Written evidence submitted by the Children's Services Development Group (CSDG) (CWSB188)

Submission to the Children's Wellbeing and School's Bill Committee Inquiry

About CSDG

We are a coalition of leading independent providers of education services, residential care and fostering for children and young people with acute needs, collectively working with all of England's local authorities. Our members are Pebbles, Compass Community, Polaris, SENAD Group, Horizon Care and Kisimul. All members have over 85% of children's homes provision and SEND schools are rated Good or Outstanding by Ofsted. Our homes are run by individual management teams with social work experience and the companies which own them are run by CEOs with direct industry experience.

Children's Wellbeing and Schools Bill: financial oversight of the private sector

The Children's Wellbeing and Schools Bill will see the introduction of financial oversight of the private children's social care sector.

- CSDG is supportive of the government's plans to legislate for better financial oversight of the sector. Bringing in a financial oversight scheme will ensure the market is more transparent and will bring a level of financial stability.

- However, there must be more clarity on what the financial oversight will look like, how it will be implemented and which regulatory or government body it will be overseen by to ensure it is effective and that the sector can continue to provide the vital services children and young people require.

The Bill will also introduce new powers for the Secretary of State for Education to limit profits if other market intervention measures are non-satisfactory.

- We are concerned that moving these powers from Parliament to DfE officials without clarity on what the powers would look like in practice may risk regulatory overreach and make it more difficult for providers in the sector to operate and increase sufficiency.

- Parliament must interrogate these currently undefined powers to ensure that unintended consequences that arise from market intervention do not jeopardise the care of some of the most vulnerable children in society.

- We would recommend the Government use the consultation period to discuss the proposed new financial oversight mechanism with the independent sector directly to facilitate the best outcomes for looked after children.

- Parliament is right to seek clarification on these matters. We are ready to work with MPs, Peers, and Ministers to improve this legislation.

Market composition and the cost of placements

Market composition

The independent sector provides the majority of children's social care homes and places in the UK, filling the significant gaps in local authority provision across the country. This is owing to local authorities selling off much of their provision and increasing their reliance on the private sector.

According to the latest Ofsted statistics, as of the 31st of March 2023, private companies ran 83% of children's homes (2,824), providing 77% of places (9,917) and 84% of privately run homes were rated Outstanding or Good.[1]

Why the cost of children's social care placements is rising

Local authority budgets

Rising costs for children's residential home placements within the sector are attributed to a significant increase in children and young people with complex needs entering the care system, including those with severe learning difficulties, mental health needs or exhibiting challenging behaviours.

The increase in demand for children's social care has resulted from local authorities experiencing real terms budget cuts over the past decade, inhibiting local authority's ability to adequately resource in-house children's social care placements and also fund early intervention services such as mental health services and family support services.

This is largely due to years of austerity, which led to tightened local authority budgets, an overstretched workforce, reduced early intervention and poor access to local services. For example, since 2010, 1,416 Sure Start centres have closed (down from a peak of 3,620 in 2010).

Increasing complex needs

CSDG members are experiencing an increase in children and young people with complex needs entering the care system. The systematic underfunding due to local authority spending cuts, workforce constraints, lack of resources and disjointed agency working across the health and social care services can contribute to issues falling down the crack, such as mental health issues, therefore increasing the complexity of a child's needs further down the line.

High needs can range from children who suffer from neurodiversity, those who have experienced physical and verbal trauma, significant therapeutic needs, to children with criminal behaviours, and much more. These specialist services and therapies require huge levels of investment. For example, there are significant differences between the types of qualified staffing provision and levels required where children have challenging mental health needs as compared to simpler residential home care requirements. There are examples of where greater upfront investment and/or cost of long-term placements have been proven to enable improved outcomes as a result.

There has been a 30% increase in the number of children in care in England since 2010 - 65,500 to 83,840.2 In a survey of 124 councils undertaken by the Local Government Association, 93% councils highlighted children needing help with increasingly complex needs.3 It is estimated that English councils

[1] Ofsted National Statistics, Main findings: children's social care in England 2023, September 2023

paid for approximately 120 placements costing £10,000 per week or more in 2018/19, compared to over 1,500 in 2022/23.[2]

Lack of joined up working

Finally, the current children's social care and SEND education system is fragmented, often with poor information sharing and a lack of joined up multi-agency working. This has created a trilemma - impacting effective decision making, outcomes for children and young people, and increased operating costs, in an overall system of poorly targeted interventions and missed opportunities for preventative measures.

Challenges and opportunities for financial oversight of the market

The value of the independent sector

The independent sector, staffed by dedicated professionals, has long cared for children and young people with these complex needs, providing the specialist services, therapies and round-the-clock intensive support that they require.

Given that local authority and third sector provision make up only 17% of the market, the independent sector possesses the expertise and intellectual property necessary for effectively running children's homes in the UK.

The reality is that the high-quality, specialist care that the independent sector provides subsequently demands significant levels of capital, staffing and training investment. Fees have been found to be largely comparable across the public and private sector when like-for-like comparisons are made, although the independent sector are usually better provisioned to care for young people with the most complex needs, where placements are (by their nature) more expensive.

Opportunities for financial oversight of the sector

CSDG is supportive of the government's plans to legislate for better financial oversight of the sector, and increased transparency is something that CSDG members have been calling for some time. Bringing in a financial oversight scheme will ensure the market is more transparent and deliver a more granular level of financial stability.

In addition, financial oversight will help to weed out the unregulated, "bad actors" within the sector that are not providing safe homes and good outcomes for children and young people.

Areas of clarification needed

There must be more clarity regarding what financial oversight will look like, how it will be implemented and which regulatory or government body it will be overseen by to ensure it is effective and that the sector can continue to provide the vital services children and young people require.

We feel it essential that the independent sector is consulted on discussions on what this financial oversight will look like to develop an effective and proportionate regime that does not jeopardise the huge swathes of provision currently provided by the sector.

[2] Local Government Association, High-cost children's social care placements survey, November 2023

In addition, Bill will also introduce new powers for the Secretary of State for Education to limit profits if other market intervention measures are non-satisfactory. We are concerned that moving these powers from Parliament to DfE officials without clarity on what the powers would look like in reality may risk regulatory overreach and make it more difficult for providers in the sector to operate.

Overall, it is essential that there is clear recognition that securing efficiency and value for money does not equate to finding the lowest cost provision. Independent providers are often best placed to offer specialist care and therapeutic support to those with the most complex needs, which can result in greater upfront and or long-term placement costs.

CSDG believes that there is currently a lack of child-centric, outcomes focused provision that can meet increasing demand. The starting principle for commissioning should be child-centric, finding the best provider to meet a child's needs so that every child can be given the right placement, first time. This will ensure value in the long run by ensuring placement stability and reducing placement churn, thus increasing the likelihood that positive outcomes will be achieved for each child.

The rise in out-of-area placements

Increasing complex needs

A major issue of concern is the regional disparities in the children's services provision, meaning that some children and young people have to be placed in settings outside of their local area in order to receive appropriate care.

Increasing levels of children with highly complex needs is also a contributing factor. There are exceptional circumstances where 'out of area' placements are 'case' necessary to provide a more stable environment, which in turn can improve outcomes. Examples of this include where a child or young person may have had a traumatic experience around their home area or when a child requires very specialist therapeutic services. A further example was drawn out by the 2023/24 Child Safeguarding Review Panel which pointed to extrafamilial harm including gang-related harm and sexual and criminal exploitation. It is important to note that one of our members has experienced several out of area placement requests as a first choice.

Regional Care Cooperatives

CSDG welcomes the previous government's commitment to work with local authorities to develop a regional model of planning, commissioning, and sufficiency in the form of Regional Care Cooperatives (RCC). Members are positive that the two new pilots of RCC in Greater Manchester and South East England, launched in September 2024, will help ameliorate regional provision challenges and ensure that children, young people, and their families understand the breadth of services available across local authority boundaries.

While the statutory powers of RCC pathfinders and the size of regional models have been detailed since the two pilot co-operatives have been launched, CSDG recommends that the structure of RCCs' multi-LA service which commissions for all placements considers different localised challenges to sufficiency and the recognition of child-centric needs. Members are awaiting publication of the regional sufficiency strategy which sets out current provision on where RCCs can work together.

CSDG members would also like to see more detail on where the budgetary responsibilities will lie within the regional models and how RCCs will fit with the new financial oversight scheme of the government.

CSDG welcome RCCs working in tandem to bring transparency to the sector and support the Government's new scheme to increase financial stability and rebalance the market.

Improving planning and registration

Ultimately, placement cost will rightly vary according to the level of need of each child or young person, however this can be improved by increasing specialist provision and driving market competition. Too often negative public sentiment gets in the way of opening a children's home and local authorities are exasperated by having to rule out planning decisions due to external pressures. Once the provision is built, the registration process is long and drawn out. A swifter process could help increase provision, drive down commissioning costs in the long term and boost market competition. In addition, CSDG welcomes the respective strategies to boost the numbers and expertise of the children's social care workforce which will help ameliorate staff costs.

Early intervention as an alternative to residential care

Members welcome the Children's Wellbeing and Schools Bill which pledges preventative services to break the crisis intervention cycle - including greater investment in kinship care, an extension of corporate parenting responsibilities, multi-agency collaboration, to ensure the needs of vulnerable children are sufficiently met. However, the success of these reforms hinge on addressing the systemic challenge of workforce capacity and continued funding constraints.

Driving foster carer recruitment and support

CSDG also welcomes the Government's campaign to supporting existing foster carers and attracting a new generation of foster carers, specifically via regional recruitment support hubs through the RCC pilots. CSDG also acknowledge the continued work of pathfinders such as in the North East. This will help to address the lowest carer recruitment in the last 30 years, where only 125,195 initial applications were received by local authorities and independent foster agencies in 2022/23 – the lowest since current records began in 2017/18.[3]

The full extent of these measures is yet to be seen and CSDG would like to see more targeted household support, including a joint tax relief for the partner/adult member of the household and paid leave for foster carers who are employed when welcoming a child or young person into their home, through a statutory increase in the number of annual leave days for registered foster carers.

Alongside the recruitment drive, CSDG also recommends a national approach to foster carer recruitment which consults representatives from independent fostering agencies, local authorities and fostering organisations. We also need to ensure that broader issues such as housing shortages and the cost-of-living crisis are being tackled, or else we cannot expect a growing number of families to open their homes to vulnerable children and young people. It is unacceptable that families across the UK are willing to provide a loving home to vulnerable young person but cannot do so because of the cost-of-living crisis.

Kinship care

Whilst a family first approach is the right approach for a number of looked after children, local authorities must strive to ensure that kinship carers are able deliver the best outcomes for the child in question and approach this on a case-by-case basis. We have concerns with children and young people being placed

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[3] Ofsted, Recruitment and retention in mainstream fostering, March 2024

with relatives who, despite their best intentions, are not able to provide appropriate levels of care, even with increased support from central government.

It is crucial to bear in mind that removal from kinship care is likely to be traumatic and may reopen old wounds from previous removal from the care of a parent or guardian. As such, the benefits and drawbacks of different care options, including residential care and foster care, should be carefully evaluated against kinship care before a decision is made.

Nationwide support for care leavers

Preparing for adulthood is a core part of local authority and private providers' role, and the transition should be carefully planned to avoid the "cliff-edge" in support which frequently results in poor outcomes, such as homelessness, poor mental and physical health, lack of education and career prospects.

CSDG welcomes proposals to strengthen and extend corporate parenting responsibilities. There are pockets of best practice across the country, such as the Greater Manchester Combined Authority (GMCA) care leaver offer which includes free travel for all care leavers across the 10 local authorities.

Going further than the strategies already set out, the Department for Education (DfE) should work with both the Department for Transport (DfT) and the Department for Digital, Culture, Media and Sport (DCMS) to ensure all local authorities are compelled to offer either a form of subsided public transport or digital access to care leavers aged 25 and under.

CSDG welcome the Government's extension of the 'Staying Close' programme to provide housing support for care leavers in the Children's Wellbeing and Schools Bill requiring local authorities to provide close support to eligible care leavers up to age 25 and supporting the transition between care and independent living for care leavers. Although CSDG welcomes greater housing support, it must be sped up as it only comes into force fully three years after the legislation is passed. It must also be laid out consistently across the country to prevent it becoming a 'postcode lottery' for a handful of young care experienced people.

To further the impact of this support, this funding should be made available through a 'Transitions Support Bank', which is centrally held by the government and made available to all care leavers aged 25 and under.

To improve educational and job prospects, CSDG members believe that all universities should be compelled to offer care leavers non-term time accommodation in their first year of study. This should be communicated at the point of offer and issued to all pupils on conditional and unconditional offers. The DfE should work with the Department for Work and Pensions (DWP) to develop a Care Leavers' Confident Employer Scheme. This should include exploring the merits of offering care leavers a guaranteed first interview and, if applicable, a trial shift, if they meet the minimum requirements. The DfE and DWP should work with public sector bodies to pilot this scheme and publish a nationally available report on its findings.

Finally, the DfE and Ministry of Justice (MoJ) should develop mandatory guidance and protocols, in conjunction with local authorities, police, education providers, social workers and children's charities to tackle the excessive criminalisation of children in care and care leavers. This guidance should be clearly communicated to all looked after children by their social worker and made readily available to care leavers so that they are aware of their rights and what to expect from law enforcement.

Safeguarding in children's social care

In the children's social care sector, there is an issue to be addressed around Ofsted inspectors lacking the appropriate knowledge and experience to inspect complex needs provision. CSDG members would like to see inspectors hold specific qualifications, such as social work experience or additional specialist module training to arm them with the skills to interact with children with complex needs.

Moreover, CSDG believes the Care Quality Commission (CQC) and Ofsted should hold joint responsibility for regulating children's care. The CQC specialises in inspecting health services which are relevant for children with complex needs who sometimes go on to require health and social care support in later life. The CQC's input at an earlier stage could be pivotal in improving the experiences and outcomes for looked after children with acute needs.

Finally, CSDG members would like to help Ofsted work towards a way of speeding up the registration process of new children's homes where a provider is already registered through another homes. This is relevant for staff members too - allowing a Registration Manager to have a portable registration would enable new homes to open at a faster pace.

Annex A – CSDG Facts and Figures

Children in care

Children looked after in England (link)

- Number of children looked after – 83,630 – down 0.5% on 2023.
- Rate of 70 children looked after per 10,000 children.
- The number of CLA who were adopted was down 0.5% on 2023.

Children with EHCP plans

- The number of children with new EHC Plans has more than doubled from 240,183 in 2015 to 575,963 as of January 2024.

Children over 16 entering care

- 7,930 children were aged 16 and over in 2022/23, an increase of 67% from 3,200 in 2009/10. All other ages groups are broadly similar by comparison in this time period.

Care leavers

- One third of care leavers experience homelessness in the first two years of leaving care
- An estimated 24% of the prison population have spent some time in care
- 53% of care leavers aged 19-21 are not in education, employment or training (NEET) or their destination is unknown by local authorities.

Provision in the UK

Children's social care market overview (link)

Children's homes

- Private companies ran **83%** of children's homes (2,824), providing **77%** of places (9,917).
- 80% of privately run homes were rated Outstanding or Good by Ofsted. This equates to 1838 homes.
- 81% of homes run by LAs were rated Outstanding or Good by Ofsted. This equates to 358 homes.

Residential special schools

- There were 54 residential special schools registered as children's homes, offering 1,402 places.
- This is a 2% decrease in the number of providers and a 4% decrease in the number of places since March 2023.
- Between 1 April 2022 and 31 March 2023, no residential special schools registered as children's homes opened.
- Private providers operated 39 schools, providing 870 places.

Fostering

- IFAs accounted for 332 registrations (March 2024)
- 94% of IFAs were rated Good or Outstanding.

Workforce

CSDG's workforce

- 4,000 education staff (teachers and other education staff)
- Approximately 2,000 foster carers
- 2643 care workers

Social care workforce

- Children's social care workers (February 2024) – **33,100**

Increasing high acuity need

County Councils Network (link)

- In total, four in five county local authorities – or 83% – overspent on their children's services budget in 2021-22.
- These overspends were driven by a surge in children requiring care.
- With referrals increasing in county areas by 8.8% post pandemic, the number of children in need – who require support from a local authority – rose by 16,030 between 2020-21 and 2021-22 sixteen times higher than the rise of 1,044 between 2018-19 and 2019-20, the year immediately before the pandemic.
- The number of children in local authority care in county areas increased by 1,079 young people over the same post-pandemic period: a 10.1% year-on-year rise. This is in contrast the months directly before the pandemic, when there was a decrease of 140 children requiring local authority care in 2019-20. Nationally, the number of children in council care is at a record high of 82,167 in 2021-22 – up from 66,180 in 2011-12.

Austerity and LA spending cuts

- Since 2010, local government has taken the brunt of spending cuts: 40 per cent in real terms between 2010 and 2018.
- While the spending power of the average council fell 17.5 per cent between 2010 and 2019, the poorest councils – unable to raise enough through council tax – had even less cash to spare.
- In 2021/2022, local authorities spent £26.9 billion on social care, three quarters of their total budget.
- Since 2010, 1,416 Sure Start centres have closed (down from a peak of 3,620 in 2010)
- According to a 2019 report by Children for Action, the number of children using Sure Start in the 30 most deprived authorities was down by 22 per cent, compared with 12 per cent in the 30 least deprived councils.
- A report by the Institute for Fiscal Studies found these services provide children with stronger immune systems, less risky environments, and improved mental health.
- By the age of 15, for instance, an extra Sure Start centre per thousand children prevented over 3,200 hospitalisations among boys.
- Since 2010, 4,500 youth work jobs have been cut and 750 youth centres have closed.
- For instance, Cambridgeshire's youth service budget fell from £3.5 million in 2011 to £0.7 million in 2018.
- Knife crime rose from 220 incidents in 2014 to 430 in 2018.

Cost / Profit

Kent Study on the cost of care – LAs vs independent sector

- Individual placement cost data from the Personal Social Service Research Unit (link) – unit costs for ALL providers rather than a small sample size which is a criticism of the LGA report.
  - 47% for local authority provided residential care (£3435 per week to £5059)
  - 49% for independent providers of residential care (£2789 per week to £4153)

- Fees have been found to be largely comparable across the public and private sector when like-for-like comparisons are made.
- Unit cost for foster care in 2018/19 was £621 per child per week. Unlike the data on children's homes, the study does not provide a breakdown of LA v independent sector costs.

Local Government Association recent data on profit (link) (negative sentiment)

- Spending by local authorities in England on independent sector children's homes and fostering increased by a further 5% to £2.39 billion in 2021/22 compared to a year earlier.
- Residential care spending that has more than doubled since 2015/16 with growth of 105%.
- Spend on independent fostering has only grown 26% in the same 6-year period.
- Over the last 6 years this spending has grown by 50% in real terms.
- The largest top 10 children's homes providers accounted for 30% of all children's homes.

Oxford University study on cost and quality (link) (negative sentiment)

- 'Outsourcing and Children's Social Care' and was carried out by Anders Malthe Bach-Mortensen, Benjamin Goodair, and Jane Barlow, at Oxford University's Department of Social Policy and Intervention.
- Headline findings:
  - Most children's homes in England are operated by for-profit companies.
  - For-profit children's homes are generally rated of lower quality than other provision types.
  - For-profit children's homes Violate more requirements and receive more recommendations.
  - Local authority Ofsted ratings are negatively correlated with for-profit outsourcing.

Out of area placements

- Placements outside council boundaries increase from 32,280 in 2019 to 36,390 in 2023 with children being placed in private provision increasing by 21% and only 0.7% in provision owned by local authorities.
- LAs are making out of placements through private sector provision.

February 2025