- Engagement with children and young people.
- Input from Advisory Group.

The key findings from this analysis are set out in this section of the report. This starts with a focus on the nature and impact of the current challenges with care commissioning and sufficiency and the expected future impact of these challenges, followed by analysis of the drivers and 'root causes' of these challenges.

3.2 Providing good value care for vulnerable children and young people is a defining issue for local authorities

The scale and severity of challenges in the commissioning and provision of care and support for children and young people are clear. The *Independent Review of Children's Social Care*⁸ and the Competition and Markets Authority (CMA) study⁹ highlight the poor outcomes currently achieved for children and young people who are looked after compared to the investment in their care and support, and the systemic nature of these challenges.

Despite the commitment of the sector and placement spend of £6.6 billion, research shows that the outcomes at a population level for care experienced adults are not improving, as shown in the *Independent Review of Children's Social Care*:

It is estimated that **20%** of the homeless population have care experience

24% of the prison population in England have spent time in care

41% of 19 to 20-year-old care leavers are not in education, employment or training compared to 12% of all other young people in the same age group

*Independent review of children social care 2022

8. Independent review of children's social care - final report (publishing.service.gov.uk)
9. Final report - GOV.UK (www.gov.uk)



Since 2017, the proportion of looked after children classed as persistently absent from school has risen from 10.6% to 22.4%. Key stage 4 educational outcomes have worsened at a greater rate than for pupils not in care throughout the pandemic, and the proportion of care leavers not in education, employment, and training (NEET) remains stubbornly high relative to the wider population (38% versus 13% for 19-21 year olds). Since 2019, looked after children are increasingly likely to be cared for more than 20 miles from their community and are less likely to remain in the same placement long term, with over 30% experiencing two or more placements each year. The CMA study also highlighted that 13% of all siblings looked after in England were placed separately in 2019, often contrary to their care plan¹².

As of March 2023 there were approximately 84,000 children in local authority care and the latest projections of the number of children who will be looked after over the next five years continue to track the escalation foreseen by CCN in 2022.

■ ■ **Without significant changes to the system, the trend of rising numbers of children being in the care system is likely to continue. In 2015 there were 69,470 children in care. By 2020 this stood at 80,080, and the analysis forecasts this could increase to between 86,000 and 93,500 by 2025"**

CCN 'Future of Children's Social Care' 2022

Not only are numbers rising, so is the level and complexity of need. The Independent Review of Children's Social Care stated that approximately half of the rise in the numbers of children looked after can be explained by population growth and an increase of unaccompanied asylum-seeking children arriving in the country. The rest of the increase can be attributed to other factors, including:

- Children staying in care for longer (proportionately fewer children finding permanent homes beyond care)
- More families requiring support due to socio-economic factors and rising mental health needs, the cost of living crisis and the impact of pandemic.

In the same year Safeguarding Pressures Phase 8¹¹ evidenced an overall increase in safeguarding activity between 2019/20 and 2021/22, reflecting greater complexity of the needs of children and families, despite an initial reduction in referrals linked to lockdowns in the early stages of the Covid-19 pandemic. According to this analysis more children who were not previously known to social care services were presenting at a later stage, with greater levels of need and higher risks, and as a result, more children were immediately becoming subjects of child protection plans or care proceedings.

■ ■ **We urgently need adequate funding to reflect increased demand and complexity."**
Director of Children's Services

3.3 The challenge represents a severe threat to the provision of local public services

Previous work from the County Councils Network¹² and the Local Government Association has highlighted the severe financial impact of these challenges on local authorities and this survey of CCN member areas shows that challenge has only deepened. Children's social care – in particular spend on care placements for looked after children – continues to be of the highest priority for leaders.

When asked whether they are expecting to overspend in relation to looked after children's placements in the current financial year, respondents reported that they are on average anticipating spending £4m more in 2024/25 than last year, equating to a 10% increase.

The local authority survey undertaken for this report also shows the financial pressure relating to care placements for children and young people is already a significant challenge in-year, with only 24% of respondents confident of delivering the savings targeted for the current year (2024/25). Even more starkly, this falls to 12% in relation to next year (2025/26).

The issue of care placements clearly represents a severe and present financial threat to not only children's services but all local public services and society. Recent analysis by CCN has estimated that – due to rising costs in adult social care, children's services, and home to school transport – if there is no extra funding for councils from the government, councils England face a cumulative funding gap of £54bn over the next five years. County and rural unitary authorities in England represent 36%, £20.3bn, of this cumulative total.¹⁴

Under current projections, CCN has warned that even with yearly council tax increases, councils will have 'no choice' but to continue to divert even more funding to care services. This will leave them providing 'little more' than care services in just a matter of years. However, with many councils already providing close to statutory minimum levels in services this will still not be enough – threatening their ability to remain solvent unless their statutory obligations change.

As a result, a CCN survey of chief executives of their 37 authorities showed that 16 could be at risk of declaring bankruptcy by 2026/27, with a further six the year after, if government does not provide extra funding and councils' statutory responsibilities remain the same.¹⁵

3.4 This crisis will deepen without the right intervention

Unless there is comprehensive and sustained intervention to shift the behaviours and dynamics in the system, more children and young people will be taken into and remain in care, outcomes will not improve and costs will continue to escalate.

New analysis contained in this report shows that over the seven year period from 2022-23 to 2029-30 there is projected to be a 74% increase (from £12.8bn to £21.4bn) in total expenditure on children's services. This overall spending increase reinforces recent findings of separate modelling for CCN by PwC, which shows a similar trajectory of increased total children's services spending over the coming period.

10. Independent Review of Children's Social Care, 2022

11. Safeguarding Pressures Phase 8 (2022)

12. CCN-Newton-The-Future-of-Childrens-Social-Care-Emerging-Findings.pdf (countycouncilsnetwork.org.uk)

13. Biggest independent children's care providers made over £300 million profit last year – new LGA report reveals | Local Government Association

14. CCN, PwC, Pixel: The Outlook For Council Finances This Parliament <https://www.countycouncilsnetwork.org.uk/download/5462/?tmstv=1729188907>

15. <https://www.countycouncilsnetwork.org.uk/failure-to-address-54bn-funding-black-hole-could-leave-councils-as-little-more-than-care-authorities-by-the-end-of-decade/>

However, reflecting the focus of this report on care placements and looked after children, new modelling contained in this report also shows the potential increase in expenditure dedicated to this segment of children's service spending.

This shows a potential increase of 82% (from £6.6bn to £12.0bn) in spend on children who are looked after.

Fig 1 | Children's Social Care | Expenditure Trajectory

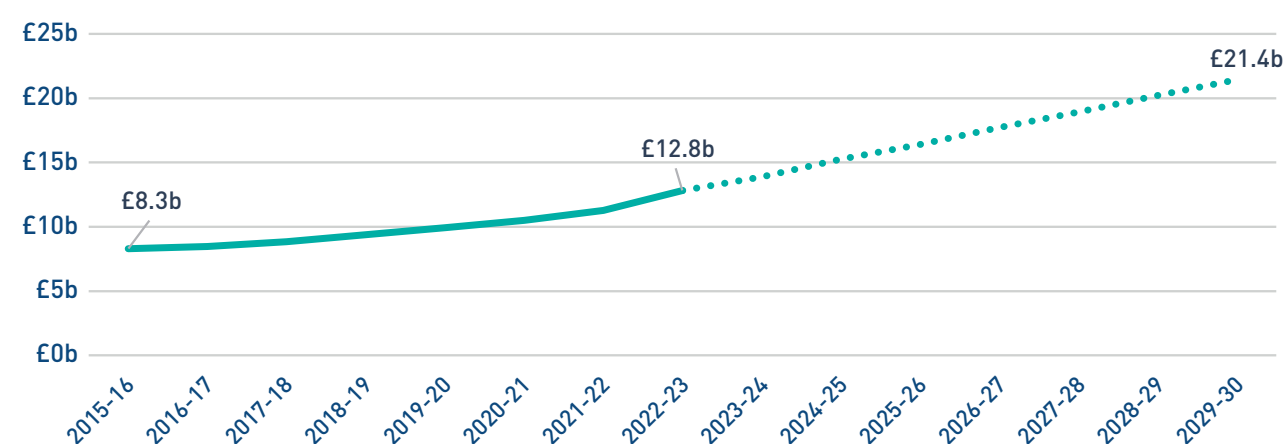
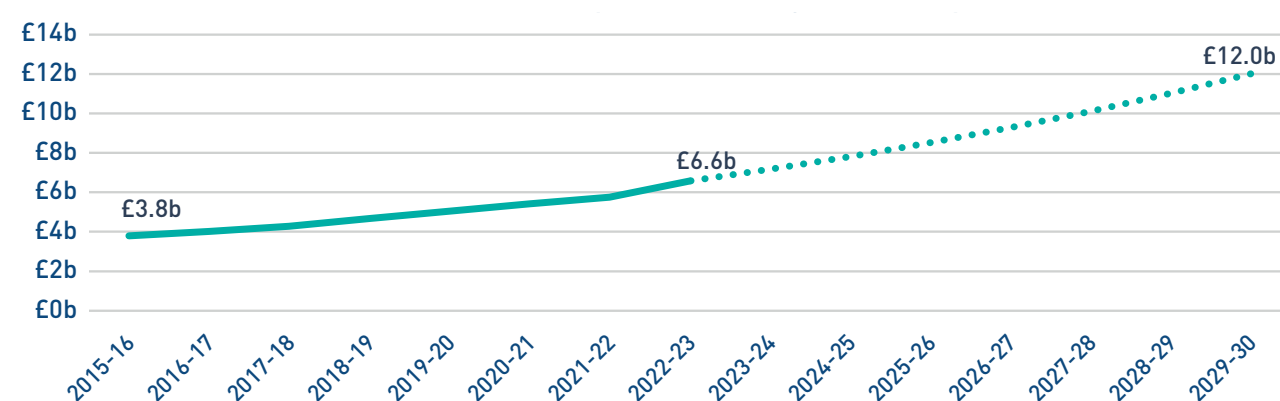


Fig 2 | Children Looked After | Expenditure Trajectory (Simple Forecast)



In the context of this increasing financial and budgetary pressure over half (55%) of survey respondents do not feel confident in delivering cost savings targeted for this financial year, with 61% reporting that their authority does not have the skills or change resources to achieve this.

16. Understanding residential care for children in care in England - What Works for Children's Social Care (whatworks-csc.org.uk)

3.5 Behind the financial pressure is a 'perfect storm' of growing levels and complexity of need, changes in the mix of provision and rising unit costs

The financial pressures relating to the provision and commissioning of care for children and young people who are looked after reflect a worsening position across all three key drivers of spend – the presenting need for care (numbers of children and young people); the placement mix; and unit costs:

1. The presenting need for care

More children are entering, and remaining, in care overall (with local variation). Nationally, the number of children becoming looked after has risen, with the number ceasing to be looked after lagging behind, resulting in a net increase of 5,700 (7%) since 2019. The number of unaccompanied asylum seeking children has continued to grow and this cohort now represents 21% of children becoming looked after each year.

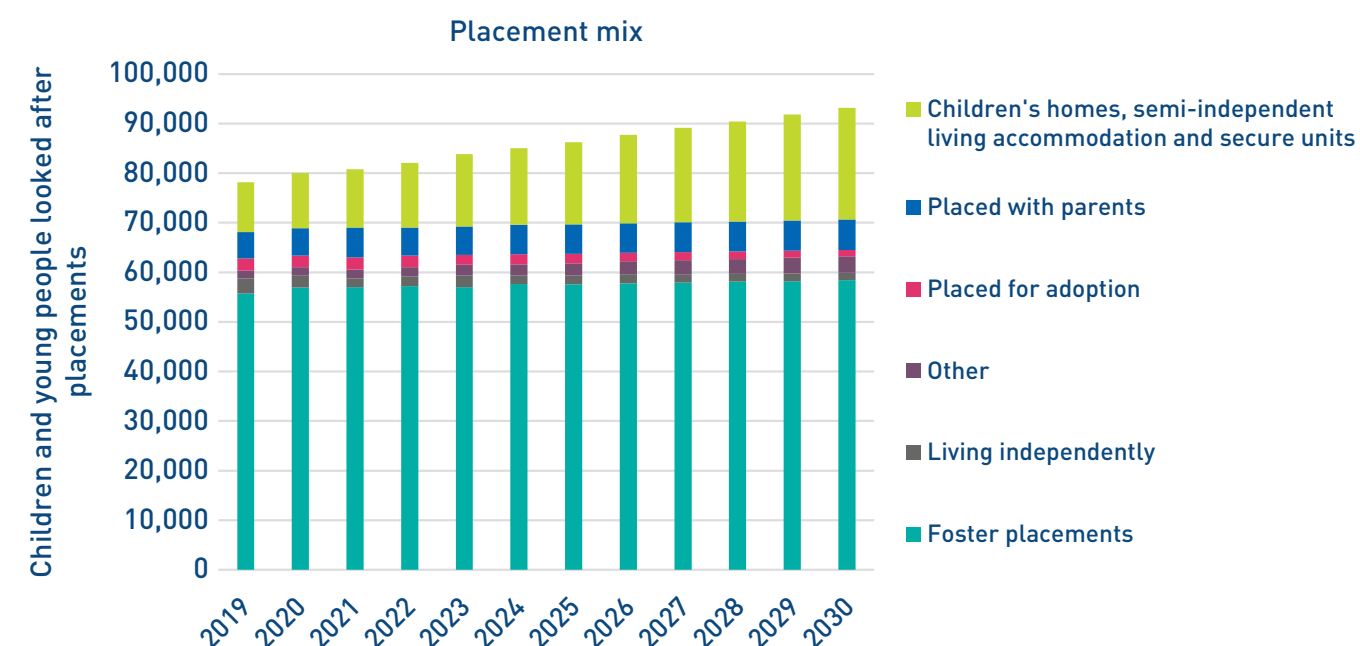
2. Placement mix

Year-on-year a greater number and proportion of children and young people are being cared for in residential home placements, which are generally more expensive than other forms of provision. Since 2019, there has been a 45% increase in children who are looked after living in children's homes, secure units and semi-independent accommodation. Whereas these homes accounted for 12.9% of placements in 2019, in 2023 they represented 17.4%. If current trends continue, there could be as many as 21,372 children in residential placements by 2029/30, or 23% of the cohort of all children looked after. In 2022, What Works for Children's Social Care found that children who have lived in residential care experience poorer outcomes than other children looked after on average.¹⁶

3. Unit Costs

CCN members have experienced above-inflation increases in the unit costs of independently provided care placements, in particular residential homes. Since 2019, the average cost of residential placements for children in care has risen by 55%; from £3,935 per child per week to £6,108.

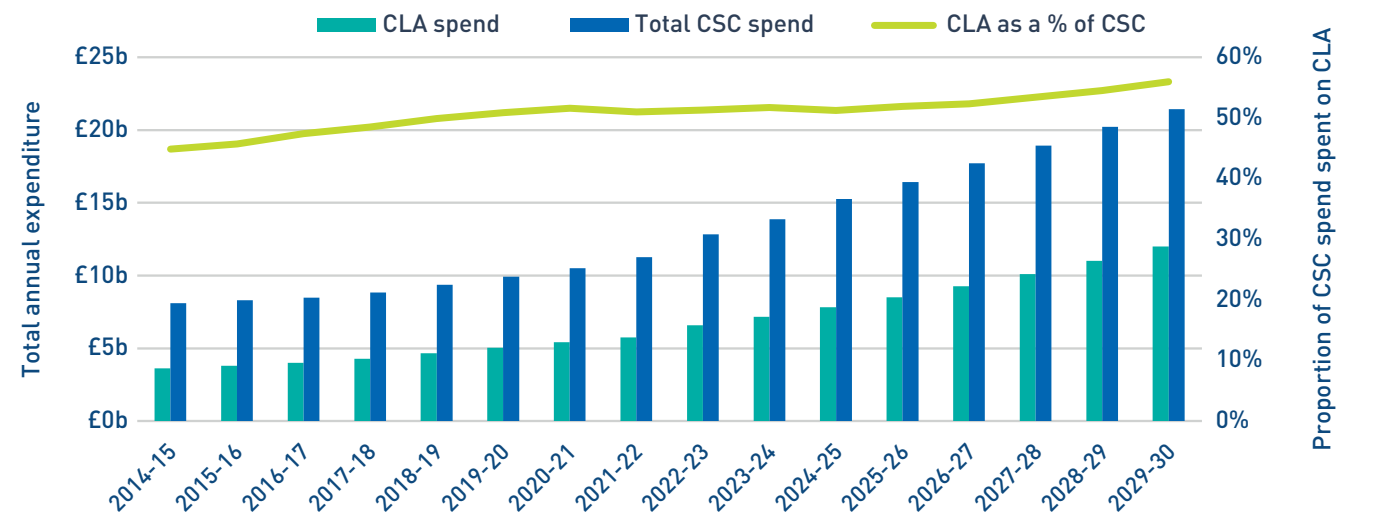
Fig 3 | Children Looked After | Placement mix



Not only is this driving a rapid growth in expenditure, it is also creating a ‘gearing’ effect in which a greater proportion of children’s social care expenditure is given over to children who are looked after, and a greater proportion of this expenditure is given over to residential homes. This is ‘crowding out’ capacity and investment to disrupt the cycle of reactive and late intervention.

£6,108 Average weekly cost of a residential placement reported by CCN member authority survey respondents

Fig 4 | Expenditure on Children Looked After as a Proportion of Children’s Social Care (simple forecast)



3.6 There is no single driver or solution – challenges with care provision, sufficiency, and commissioning are complex and multi-factorial

The local authority survey, engagement with stakeholders, and analysis of needs and cost data all point to a number of key interrelated causal factors underpinning these trends, over and above the growing demand.

Sufficiency of family-based care

Nationally the foster carer workforce has not grown in line with the population of children who are looked after.

Forecast - placements	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Foster placements	55,760	56,960	57,000	57,210	57,020	57,621	57,565	57,745	57,917	58,149	58,222	58,435
Living independently	3,020	2,470	1,790	2,010	2,300	1,748	1,783	1,844	1,682	1,530	1,556	1,448
Other	1,530	1,640	1,730	1,790	2,220	2,241	2,432	2,639	2,837	2,964	3,178	3,355
Placed for adoption	2,470	2,280	2,490	2,330	1,990	2,039	1,931	1,733	1,629	1,556	1,398	1,276
Placed with parents	5,320	5,530	6,060	5,680	5,730	5,955	5,947	5,889	6,031	6,071	6,073	6,133
Children’s homes, semi-independent living accommodation and secure units	10,050	11,130	11,710	13,060	14,580	15,403	16,601	17,909	19,026	20,123	21,372	22,533
All placements	78,150	80,010	80,780	82,080	83,840	85,007	86,260	87,759	89,123	90,393	91,799	93,180

While the number of family and friends (or kinship) carer households has increased marginally, the number of ‘mainstream’ carers – those recruited by local authority (LA) and independent fostering agencies (IFAs) – is in decline.

35% of CCN local authority survey respondents considered foster carer recruitment, matching and support activity as good or very good

Fostering households (not placements)	2019	2020	2021	2022	2023
Family and friends (LA)	6,930	7,310	8,045	7,855	8,400
Mainstream (LA)	22,395	21,885	21,495	20,845	19,835
Mainstream (IFA)	15,125	15,345	15,830	15,205	15,170
All placements	44,450	44,540	45,370	43,905	43,405

This has resulted in an increasing reliance on other placements and in particular residential and unregulated homes, whether or not they are considered to be the most appropriate form of care and support.

The Independent Review of Children’s Social Care highlighted that one third of children and young people looked after in a residential setting originally had foster care in their care plan but were instead placed in a children’s home.¹⁷ This finding is supported by IMPOWER’s own work with local authorities to identify opportunities for children in residential care to transition to family based care where safe and appropriate.

The Department for Education has commenced a number of initiatives to recruit, develop, and retain mainstream foster carers, including the development of regional hubs and ‘hub and spoke’ models of peer support. It is clear that this must remain a national reform priority with local areas funded appropriately to both invest in and implement good recruitment and retention practice and support and remunerate carers effectively.

Sufficient funding and support must also be provided to local authorities to engage and support family and friends carers, who often

offer the best life chances for the children they know and look after.

The Independent Review of Social Care also called for – and costed – wholesale reform of kinship care more widely, to ensure that all extended family members or friends who look after other children are supported to care for the children they offer care and homes to, whether or not the children are formally looked after. This reform should have consideration of children looked after under ‘private fostering’ arrangements as well as those children discharged from care following permanence orders such as special guardianship and child and family arrangement orders. These recommendations form a key pillar of the IRSC implementation plan.

Sufficiency and value of residential care

The rapid growth in demand for care overall has outstripped supply, compounding the scarcity of available places, leading to competition across local authorities for care and placements which often need to be sourced at greater distance from the child’s home. Children living at a distance are more likely to experience disruption to their schooling, keeping friends and contact with their wider families, impacting their life chances.

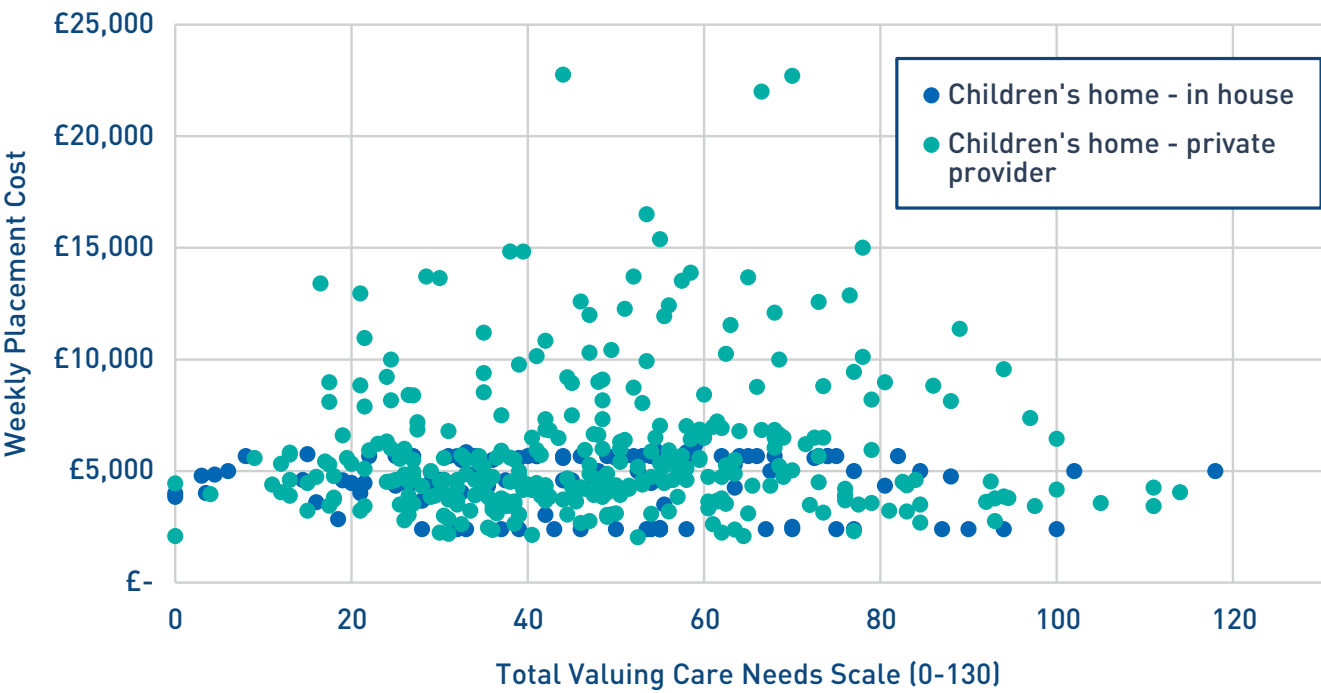
Distance from child’s home Children’s homes, semi-independent living and secure units	1. 20 miles or less	2. over 20 miles	Distance not Known or not recorded	Total
2019	4,870	3,900	1,290	10,050
2020	5,320	4,190	1,620	11,130
2021	5,810	4,330	1,570	11,710
2022	6,140	4,350	1,570	11,710
2023	6,530	4,610	3,440	14,580

Without this capacity in children’s homes the sector would be yet more reliant on other forms of care and accommodation, including unregulated provision. However, the average annual cost of providing a residential home for a looked after child now exceeds £300,000 and there is a consistent view across CCN survey respondents that this spend does not represent value for money overall.

0% of survey respondents agreed they received value for money from investment in external residential care placements

A study published by CCN in late 2023¹⁸ showed there is currently little correlation between what councils pay for a home and the level and complexity of children’s needs, based on data from IMPOWER’s Valuing Care approach.

Fig. 5 | Average needs assessment scales of children and young people in residential care placements against weekly placement costs



17. Independent review of children’s social care – final report (publishing.service.gov.uk).

18. <https://www.countycouncilsnetwork.org.uk/new-report-sets-out-how-using-data-on-needs-and-cost-could-improve-childrens-lives/>

While many independent residential placements do appear to provide good value on this basis, many do not and the CMA Market Study concluded that, for the largest providers *"prices and profits are materially higher"* than would be expected in a functioning market.

In this research stakeholders offered a range of observations and representations regarding the current system and blockers to securing greater value in residential care. Chief among these were the perceived barriers to increased supply stemming from registration, planning, regulation, and workforce challenges. A number of these factors were also reported to prevent the effective utilisation of available capacity by providers and commissioners.

Registration and planning

Registration and planning approval requirements and processes were frequently cited as challenges which prevent, reduce, or delay the establishment of new children's homes, or otherwise inflate prices. Recognising the importance of maintaining high standards, stakeholders specifically cited actionable issues with:

- The lack of information, advice, and guidance to minimise registration lead times and delays.
- A sequential and linear registration process which requires a Registered Manager in situ in order to commence the application.
- The inability to transfer Registered Manager and home registration conditions to associated, similar provisions.
- How the registration process works against developing and delivering bespoke provision which doesn't fit the standard template, such as blended care solutions.
- How children's home planning applications do not receive priority attention.

- Disproportionate planning requirements and grounds for objection (relative to the application), including the need to apply for a 'material change of use' irrespective of the size of home.

- ■ **[There must be] improvements to planning / Ofsted to facilitate rather than hinder providers wanting to or waiting to operationalise new home."**
Head of Finance and Commissioning

Regulation

The current inspection regime was cited by survey respondents as one of the top three factors behind rising independent residential care costs.

Many stakeholders described aspects of the current regulatory framework as working against the fluidity required to meet needs in a dynamic environment. Whilst there were no objections to the principle of regulating for high standards, common themes were:

- How the needs of individual children are not always considered in judging care, progress and experience, driving risk averse provider behaviours which weight regulatory risk over the best interests of children and young people.
- A lack of consequence for disorderly or inappropriate ending of placement agreements, often related to the above.
- The rigidity of definition around children's homes precluding the delivery of bespoke, needs-led 'blended care' solutions.

- ■ **[We must] urgently change the inspection regime which disincentivises providers to take higher needs children."**
Director of Children's Services

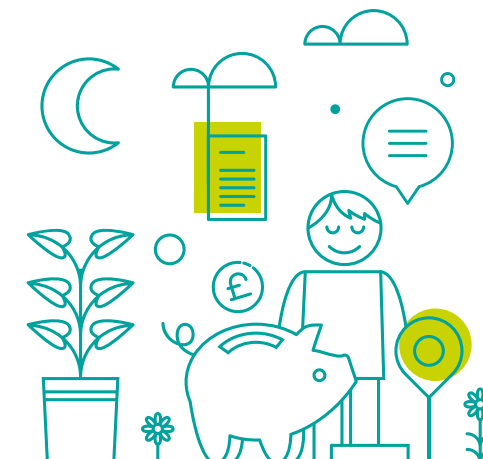
- ■ **I've had the same key worker for two years, we have a good relationship and its made a big difference to me'**
Young person living in care

Workforce

Stakeholders consistently flagged that the children's homes workforce suffers from an imbalance of professional standing and career pathways relative to the high skills required – heightening recruitment and retention challenges, and driving further above-inflation cost growth.

- ■ **[We require] improved regional / national support on recruitment for residential care workers including career pathways to address shortage of skilled staff."**
Head of Finance

- ■ **It is a statement of fact that every time a local authority enters the private placement market they will be charged more."**
Head of Commissioning, CCN Survey



A strong children's homes workforce could offer opportunities for growing capacity for other hard-to-recruit roles – such as children and families social workers.

Understanding of children and young people's needs and strengths

All survey respondents considered the disproportionality between the needs of children and young people and the type and cost of provision as a very important (65%) or important (35%) driver of increased placement spend.

Work undertaken by IMPOWER and a number of local areas to compare needs with costs shows a high degree of variance in value – across types of placement, local areas and providers.

A clear and consistent language and articulation of needs and aspirations is central to effective decision making, home finding, review and to strategic commissioning. Yet intelligence on placement needs and volumes is generally not sufficiently or routinely available to commissioners to enable a strategic planning approach.

94% of survey respondents considered better coordination and planning of provision to meet needs at a local level to be important or very important in addressing the challenges

- ■ **We have to understand what a young person's needs are if we going to best meet them.**
Social work team manager

At an individual child level, this lack of information, and a focus on using reductive labels or deficit-based models in defining their needs, can cause challenges in matching these needs to support at the point of home finding, and then in effectively reviewing that support and finding permanent homes. Provider representatives shared that, when information is incomplete or not trusted they will – rationally – either price in a risk premium or discount the referral altogether.

“ I needed my carer to understand me and my needs, and things like the food I like to eat’ Young person living in care

88% of survey respondents considered better coordination and planning of provision to meet needs at a local level to be important or very important in addressing the challenges

The survey findings suggest that this results in 'over-provision' of support relative to needs, often exacerbated by emergency or distress purchasing on 'spot' contract arrangements which are not reviewed.

Relationships between commissioners and providers

Relationships between local authorities and care providers can therefore become more reactive, transactional and even adversarial.

Without the capacity and intelligence to analyse and forecast need and dialogue with providers

or potential providers on how to shape current and future provision to meet that need, local areas can become stuck in a cycle of competing for scarce supply with no other levers than price.

■ ■ Even where future needs can be anticipated, local authorities struggle to convert this understanding into signals that providers will act on”
CMA Study²

A focus on 'buying' individual placements as opposed to market shaping and innovation such as partnering, risk sharing, and blended care models, only exacerbates the short-term focus of relationships.

With wider budget pressures and annual funding settlements such that many councils are in effect often forced to plan for reducing numbers of children looked after, but without means to provide alternative early intervention approaches, stakeholders recognise the need to disrupt this 'doom loop'.

88% of survey respondents considered stronger relationships between LAs and care providers – with a longer-term focus – to be important or very important in addressing the challenges

Role of other services supporting children and young people who are looked after

There are many examples of local authorities and health partners failing to agree on appropriate multi-agency support and funding in relation to individual children or cohorts of children. Mental health and emotional wellbeing are the highest and most commonly presenting needs of looked after children, and deficits in support from wider agencies will result in increased in-placement needs and cost. Perceived 'cost shunting' from the NHS was a recurrent theme.

100% of survey respondents considered joint funding arrangements with health and/or education to be important or very important in addressing the challenges

The fundamental role of schools, training and education

The impact of schools and other educational settings is significant. Exclusion can be both a cause and consequence of both entry into care and placement breakdown, with permanent exclusion rates being over five times higher for children who have recently become looked after than the wider population.¹⁹

The growing number of children with identified SEND – and looked after children are proportionally more likely to fall in this cohort – have greater care and support needs, and appropriate local educational provision is a crucial factor in placement stability.

100% of survey respondents viewed multi-agency wraparound support for children in residential homes to be important or very important

These systemic factors must also be placed in the wider context of the Covid pandemic; rising levels of child poverty; and an overall paring back of early intervention investment since 2010 (the consequences of which may be becoming 'baked in' to this growing trend of 'late intervention').



4. Conclusion: A complex challenge requiring a system-wide response



4.1 Introduction

The findings in this report evidence a challenge around the market for children's placements that is both systemic and complex in nature. To solve it will require a comprehensive range of interventions at a local and national level. The systemic nature of the challenge means that isolated or narrow responses which fail to recognise the overall complexity of the market dysfunction are unlikely to succeed. Only system-wide reform involving greater collaboration of all stakeholders, supported by central government policy, will make a difference.

While approaches to market regulation and intervention at a national level are needed, attempts to remove 'profit' from the provision of care alone, for example, are unlikely to effectively solve or mitigate these challenges, and could even serve to compound them.

A number of central and overarching conclusions emerge from the findings which inform and shape the recommendations. The contention of this report is that this challenge cannot be effectively tackled or mitigated without a fundamentally different approach on each.

4.2 The present system is focused on risk and deficit rather than needs and strengths – with human and financial cost

The current system has embedded a disproportionate focus on risk into the process of finding appropriate support for children and young people.

Referrals to potential providers for care placements often place emphasis on the risks and deficits of children and young people, versus their needs and strengths. In response providers can add an additional layer of risk aversion – most often in the form of staffing ratios and the type of packages applied – all in the context of a challenging

regulatory environment. The end result is a significant cohort of children and young people whose care and support is not proportionate to their needs.

There is a negative impact on outcomes – care and support for children and young people which is not proportionate can put more emphasis on 'containment' versus enabling children and young people to make the most of their lives and opportunities and reducing their needs for more specialised support. There is also a financial consequence with a significant proportion of placements where cost is not reflective of need and which incorporate high levels of risk premium.

“A big part of children not getting the right care they need is 'risk aversion' in the system from social workers, commissioners and providers. People are overly focused on risk. There isn't enough work to understand underlying needs behind behaviour or thinking about the future.”

Care leaver service team manager

With no consistent way of understanding, tracking, and reporting on change in needs over time local authorities are unable to define or monitor the 'value' of the expenditure on care and support for individual children, cohorts of children or for care populations overall. Similarly the way providers are commissioned and contracted does not incentivise the reduction of need or outcome improvement, provide visibility on this, or make this the basis of contract management approaches.

“Care placements with high staffing ratios can feel like a 'holding cell' and aren't good for young people now or in the long term – it feels so impersonal and maintained to a level to satisfy Ofsted.”

Care leaver service team manager

Some local areas have demonstrated how establishing a better understanding of the needs of children and young people can be used to improve outcomes and reduce cost within practice and commissioning. Northamptonshire Children's Trust – which provides statutory children's services across North Northamptonshire and West Northamptonshire Councils – have used a systematic approach to capturing the needs of children and young people who are looked

after. They are using this information to better understand the 'value' of care placements. This has strengthened the approach to engaging and commissioning care providers, while identifying opportunities to improve outcomes for cohorts of children and young people.

■ ■ **'Life' is what is most important to me... and developing new skills like cooking and making music'** Young person living in care

CASE STUDY - NORTHAMPTONSHIRE CIRCLE TO SUCCESS

Through the 'Circle to Success' programme Northamptonshire Children's Trust, West Northamptonshire Council and North Northamptonshire Council have established a programme focused on systematically identifying and delivering opportunities to improve outcomes for children and young people, alongside reductions in cost with support from IMPOWER.

This has delivered needs-led, strengths based reviews of care and support for over 721 children and young people and the delivery of a wide range of opportunities to improve longer-term outcomes, including through reunification with families, transition to family based care, and through changes to plans and provider support.

A key component of this work has been identifying opportunities to improve the 'value' of existing care arrangements in collaboration

with providers, while also identifying opportunities to use needs-led approaches in home-finding, and to keep children and young people safely out of care. This approach has centred on IMPOWER's Valuing Care approach - to better understand and respond to the holistic needs and strengths of children and young people. In the 22 months since its launch this programme has delivered positive changes to care and support for over **71 children and young people**, achieving a total cost reduction of **£7m**, while providing the Trust and the councils with a better understanding and 'grip' on the needs of the children and young people in their care and how best to meet them. This needs-led approach has now been built into specifications for care provision and incorporated into day-to-day everyday practice, commissioning and brokerage processes and performance reporting.

4.3 Strategic, longer-term approaches to sharing risk, investment, and skills between local authorities, care providers, and other partners are required

Over time many local authorities have transitioned from delivery of care provision in-house to a greater reliance on care providers. Key drivers for this historically have been perceived opportunities to outsource risk and reduce the cost of care, alongside constraints on the expansion of in-house provision.

A common scenario for local authorities can be observed. Having commissioned providers and 'transferred' risk, this is effectively 'priced in' to costs. However, with few restrictions on the ending of care placements by providers – many simply 'hand back' children on a regular basis. A significant element of risk remains with the local authority regardless, as in the event of unplanned placement ending the local authority is required to step back in to support the child or young person in question.

This scenario is in part driven and compounded by insufficient capacity for meaningful market shaping, contract management and provider engagement which have tended to receive less investment and focus in recent years.

Alongside a reset of provider regulation the solution lies with more relational, strategic, longer-term, formalised relationships between local authorities, care providers and other partners (for example, developing Mental Health Provider collaboratives and ICBs), and more emphasis and investment in shaping the market (including creating the conditions for new entrants, and directly involving care experienced young people in decision making). The Somerset Homes and Horizons initiative offers a strong representation of these principles in practice and provides a blueprint for alternative approaches to shaping the market in this way.

CASE STUDY - HOMES AND HORIZONS, SOMERSET

Homes and Horizons, is an innovative 10-year partnership between Somerset Council, Homes2inspire (part of the Shaw Trust) and Somerset NHS Foundation Trust to co-design a different more effective model of homes, education and care for the most vulnerable looked after children in the area.

Underpinned by joint investment, they are working together to deliver an innovative blended set of services for 30 or more children and young people with:

- Ten residential homes, crisis annexes and semi-independence pods for children across Somerset for approximately 30 children.
- Higher needs foster care provision for approximately 20 children.
- A brand-new therapeutic education service on two sites for approximately 30 young people.

This combination means that children and young people who require more in-depth help will have wraparound personalised support, a safe and welcoming home, and tailored education with expert staff experienced in mental health, therapy, and social work. It enables blended models of care enabling young people to have the best chance to maintain important relationships and progress educationally.

The voice of children and young people with care experience is central in the Homes and Horizons project. From the initial planning stages, right through to delivery, the stories and issues raised by Somerset children have informed every part of the process.

The partnership was secured using a tailored competitive dialogue process which involved children and young people, NHS partners and front-line social work staff in shaping and evaluating through the dialogue process.

Thirteen bids were initially received and five excluded on the basis of not being able to evidence improvement based on feedback from children and young people. Young people from Somerset were supported to visit provider homes to talk with young people and staff. The procurement and evaluation process were independently evaluated. The findings included:

- **For providers** – it was an innovative, attractive approach which accorded with their values. The length of the contract and partnership (ten years) enabled it to be embedded and offering stability, sustainability, and continuity.
- **For partners including the NHS** – they were able to track their involvement and how their experience and views had shaped the specification and selection of the successful provider. The model includes £16.2 million (over ten years) NHS (mental health provider) investment.
- **For young people** – the young people described valuing being given the opportunity to be part of the process. Understanding and seeing homes which valued young people was a positive experience. Professionals and most providers valued their involvement identifying the difference it made and how it reinforced a young person centric model.
- Cost avoidance in the first year £2million (for council services) £2.7 million including the wider system.

■ ■ It really felt like they were trying to get the best out of everybody, and it showed commitment and passion that they want to get this right for young people” Unsuccessful provider

■ ■ It felt refreshing and positive in that they were wanting to work differently with the partner and that it was not a transactional arrangement” Partner

■ ■ We all shared what we thought, and I really felt my views were heard. We definitely felt listened to, 100%.” “I felt privileged to be part of this, it was really great” Young person

Since the procurement in 2022, the partnership has delivered five homes with a further two to open in September 2024, eight potential foster carers and one of two therapeutic schools. It is estimated that this has resulted in significant cost avoidance in the first year of operation, avoiding costly disruptions and expensive regulated or unregulated provision. All but one of the young people who live in and are supported by Homes and Horizons had had multiple breakdowns and have now successfully stabilised. The model successfully attracted DfE capital investment and has won a national award for innovation in collaboration.

4.4 There must be a system-wide focus on intervention across three priority aims

Resolving these challenges requires a comprehensive approach which looks across the children’s social care system, focused on three overarching themes.

Firstly, focus is needed on reducing entry into care for more children and young people through the right multi-agency intervention, while also maximising opportunities to safely exit children from care e.g. through return to families.

Secondly, local areas, partners and providers need to ensure that there is enough supply of good value homes for children that need care, in particular more foster care and kinship care.

Thirdly, better use must be made of care provision by ensuring that children and young people are in the right care for their needs.

1. Reducing the number of children entering care and increasing those safely exiting care

Building on the proposals set out in Stable Homes, Built on Love, more is needed to prevent children from entering the care system. Critically the £2.6bn investment called for in the Independent Review is needed to deliver the scale of change needed across local areas.

Previous CCN research identified that the surge in children coming into care started to plateau late last decade, but overall care numbers have kept rising as children stay in care for longer.²⁰ Research completed by NSPCC and Action for Children earlier this year reinforced the Independent Review of Children’s Social Care findings recommending the importance of a focus on maximising the opportunities for reunification of looked after children with families at the earliest opportunity.²¹

20. <https://www.countycouncilsnetwork.org.uk/download/3960/?tmstv=1729761264>

21. Home Again

2. Ensuring that there is sufficient supply of good value care provision

A comprehensive review of the current regulatory regime for care providers is required. New residential provision needs to be unlocked through addressing present barriers, and through a different approach to market engagement with long-term strategic partnerships and support for new entrants. In parallel there is an urgent need for more foster carers and kinship carers to meet the needs of children entering care, and this requires a national and local reset of approaches to attracting and supporting these carers.

3. Ensuring that care provision is best used to meet the needs of children and young people in local areas

A new approach is needed at a national and local level which allows need to be consistently captured and linked to levels and costs of support – to allow assessment of ‘value’ for providers, commissioners and government departments. This needs to be accompanied by a reset of local approaches to provider partnerships, home finding and sufficiency planning – with the adoption of needs-led, strengths-based approaches.



5. Recommendations



5.1 Introduction

There are a range of views across the sector on the intervention and response required to resolve the challenges with the care market explored in this report.

A number of stakeholders recommend significant market intervention such as the eradication of profit altogether from the provision of care to children and young people, while others focus on creating the right conditions for an effective market by addressing the present causes of the underlying dysfunction.

The recommendations outlined here are guided by a pragmatic approach and concentrate on the areas of greatest consensus and the actions of government, local areas and providers could and should take to improve sufficiency and value in a mixed economy of provision while minimising the risks of unintended consequences.

Addressing the challenges effectively and sustainably requires intervention focused on three key aims: reducing the number of children entering care and increasing those safely exiting care; ensuring that there is sufficient supply of good value care provision; and ensuring that care provision is best used to meet the needs of children and young people in local areas. Recommendations are organised against these three overarching aims.

5.2 Reducing the number of children entering care and increasing those safely exiting care

With further increases anticipated in the number of children and young people requiring care, more focus and investment is needed on reducing entry into care for more children and young people through the right multi-agency intervention. Work by the NSPCC and Action for Children²² and IMPOWER's own work with local authorities

highlight the opportunity for more children to exit care through safe return to families – through needs-led, strengths-based practice. Opportunities to prevent care entry and support children and young people to exit care must be maximised and government investment is critical to enable this.

National government

Recommendation 1.1: Provide the £2.6bn investment in early intervention and prevention recommended by the Independent Review of Children's Social Care to safely prevent care entry for more children and young people through the expansion of 'Family Help'.²³

■ ■ **The independent review of children's social care recommended significant investment in the sector. We have seen virtually nothing despite the DfE's commitment to do so. We urgently need adequate funding to reflect increased demand and complexity"**
Director of Children's Services

Local areas

Recommendation 1.2: Establish multi-agency preventative models and approaches which work across service boundaries to meet the needs of cohorts of children and families as early as possible, driven by shared data, leadership and funding – and informed by evidence of what is working in the sector, for example Family Safeguarding and Family Drug and Alcohol Courts.

Recommendation 1.3: Use needs-led, strengths-based approaches, family networks, and sector-leading practice to identify and deliver more opportunities for children and young people to safely return to families or find homes within their wider family network.

22. Home Again

23. Independent review of children's social care – final report (publishing.service.gov.uk)

5.3 Ensuring that there is sufficient supply of good value care provision

The findings in this report highlight the current barriers to local areas securing sufficient, appropriate, good value care provision to meet the needs of children and young people. At present it can be harder for smaller providers to enter new areas, and processes for planning and registration can favour larger providers (which the CMA report associated with larger profit margins). Similarly the regulatory regime can act to constrain new supply of appropriate homes. Fundamental change is needed to the regulatory regime and current processes in response.

There is an opportunity for more local areas to increase supply of provision through investment and a renewed focus on market shaping, such as developing strategic partnerships with identified providers which share risk, investment and resources to deliver good value provision locally over the long term. More broadly a comprehensive reset is needed on foster and kinship care to provide the level or family-based care required to meet the needs of children and young people.

National government

Recommendation 2.1: Deliver a comprehensive modernisation of the regulatory regime with a direct focus on the provision of good value, appropriate provision, and placement stability, including:

- How the needs of individual children are considered in judging appropriate care, progress and experience.
- Review of the definition of a children's home to enable more flexible, bespoke, needs-led 'blended care' solutions.
- Promotion and rewarding of care and support which 'sticks with' children (and a minimum 28 day notice period for placement endings).

- Maintaining standards while enabling the fluidity required to meet needs in a dynamic environment.

■ ■ **Urgent change is needed to the inspection regime which disincentivises providers to take higher needs children"** Head of Finance

■ ■ **We need Ofsted inspection of both children's homes and foster agencies [which] should include analysis of ... behaviours in relationship to terminating placements."** Head of Children's Care Services

■ ■ **We need national policies and regulatory guidance / expectations for providers to keep children and young people living in their home authority unless in exceptional circumstances"** Service Director

Recommendation 2.2: Deliver a comprehensive review of children's home registration, planning and set up processes to balance quality assurance with speed and cost, with a focus on enabling:

- Active provision of application information, advice and guidance with the aim of minimising registration lead times and delays.
- Greater flexibility through an iterative process which does not require a Registered Manager in situ from the outset, such as in Scotland.
- Portability of Registered Managers.
- Default transference of agreed registration conditions to other provisions.
- Scope for multi-home Manager registration.
- Blended care provision.
- Prioritisation of planning applications.
- Greater clarity and proportionality of planning requirements (relative to the application), including in the definition of 'material change of use' and particularly for small homes.

■ ■ **We need to reduce barriers to entry around issues like planning and review of S106 funding for CLA residential homes"**

Head of Finance

■ ■ **We need a review of planning application process for children's homes"**

Strategic Commissioner

Recommendation 2.3: Deliver a comprehensive review of foster carer sufficiency, recruitment and retention and significant additional investment (across in-house and external provision) with a specific focus on identifying and evidencing effective approaches to increasing sufficiency of foster carer households – which could be scaled through regional or local partnerships. This should include a focus on training, support and allowances required to provide the skills, confidence and local support to care for children and young people, including those with more complex needs.

Recommendation 2.4: Review and reset approach to supporting and enabling kinship carers to care for children including financial allowances, right to paid leave and support from local authorities and their partners, supporting more children to remain with their families within their own communities and networks.

Recommendation 2.5: Provide funding and support to local authorities on forecasting, sufficiency planning and market shaping, including reporting on needs of the children and young people in their care, changes in needs over time, correlation with cost – and assessment of overall 'value' from investment in care provision. Develop standardisation in needs description to enable comparisons and portability across areas.

Recommendation 2.6: Establish a workforce development strategy for residential care workers to improve recruitment, retention, progression and skills (e.g. including more professional

accreditation pathways), including offering routes into professions such as social work, mental health nursing and registered managers of Ofsted and CQC registered settings.

■ ■ **We need... to address workforce shortages – career pathways for children's sector staff, with commensurate pay"**

Director of Children's Services

Local areas

Recommendation 2.6: Reset and accelerate a comprehensive set of activity required to improve foster carer recruitment and retention based on evidence of what has worked nationally (e.g. intervention focused on generating higher quality initial enquiries; values-based segmentation, targeting and campaigns), both within and outside of the regional fostering hub activity.

Recommendation 2.7: Maximise the opportunity to increase the supply of care provision through strategic partnerships and in-house provision. Draw on proven models such as Somerset's Homes and Horizon model to secure long-term supply of residential and fostering care provision through partnerships between local areas, existing and/ new local providers, health and education partners which allow sharing of risk, investment and skill/ expertise.

■ ■ **We need strategic partnerships that have an open book, relational/partnership approach"** Strategic Commissioner

■ ■ **There is no one solution, a mixed economy is the only way"** Strategic Commissioner

Recommendation 2.8: Reset of forecasting, sufficiency planning and market shaping activity to incorporate intelligence on need and forecasted future needs for different cohorts of children and

young people, as a shared exercise in collaboration with preferred providers and partner agencies (e.g. health partners).

5.4 Ensuring that care provision is best used to meet the needs of children and young people in local areas

More supply of care provision alone will not solve the challenges described in this report. At present a significant cohort of children and young people are not in the right care for their needs. A fundamentally different approach is needed to make better use of existing care provision and ensure children and young people are matched with the right care and support based on their needs, strengths and aspirations. This requires an approach to understanding need and matching with the right support at a national level.

The relationship between local authorities and care providers is also key. More focus is needed on the development of strategic, long-term partnerships based on a relational approach, regular dialogue and sharing of information. Local authorities, key partners and providers need to collaborate to understand and forecast the needs of children and young people and co-design provision required.

National government

Recommendation 3.1: Establish a national banding system and needs codification, formally linking levels of need, provision and cost applied to all local areas and providers and supported by regulatory and legislative change. This approach to:

- Align types and levels of provision with a proportionate default fee range, with some scope for adjustment to reflect regional and local economic differences.
- Identify fair and proportionate costs and profits linked to need with restriction of excessive profits.

- Allow ongoing assessment of value delivered at local, regional and national level for providers and local authorities.
- Introduce a common language around need and an assessment which is clear for practitioners to complete and provides consistent intelligence on local and national need.

■ ■ **We need a national framework of cost bands aligned to a national reporting framework/ data set for child needs data”**
Director of Children’s Services

■ ■ **A national data set for capturing child needs [would help], so that needs data could be shared and compared consistently across LAs and with providers”**
Director of Children’s Services

Recommendation 3.2: Establish a requirement for all children and young people to be cared for within their local area or region (where safe and appropriate) with legislative support and phased transition. This would involve:

- Comprehensive review of the impact and consequences of this change, realistic timescales for transition and mitigation of negative impacts.
- Collaboration between local areas and providers to manage this transition over time with support from national government stakeholders.
- The governance and leadership of Regional Care Cooperatives, Mayoral Combined Authorities and/ or other preferred regional partnerships.
- Establishing a target timescale and plan for transition to this requirement (e.g. a five-year timeframe with agreed ‘staging posts’).
- Exploration of opportunities for Regional Care Cooperatives and Mayoral Combined Authorities to commission and/ or become a provider of homes to children and young people,

in collaboration with other key partners (e.g. health agencies).

Recommendation 3.3: Develop a centralised matching system on which all providers log ‘available’ or type of provision according to need which corporate parent commissioners can view – and refer to – providing potential, appropriate care and support options in a single place and on a single platform. This should reflect providers’ ability and effectiveness in meeting need, informed by children and young people’s experiences and those of commissioners, and may initially be trialled in the form of a national or regional referral system whereby potential care providers can see all referrals in a single place.

■ ■ **We need a single portal/sourcing care system that all providers have to access to see referrals – this way costs can be benchmarked and rich data analysis would be available”** Strategic Commissioner

Recommendation 3.4: Develop a national standard for purchasing frameworks to enact value-based contracts and contract management – including spot contracts – based on the above and leveraging the flexibility provided by the new Procurement Act 2023 to encourage and onboard new providers over the framework term.

Recommendation 3.5: Implement a national commissioning innovation programme to identify, test, evaluate and scale impactful approaches which go beyond traditional ‘spec and buy’ care purchasing frameworks and which demonstrate evidence of improving outcomes and value, to promote, validate and approve good practice approaches with a focus on needs reduction and permanence, such as:

- Strategic partnership models, for example the Somerset Homes and Horizons model.
- Blended care models which provide a range of flexible care solutions (a mix of residential and family-based options) for cohorts of children and young people.
- Outcomes-based models of care provision, with consideration of incentives for improving outcomes and reducing needs (e.g. supporting safe transitions to family-based care).
- New approaches to assessment and pathway development.

■ ■ **We need to share best practice of commissioning models across LAs – some are doing better than others”**
Strategic Commissioner

Recommendation 3.6: Establish a national taskforce with NHSE, CQC and DfE leadership informed by the experience of local area systems and focused on improving the whole-system approach to children with complex needs, identifying regulatory, legislative and financial incentives required to foster joint planning, investment and delivery – including:

- Development of joint funding guidance and mechanisms.
- Reviews of current underpinning legislation and mechanisms such as Deprivation of Liberty orders.
- Legislative change to mandate joint commissioning and care.
- Practical integration of local authority and NHS pathways.
- Integration at regional level.
- Access to educational provision.

■ ■ We need better joint commissioning arrangements and shared local long-term plans with the NHS to ensure shared responsibilities to ensure the right care and support is available for the most complex children and young people, including clear guidance a round step down from secure / tier 4 arrangements.”

Strategic Commissioner

■ ■ National commissioning in provision has reduced nationally – T4 mental health beds; secure welfare provision – must be cross government department commissioning, not siloed.” Director of Children’s Services

Local areas

Recommendation 3.7: Mobilise and deliver a programme of needs-led, strengths-based review of existing care placements with identification of opportunities to deliver safe reconnection with families, step down to kinship or foster carer or to improve stability, drawing on sector-leading approaches such the Northamptonshire Children’s Trust Circle to Success programme.

■ ■ If we had all children in the right care for their needs we wouldn’t have the same level of challenge on sufficiency and the excessive costs that come with that” Service Director

Recommendation 3.8: Complete segmentation of existing and prospective providers, identifying a priority cohort for longer-term strategic relationships and work with providers to transition to more relational ways of working based on regular dialogue and sharing of information, with the aim of a community of practice for children looked after focused on their care and needs, informed and influenced by children and young people who have experienced care.

Recommendation 3.9: Explore the development of innovative commissioning approaches such as long term joint ventures which involve care experienced people leading decision making, a process of ‘competitive dialogue’ and shared ownership across commissioner provider and other key partners (e.g. child and adolescent mental health services).

■ ■ Whole-life cost of care approaches [are needed] moving away from weekly bed prices and transactional contracting approaches. We are commissioning in the most complex environment.”

Strategic Commissioner

■ ■ We have purchased houses in-county for providers to tender to run services from – this is a way to get more provision in county at a negotiated cost rather than spot purchased arrangements out of county. We are shortly to commence with a tender, following a similar model for Complex Children’s Homes, 16-18 Support and Accommodation and Support and Accommodation for asylum seeking young people and care experienced young people”

Strategic Commissioner

Recommendation 3.10: Develop or strengthen a needs-led, strength-based approach to home finding to ensure opportunities to match children and young people with the right home are continually maximised.

Recommendation 3.11: Establish a shared view of children and young people’s needs in the ‘assess, plan, do, review’ cycle – aggregating, tracking and reporting on this information at a cohort and population level to support a consistent understanding of the needs of the care population, their progress and correlation with cost.

■ ■ There is a clear drive [in this local area] to a more relational approach to place the outcomes of the child at the centre of the approach and to ensure the child’s home accurately reflects the needs identified within the care plan.” Head of Change

Recommendation 3.12: Explore the development of blended care models enabling children and young people to have a combination of homes and types of help across residential and family-based care. This would aim to enable children and young people to step across easily and learn to navigate things like foster care and family environments.

■ ■ ... [integration] between social work practice, education and commissioning is critical ... [which] is often overlooked ...we are seeking to create a fully integrated approach”

Service Director

Recommendation 3.13: Collaborate with Integrated Care Boards and mental health provider collaboratives to establish joint analysis, investment and service development – aiming to direct the right support to targeted cohorts of children and young people in care and reduce escalation of needs, and identifying the clear financial case for the NHS as well as councils (for example by reducing the pressure on paediatric inpatient beds). As a priority bring together mental health, education and social care services to reshape support which reduces the need for and sets a pathway for discharge from ‘Tier Four’ provision and young people subject to Deprivations of Liberty. Ensure that there is early specialist input into placement planning and review – and joint investment and support across partners.

■ ■ Better collaboration and joint commissioning between social care and health [is needed] for those with complex needs particularly teenage mental health needs”

Head of Finance





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with a conversation.

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