

NB Submission updated on the 29 June 2021 to correct the data provided in table 4.

4C's are a Welsh National Team working to support Local Authority Children's Social Services Departments to commission and contract placements for Children Looked After. All 22 Welsh Local Authorities are members of the 4C's. The 4C's manage the current All Wales Foster Framework and the All Wales Residential Framework for the Provision of Services for Children & Young People Looked After across Wales. Since 2018 the Framework Agreements for both Residential and Foster Care Services have been reviewed. The All Wales Residential Framework was launched during 2019 with the All Wales Foster Framework recently launched during April 2021.

Main priorities for 4C's since 2018 have been to: expand and reshape the current market for residential care for looked after children that is available in Wales, ensuring that there are homes available that will meet the sufficiency needs of Local Authority commissioners and most importantly, meet the needs of and improve outcomes for, our children and young people; to improve commissioning relationships with independent fostering providers, support growth of MSMEs and 3rd sector fostering providers, supplementing a national drive to increase public sector capacity; and, providing strategic commissioning support to LA's to assist them in the development of Placement Commissioning Strategies leading to the development of a local and regional Market Position Statement.

Due to the tight deadline attached to the Invitation to Comment, 4C's have provided an overview response, however we would welcome discussions with the CMA to provide more detail to further inform the study.

Theme one: Nature of supply

1 How has the provision of children's homes, unregulated accommodation and foster care for looked after children developed over time, what has driven this development and how will the wider environment shape it in the future?

The Social Services and Well-being Act 2014, section 75 placed a duty on Local Authorities (LA's) to secure sufficient accommodation to meet the needs of their looked after children population. Part 6 of the Code of Practice on Looked After and Accommodated Children states that they must consider the benefits of having a number of providers, offering a range of accommodation to meet different needs.

In 2014 the children's social care market looked different to the current market, and the following pressures led to there being a requirement for change. The main drivers for this development being;

- LA's experiencing an increasing number of children becoming looked after, resulting in an increasing number of those children requiring suitable accommodation, placing considerable pressure on LA's to be able to safely discharge their duties in an effective manner. At the end of March 2010 there were a total of 5160 children looked after this increased to 7170 at the end of March 2020 an increase of 39%.
- The number of children looked after at the 31 March per 10,000 population aged under 18 by local authority and year has also increased from 81 at the end of March 2010 to 114 at the end of March 2020.
- LA's struggling with placement sufficiency/capacity issues, being unable to source suitable and appropriate placements for children looked after within their area. Sufficiency is at a critical point as demand continues to grow at the highest end of the continuum of need.
- There is a mismatch between the needs of the children and young people requiring homes and the models of service or care offered by the market, leading to vacant beds but some young people having no regulated placement available to them.

- Market Stability regulations and Code of Practice in place from April 2021, this will place a duty on LA with HB and other partners to assess the sufficiency of services in line with their population needs analysis

This is recognised by WG, and the Ministerial Advisory Group on Improving Outcomes for Looked After Children had two key projects considering placement sufficiency, quality, and outcome delivery. The National Fostering Framework (NFF) and the Children's Residential Care Task & Finish Group.

Politically there is a focus on rebalancing children's placement services to reduce or even eradicate profit making companies, this includes a commitment in the Welsh Labour Manifesto for the Senedd Elections 2021, to eradicate profit from social care. As a commissioning body we regularly advise caution to leaders on messaging that can create a more hostile market environment, can have a disproportionate impact on excellent quality MSME's who add social value to local communities, thereby perversely leading to increased strength of large UK commercial providers and reducing healthy competition in the market, as MSME's exit or are acquired. We believe as commissioners that the conversation should be firmly rooted in where provision provides best quality, evidences best outcomes for children and young people, and, evidences value for money for the public purse. We see a disproportionate focus and attachment to the idea that because public services are 'cheaper' (and the evidence base for this is often muddy) that automatically makes them the preferred option, we do not see an evidence base of public sector services delivering better outcomes for children and young people. There is undoubtedly a small segment of the markets that are overly focused on profit (private equity and unregulated services) rather than quality, we believe regulation to eradicate this specific element combined with improved relationship based commissioning can manage this element, without the current blanket messaging that all private companies are 'bad'.

The National Fostering Framework (NFF)

The Framework reference in the NFF is a public sector infrastructure to support LA provision NOT a technical procurement framework. The name does cause confusion across a market with technical frameworks in play. The NFF asserts that:

- A significant proportion of local resources and time is spent each day searching for placements which do not exist or are inaccessible. Commissioning is complex and rarely results in the right match for the child. Despite best efforts, current commissioning arrangements are resulting in growing numbers of children being placed outside of their local area, placing pressures on the education and health resources of neighbouring authorities.
- Recruitment of foster carers is key to the success and development of local authority fostering. It was identified that a key requirement to achieve this goal would be the development of an "all Wales brand for Local Authority fostering", a consistent national brand for Local Authority fostering that reflects the strengths and personalities of the 22 Local Authorities. This presents an opportunity to rebalance service provision, address demands, and improve quality of placement choice for children.

The national brand will aim to:

- Increase local placement accessibility, sufficiency, and choice and give control back to the local authorities to make best use of those placements when they need them, reducing the reliance on third parties and removing placement blockage.
- Enable services to meet the evolving needs of children and families. Recruitment campaigns will be targeted to meet service needs.
- Facilitate the recruitment of a new pool of foster carers. Recruitment and training can be focused to develop skills in reunification work, complex needs and parent and child fostering.
- Enable children who need a foster carer to have access to the right foster carer, at the right time and in the right location.

Children's Residential Task and Finish Group

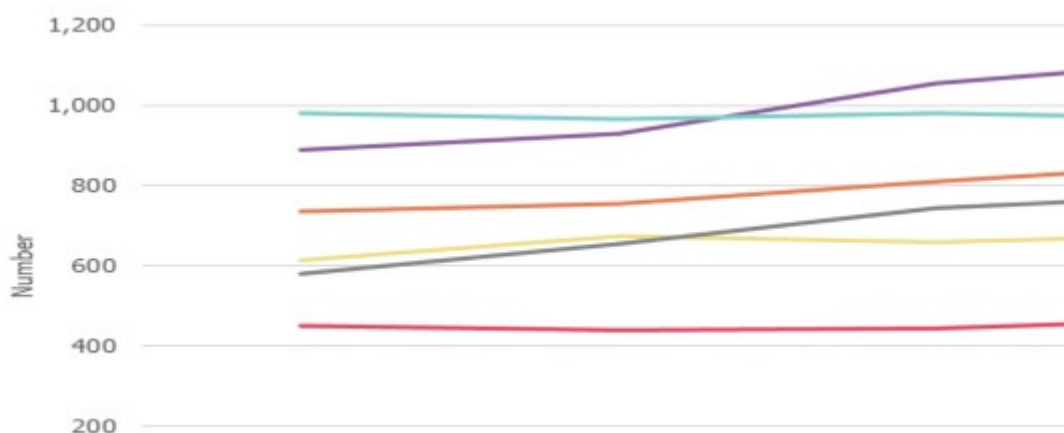
The work of the Children's Residential Care Task and Finish Group, a sub-group of the Improving Outcomes for Children Ministerial Advisory Group, has been focussed around the following priorities:

- profiling children's residential care in Wales
- reviewing models of residential care for children and young people, providing training across public and private sector workforce on different models of care and the commonalities of good practice to deliver positive outcomes.
- extending When I am Ready to residential care, including young people's views on leaving residential care
- developing practice guidance on out of area and cross-border placements for children and young people in residential care
- developing real time data dashboards and reporting modules, via the Childrens Commissioning Support Resource (CCSR) platform, on residential capacity, service profile, vacancies, reasons for unavailable placements and sufficiency gaps.
- commissioning and rolling out training in trauma informed care for residential care workers
- commissioning and publishing a protocol around the decriminalisation of looked after children including in residential care, which will be supported by a training toolkit targeted at effective implementation of the protocol and embedding improved prevention and diversion from the criminal justice system.
- scoping and developing arrangements for PACE and Remand placements in residential care
- learning good practice lessons related to residential care services and support during the covid-19 pandemic
- supporting Regional Partnership Boards in their work to develop safe accommodation for children with complex needs

Foster Care

There were around 4,870 children looked after who were living with a foster family at the end of March 2019, this increased by 14% from 2016 to 2019. The latest information provided by Stats Wales indicate that this has since increased to a total of 4990 at the end of March 2020 and it is safe to presume looking at information that is available that this has continued to increase slowly throughout 2020 to 2021.

Figure 1: Number of children living in Foster home by region.



The Foster Care Framework was refreshed in 2016 after the initial Framework that launched in 2012 expired. The 2016 Framework had the following key features:

- Closed (no additional providers can be added)
- 3 Lots (North, South & Innovation)
- Tier Structure (Linked to QPA (quality performance assessment) with some additional criteria)

It was considered that the 2016 framework mainly met the needs for standard foster care provision and the vast majority of placements made in Wales were made via this framework (approx. 95% in 2019 based on QBDR data). However, the closed model has exacerbated problems with lack of placement capacity and choice, in particular for children with multiple matching needs. As the framework did not enable any new providers to join it was incapable of responding to marketplace needs. The Tier structure was largely redundant given the scarcity of resource to demand.

In January 2020 the 4C's Board was asked to identify the key aims for the re-commissioning exercise. There were 4 priorities identified these were;

1. Increased capacity
2. Location (keeping CLA local whether this was identified by LAs needing more local capacity or by LAs wanting reduced CLA from out of area placed in their LA)
3. Quality
4. Price

A needs analysis of Foster Provision was undertaken to demonstrate the type of service required and the type of assessment required and the All Wales Foster Framework is now based on lots which reflect the specific needs of each region, by region we refer to the geographic areas not RPB/LHB regions. Each lot can be reopened annually if required to meet increased demand or reduce provider numbers should the market rebalance.

Children's Homes

The number of children who live in a residential home has increased by 54% over the same period, from 305 in 2016 to 470 in 2019. The latest information provided by Stats Wales indicate that this figure has since increased to a total of 535 as at the end of March 2020 and again it would be safe to presume that this would have increased further throughout 2020 to end of March 2021.

The initial Residential Framework was launched in 2012 and expired in 2016. During this period the number of providers on the framework was extended (in 2016) due to capacity issues that emerged in 2015.

The 2016 Residential Framework was a closed Framework with a maximum number of providers, and no new Providers could be added. This made the situation with lack of placement capacity and choice worse, and increasingly 4C's had to support LAs to contract placements with Providers who were not on the Framework. The 2016 Framework was not meeting overall levels of demand or emerging areas of needs. However, it did mainly meet the needs for standard residential care provision and the vast majority of standard placements made in Wales at this time were made via this Framework

In order to meet this level of demand Framework Providers during 2018 started to increase capacity by opening new care settings, however this rate of expansion was proving to be insufficient to meet projected need in the market, and there was a clear need for new Providers, new Care Settings and new Models of Care.

In order to address these issues a needs analysis of children's residential provision was undertaken to demonstrate the geographical areas in which sufficiency was the greatest problem. The needs analysis demonstrated that Wales had at that time and continues to have increasingly more English children placed in our area which results in Welsh children being placed in England. This is an issue especially within the North Wales region.

The structure of the 2019 All Wales Residential Framework Agreement is based on need and appropriate models of care, aiming to rebalance this situation, so that Welsh children have the opportunity to stay local and indeed that English children also have the opportunity to stay close to home, although the priority will always be the best match for a placement to meet a child's individual needs. This also meant that there was a requirement for the reconfiguration of existing settings to new models of care in some areas rather than a significant increase in setting capacity. The Lot Structure as stated is based on need and include the following;

- Lot A Crisis Intervention & Highest End of Continuum of Need
- Lot B Supported Transitions
- Lot C Integrated Models for Children & Young People with Additional Needs, Disability, Impairment & Autism
- Lot D Short Breaks
- Lot E - Family Assessment Centres
- Lot F Block Purchase, Innovation and Partnership Working]
- Lot G Standard Care Home packages

Lot B is specifically targeted at models of care that can meet the needs of Children and Young People whose care plan is for a supported transition onto another model of care in the short or medium term. This Lot has seen the highest entrants onto the All Wales Framework with 5 new providers.

Several new market entrants were previously unregulated 'support' not registered 'care' providers. Responding to a gap in the market at the highest end of the continuum of need, these providers have offered a rapid response to demand, producing a different profile of children's care home: typically, low occupancy (single or dual), rented accommodation, offering high staff ratio's, with low qualification staff, on temporary contracts or agency workers, at minimum wage.

This segment of the market has attracted negative press coverage which reflects badly across the whole sector. The risk in labelling the whole independent sector so negatively is that the Micro Small and Medium Enterprises (MSME's) who offer good quality local provision in Wales decide to leave the sector, reducing choice and competitive pricing.

2. Are there significant differences in how providers operate, depending for example on the type of provider they are, their size or the geographic region in which they are operating?

In our view there is not a significant difference in how providers operate across Wales, in the main, the operating model is determined by the All Wales Framework Agreements that are now in place. In order to be placed on the Framework Providers have to demonstrate how they will meet the requirements of the Framework through a General Qualification Criteria followed by demonstrating and evidencing how they will meet the requirements of the Service Specification for that model of care along with meeting the needs profile for that specific lot.

As stated above all 22 LA's are now members of the 4C's and have signed both the All Wales Residential Framework and the All Wales Foster Framework Agreement with a commitment to source placements through the Framework in the first instance.

As at the end of March 2021 there were a total of 29 Providers on the All Wales Residential Framework and a total of 18 Providers on the All Wales Foster Framework.

As a result of the review of the 2016 All Wales Residential Framework, the 2019 All Wales Residential Framework increased by 7 providers (from 22 providers in 2016 to 29 providers in 2019), the new Residential Framework is a flexible framework and providers are able to apply to get on the framework at any time the application will be subject to evaluation and approval.

However, from our experience the UK based providers are not as keen to engage with the 4C's at a strategic level. Specific areas of concern are;

- Discussion re costs v's price
- Commitment to accept Welsh children. They accept more English placement referrals.
- Less likely to tailor services based on needs
- Continue to offer standard provision rather than meet the needs of the LA area where they are based.

There is a stronger relationship with the majority of Welsh providers who are committed to accepting just Welsh placements. Overall SME Welsh Providers are keen to engage more positively in discussions about transparency in cost vs price, they are happy to share cost schedules and have discussions on emerging needs profiles and increased areas of demand.

The exceptions to this statement are providers who have either chosen not to apply for the framework given our evaluation criteria, have been rejected during application to the framework or have left the framework following quality assurance / dispute. Given the nature of demand in the market LAs continue to have to source placements with these non-framework providers but are not protected by the same terms and conditions, contract monitoring arrangements or scrutiny of cost to price ratio.

Non framework providers are more prevalent in the residential market than the foster care market. Only 4 foster care agencies registered in Wales are not members of the 2021 framework with 35 providers of residential care for children registered with the Care Inspectorate Wales who are not members of the All Wales Residential Framework.

3. To what extent is a lack of availability of suitable residential and fostering placements driving undesirable outcomes for local authorities and children?

Due to the sufficiency issues referred to above LA's are reliant on independent provision. The majority of providers across Wales are Framework Providers and part of the All Wales Framework requires them to undertake an outcome focussed annual quality performance assessment (QPA) that captures the voice of the child, the LA's and Providers themselves. The All-Wales referral allows LA's to set clear outcomes at the start of each placement and this enables both providers and social workers to monitor progress made in a clear way. Despite the negative coverage of specific issues, the people who use the service tell us outcomes are met and this is demonstrated in the graph below.

Figure 2 : QPA of provider outcome delivery, Wales, 2020.



The QPA covers all Framework providers but does not cover non framework or public sector provision. However, those providers are included within the risk management and escalating concerns procedure for all children's commissioned services.

[✂]

Despite the QPA there are some concerns in relation to detrimental outcomes being experienced by children and young people;

- Sufficiency

The LA has a duty to ensure that placements are made within the LAs own area (section 81(9) of the Act). As stated earlier the number of English children placed in Welsh children's homes mean that LA's have to place outside their area having a detrimental effect on outcomes for those young people.

- Children leaving care aged 18-25-year-old

In our experience older children leaving care, may have started a positive journey towards outcomes but as young adults, the lack of support networks, employment and housing options, between the ages of 18-25 has a detrimental effect.

- County Lines

[✂].

- Availability of specialist foster carers

The foster carer population continues to decline, and the knock-on effect is sufficiency of placement types across the spectrum is impacted. This is especially the case for specialised foster carers, which has resulted in an increase in the number of children living within a children's home that could be looked after by a foster carers with the right skills, again this has a detrimental effect on outcomes for these young people. It's asserted that better outcomes are delivered in foster care than residential care. However, we believe that use of the right model of care at the right time based on a child's matching needs rather than a hierarchical approach to foster or residential care is likely to achieve better outcomes

- Placements moves due to foster care skill set

Where return to parents or wider family is not possible and children are aged 5 years and over, then traditionally long-term foster care has been the preferred care plan. Children and young people are being placed in residential care after multiple foster placements endings again having a detrimental effect on these young people increasing attachment issues and inhibits trauma recovery.

- Competition amongst foster care providers

Due to the nature of the foster market there is an element of hostility amongst competitors, which is not evident in the children's residential care market in Wales where providers are happy to collaborate; either public and private, or private and private, to deliver outcomes for children and young people.

- Availability of secure estate residential and alternatives to secure accommodation, including crisis intervention placements and its impact on the use of unregulated placements

Due to the lack of suitable residential placements, LA's have to rely on non-framework and unregulated residential providers, especially those that target the lack of sufficiency in secure estate and services that support children with the highest and often multiple needs. This is a major concern for LA's in relation to both quality and price.

Responding to a gap in the market at the highest end of the continuum of need, these providers have offered a rapid response to demand, producing a different profile of children's care setting: typically, low occupancy

(single or dual), rented accommodation which would not meet regulation standards, offering high staff ratio's, with low qualification staff, on temporary contracts or agency workers, at minimum wage. A significant number of these unregulated providers in Wales have worked in the secure estate and seen the gap in the market, choosing to leave employment in the regulated secure estate and setting up (largely) unregulated homes where they charge very high prices and maximise profit. This is a significant area of concern for us in Wales and the source of multiple reports into our QA process by LAs.

Often unregulated placements are cases that have been in the family court arena and Courts have directed local authorities to place in unregulated placements. These unregulated providers may not deliver appropriate models of care that meet the needs of the child (that are likely to be at the highest continuum of need), thus not achieving good outcomes for the children that reside in these placements

Care Inspectorate Wales (CIW)

Please see comments in Theme 3, Qu 1 that sets out the relationship between 4C's and CIW.

During 2018-2019 CIW carried out a Thematic Review of the quality of care provided for children living in care homes in Wales, the findings of the review stated ;

- CIW found that many of the children received good quality support in the homes they were living in.
- Almost all homes provided a warm, comfortable environment for children to live in and call their home.
- CIW found that a general commitment to ensure children had positive social and leisure experiences, improving their social skills, which was contributing positively to their overall emotional well-being

The recommendations included;

- CIW saw an increasing number of children are going missing from care. CIW made a recommendation to review policies and practice to ensure children are not placed at unnecessary and increased risk of harm, including criminalisation.
- Providers and local authorities need to ensure there is sufficiency of placements to meet the needs of children and enable them to live close to home.
- Residential care should be considered as a positive choice for children not as the last option

From a regulatory perspective foster care provider quality and care standards are reported as consistently good by CIW with evidence of positive practice, delivering good outcomes for our children looked after. This is somewhat at odds with reporting via the National Fostering Framework (NFF) regarding perceived quality of independent fostering provider services.

CIW also carried out re-registration of all Foster Care agencies during 2019 and the CIW annual report for 2019-2020 indicated that during this period CIW adult and children's services inspection team received 1,736 concerns from a range of sources including the public, people using services, care sector staff and relatives, of those 139 (8%) related to care homes for children with 39 (3%) of concerns raised in relation to adoption, fostering, adult placement, residential family centres and secure accommodation services.

4. How have the following four types of children's care home and fostering agency provision developed over the last decade:

- a. Local authority**
- b. Private – private-equity owned**
- c. Private – non-private-equity owned**
- d. Third sector private**

Please refer to Theme 1, Qu 1 above.

Market Share Development

Within the Foster care market there are concerns regarding the market share of specific UK Foster Care providers dominating the market within Wales, however children's homes across Wales have a good mix of SME's not just the larger English providers. Despite the concerns regarding the market share the foster care market has a more balanced mix between public sector, third sector and private sector ownership than the children's residential home market.

Table 1: Number of foster care providers and care settings in Wales by provider category, data as at January 2021 Provider category	Number of providers	Number of care settings
Local authority	22	2,227
Private	21	1,063
Third sector	3	115
Total	46	3,405

Competition and the balance of provision is a concern in fostering as some large UK groups have purchased smaller SME's in recent years. One acquisition was referred to the Competition Markets Authority by the 4Cs in 2016 and resulted in divestment of the 2nd largest foster care provider in Wales at the time, to maintain a balance of competition. The continued growth of the 3 big providers along with NFA (now renamed Options Group) also expanding into provision of residential care is a key area of concern. A hostile market to MSME's plays into the hands of larger providers who continue to expand and acquire services.

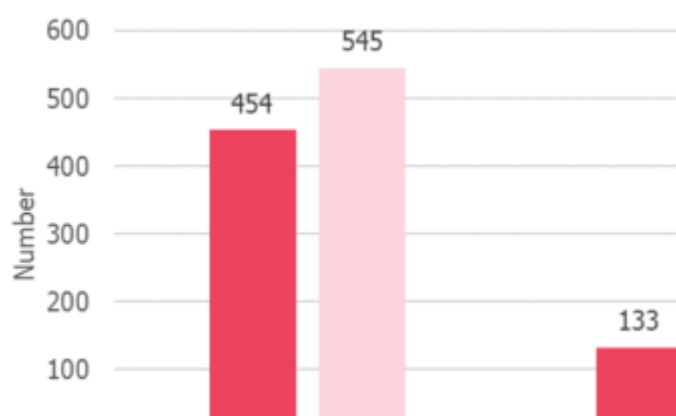
Table 2: The independent sector's largest providers' market share of foster placements, Wales, data as at January 2021 Independent foster provider	Number of beds	Percentage of total beds
The National Fostering Agency – Cymru (NFA)	706	26.8
Calon Cymru Fostering	423	16.1
Foster Care Associates Ltd	308	11.7
Compass Fostering Wales Limited	157	6.0
Other	1,038	39.4

CCSR

Within the children's home market there has not been much change in ownership since March 2017. At this time there were around 355 children looked after placed in residential care by Welsh LAs. This figure has remained relatively stable for the preceding five years.

Most care homes for children and young people in Wales are owned by the private sector. Please note the variation in data which is a result of difference categorisation of Private, Independent and 3rd Sector provision. Figure 3 data provided by CIW relates to Independent which includes Private and 3rd Sector providers that is set out separately within Table 3 (data provided through CCSR).

Figure 3: Total number of beds in registered children's homes, by ownership



Source: Care Inspectorate Wales

Table 3:
Number of residential providers and care settings in Wales by registration category and provider category, data as at January 2021

	Provider category	Number of providers	Number of care settings
Children's home	Private	47	160
Children's home	Local authority	12	21
Children's home	Third sector	1	2
Residential Family Centre	Private	1	1
Residential Special School	Local authority	5	6
Residential Special School	Private	1	1
Supported living (unregulated)	Private	5	5
Total	72	196	

CCSR data – N/A CCSR relies upon providers to update their information, including care settings and placements. Therefore, in some cases, there may be a lag in these updates. In other cases, a provider simply may not update the system

Although in 2018, nine providers owned more than five homes, overall, there is a positive mix of Welsh small and medium-sized enterprises (SME's) and UK wide large organisations. The table below sets out an updated picture of the largest UK Providers market share across Wales. A most recent change has been Orbis Education and Care acquisition of another Welsh independent provider which has considerably increased their number of beds within Wales.

Table 4: Largest UK independent providers: Market share of Wales' children's residential beds, data as at February 2021	Number of beds	Percentage of total beds
Independent residential provider		
Orbis Education and Care Ltd	109	14.3
Keys PCE Limited	55	7.2
Care Tech Community Services Ltd	40	5.2
Priory Education Services Ltd	37	4.8
Other independent sector providers (n=50)	521	68.3

CCSR

There are low risks to over reliance by any one Welsh LA on specific providers, this is monitored regularly, and advice issued to local authorities by the 4Cs if there are indicators of increased risk.

LA's, since 2018 have started to expand capacity or re-enter the market as providers of residential care, often using the Integrated Care Fund managed by the Regional Partnership Boards, to invest in new developments, targeted at gaps in the local market. Some authorities are in the early stages of development, and more capacity should be registered in 2021.

The largest public sector providers of EBD placements are:

- Bridgend
- Newport
- RCT
- Caerphilly

With assistance from 4C's LA's are in the process of drafting Market Position Statements (MPS) to meet the needs and gaps in provision as set out within their Placement Commissioning Strategies (PCS). Throughout this process LA's consider whether there is any scope for development or reconfiguration of internal provided services.

The third sector has a small presence in the overall residential care home market, but primarily their presence has been in short breaks/respite for children and young people with a disability. There are no active plans for new market entrants from the third sector. Action for Children have an established presence as the largest charitable provider and are expanding at a modest rate.

During COVID-19 there have been 19 new private sector children's care homes registered with CIW along these included 16 limited companies, 2 LA in house Childrens homes and 1 other corporate body. The introduction of additional funding, free PPE, LA support, and the approach by WG has been seen an incentive to care providers. There have been no new charitable organisations that have registered care home services within this period.

Relationship between Providers

The relationship between foster providers is different from that of residential providers. There is strong competition between foster care providers that has led to strained relationships. The issues faced by foster care providers include;

- the availability of carers,

The capacity is diminishing and there is competition between all sectors to recruit and maintain foster carers.

- transfer of carers

The transfer of foster carers between agencies is a recurring area of friction despite The Fostering Network's Transfer Protocol.

- the level of competition

This can mean an increase in costs resulting in increased prices, however the recent launch of the All Wales Foster Framework has assisted us to have some degree of transparency where this is an issue.

Disappointingly the largest providers are still able to offer the least competitive prices given the reliance on them for sufficiency. One of our LAs is the largest single commissioner of NFA foster placements across the UK (self-reported by registered manager of NFA) and are heavily reliant on the provider, this is the greatest business risk evident in the market at this time in Wales.

- placement searches

Since the launch of the All Wales Framework Agreements and also assisting LA's to draft PCS we have been able to identify and share good practice. One area that needed further training was the CCSR placement search, LAs are encouraged to source a core foster placement and if this is not available to then search for a core placement plus additional services rather than progress straight to a residential placement search.

Timeliness of decision making can hinder the speed of change when placement finding, resource is a challenge for LAs in this area.

5. Does the status of the provider (i.e. Local authority, private equity, non-private equity or third sector) significantly impact on the nature of the homes and fostering arrangements they put in place, in terms of: the number of placements (eg do they have incentives to invest in new capacity), price, value for money, location and quality of placements?

Yes, the status of the provider has an impact on the nature of the children's homes and fostering arrangements they put in place. In addition to the areas that we have previously highlighted within Theme 1, Qu 2 above, highlighted below are some of the experience that 4C's have with PE providers;

- The majority of PE providers do not necessarily have an embedded model of care. The support provided tends to be more generic/standard care.
- The PE providers that are on the All Wales Frameworks have all as part of the evaluation criteria stated what model of care they use however, when 4C's and LA have carried out monitoring visit they have found that the model of care does not give a true reflection of the service.
- The costs are not transparent and PE providers tend to charge for additional services
- They tend to quickly expand their business which results in significant problems especially with recruitment and retention of good quality staff.
- Pay grades tend to be set at minimum wage with poor Employment Terms and Conditions
- The PE providers are good at marketing Their business model focusses around business, finances and commerciality rather than social value. Part of the criteria for the new foster framework is the requirement to provide Social Value, measured by the Welsh TOMs. Providers were evaluated on their social value and how they invest in the local communities.

In comparison our experience of the third sector is that they tend to;

- offer embedded models of care with wrap around support services when needed
- use funding from other sources to supplement some of the fostering and residential operations, calling on wider support spectrum to provide this additional support, e.g. for unaccompanied asylum seekers, children experiencing child sexual exploitation. This is the same for both residential and fostering services.
- Not be able to fully market their services and are not able to fully demonstrate the services that they are able to offer and deliver. They tend not to broadcast the support mechanisms that they have in the background to support placements.
- include management charges within their cost schedules, and when queried find it difficult to identify break this down. There needs to be more transparency around management charges.

Incentives to invest in new capacity

At the moment there is no need for any incentives to invest in new capacity as the current market situation is very much a sellers' market. Some LA's have asked about cumulative discount or volume discounts which are incentives in other areas, however, due to the lack of sufficiency this is not been effective within our market.

Extensive consultation and engagement took place prior to the launch of the All Wales Foster and Residential Framework agreements. This consultation included questions on block contract arrangements and volume discounts.

- Block contracts

At these consultation events Providers indicated that block contracts weren't necessarily an incentive to invest and develop in the market, that there were advantages for providers to work with a range of authorities and vice versa. Therefore, there are no block contract clauses within the current All Wales Foster Framework, however there is provision within Lot F of the All Wales Residential Framework for LA's and providers to explore this.

- Volume discounts

Residential Providers said that negotiation of volume discounts wasn't straightforward. Some larger providers said they could offer them, and larger LAs said they expected them. Some providers pointed out that to offer a volume discount they would have to build in higher margins per placement and this in itself was counteractive to offering or achieving best value for money. In consultation, UK based commercial foster providers said they would offer them however did not do so at point of tender, 30% of providers did offer volume discounts but these are Welsh providers in the main not those who are the biggest profit making PE businesses.

Local Authority

Many of the Welsh LAs have published MPS which provide a clear message to providers on the services that they would like to commission in response to their locally assessed need. The MPS also specify what LA's intend to develop via their in-house provision, for example some regions within Wales are developing regional multi agency therapeutic fostering services. These developments are mainly grant funded and this is a risk should funding be reduced or discontinued. (For more information on the MPS please see response to Theme 2, qu 3.)

Within the response to Theme 1, Qu 1 we have made reference to the work of the NFF, however, even with the investment of the NFF the market remains stagnant.

As stated above our experience of 3rd Sector Providers is that they are able to call on a wider support spectrum to provide supplementary support to packages, what we are seeing is there are a number of LA's looking to develop and provide similar wrap around support. Some LA's are using ICF funding for this e.g. the Gwent Region are developing MIST across all LA's within Gwent.

6. With regards to private equity ownership of children's care homes and fostering agencies:

a. What features of children's care homes and fostering agencies attract PE investors? Are these the same compared to non-PE investors?

We are not in a position to comment on what attracts PE investors, however, we have experience of one foster Provider that published a 5 year investment plan setting out how they were planning to grow their services in order to strip assets and sell the business to be able to achieve maximum profit. This is reflective of what we see from a PE provider and this is not evident with non-PE providers.

We find that non-PE focus on social value and improving outcomes, with Welsh company directors having worked within health and social care public sector previously.

b. To what extent are property prices a driver of PE incentives to invest?

At the moment the property market is in a different position in Wales than in England. Property prices are increasing significantly. This could be a significant incentive for PE investors as the risk of loss of money is low when considering investing in those properties. An example of this is one of the PE providers that purchased a property from a LA in a very desirable location. The provider had purchased a large site with significant expansion plans but due to recruitment issues were unable to deliver, the price of property in that areas has since increased by 11.10%. Despite being a location with oversupply of care homes and a public facing statement to this effect, providers continue to purchase property and submit planning applications for children's homes in this location.

The current CPI rate is low and has been consistently low and it is anticipated that it will continue to be set at this rate over the next couple of years. The categories that are not affected by this low rate are property and transport therefore PE companies will look to target these areas.

We have seen an increasing use of rental properties for single occupancy children's care homes with lower quality housing stock for high-risk young people. This is fuelled by increasing evidence of Not In My Back Yard community attitude to development applications for children's homes with up to four young people, exacerbated by negative press coverage, and local campaign support opposing planning applications.

As stated earlier LA's are publishing MPS on a local and regional basis and this sets out the where the LA are looking to expand the market on a geographical basis setting out the needs as identified via the LA PCS.

In order to assist both the providers and LA's when we are approached by a provider looking to develop a children's home, we ask them to undertake a location assessment before selecting a property. The property must be suitable to deliver the model of care that the service will deliver.

[✂]

- c. Do PE investors in the sector have a shorter-term investment horizon than other types of providers, and if so, what effect does this have on the service they provide and investment in future capacity?**

Please see response to Qu 6a above.

- d. Do PE-owned children's homes or fostering agencies carry a higher financial risk profile or leverage than the other types of providers, and if so what effect does this have on the service they provide and investment in future capacity?**

In order to be placed on the All Wales Frameworks provider have to demonstrate financial stability. Some of the themes that were highlighted during the framework evaluation of financial stability include;

- Group undertakings

From the financial information submitted it was not clear where there were group undertakings where there was debt being shifted between different companies owned by the parent company. While they give us undertakings, we did not have sight of the full range of accounts so providers accountants can easily hide profit or debts. This was found to be a real challenge and makes it difficult for public sector accountants be able to identify risk. This was evident within both the large PE Residential and Foster care providers.

- Parent company structures

There was lack of clarity around Parent company structures, there was no clear indication of which company was applying to be included on the framework and when evaluating the financial submission we were unable to make links to the relevant up to date accounts for that company.

- Low liquidity

Some providers failed evaluation due to liquidity test, as they were showing low levels of liquidity. In order to understand that fully a request was made that the company provides further detail in terms of the reasons for low liquidity and provide assurances that the company is able to meet its ongoing financial obligations.

- New Company

There were several small new providers which are relatively high risk, due to limited funds, not being able to provide accounts, and there being limited trading information available.

e. What are the implications for the number of placements, price, value for money, location and quality of placements if group companies providing essential services such as children's social care are registered offshore?

In our experience the implications for the quality of the placement is significant as group companies registered offshore offer placements to the highest bidder, not considering the needs or appropriate match for that child and young person, resulting in an adverse impact supporting children and young people to achieve outcomes.

Theme two: Commissioning

1. How has the way in which local authorities commission places in children's homes, unregulated accommodation and foster care developed over time, what factors have driven this, and how is it likely to develop in the future?

Please also refer to Theme 1, Qu1 for information relating to All Wales Fostering Framework and All Wales Residential Framework.

All LA's across Wales are members of 4C's and have committed to use the All Wales Framework in the first instance to commission placements. The All Wales Frameworks require both providers and commissioners to use Children's Commissioning Support Resource (CCSR). CCSR is a service aimed at supporting the process of finding care settings for looked after children in Wales. LA placement teams use CCSR to find suitable placements. Only those providers that have listed care setting and places on CCSR are included.

The CCSR database holds details of care settings and vacancies from a range of service providers, including residential homes and foster carers. These are continually updated by care providers, ensuring that CCSR provides the most up-to-date information possible.

CCSR also holds details of non-framework providers enabling the LA's to extend their search when an appropriate framework match is not available. We encourage LA to continue to use the cost schedules for these placements which enables them to identify some of the key issues in relation to placement cost and quality. The Contracts Team within 4C's are able to offer advice and support for LA's who are considering awarding a contract to non-framework providers.

Over the last 3 years the use of CCSR has increased especially since the launch of the 2019 All Wales Residential Framework where both LA's and Providers saw the benefits of using the system.

[✂]

2. How able are local authorities to secure appropriate placements to meet the varying needs of children in their care, for a reasonable cost?

Foster

The All Wales foster Framework launched in April 2021 require providers to submit a Cost schedule that sets out clearly the costs in relation to Central staffing costs, Non-staffing costs, any other costs, Profit along with Foster Care related Costs i.e. foster carer fee and foster carer allowances. Maximum price schedules for a range of placement types e.g., core, sibling, parent and child, solo are submitted by providers (All Wales Framework) again with a biennial price uplift mechanism.

Childrens Homes

Since 2019 children's care homes on the All-Wales Framework provide cost schedules to commissioners to evidence the cost to price ratio for provision. Cost schedules specify central costs, care setting costs and model of care costs. At the point of provider responding to a placement request there is an opportunity for the cost schedule to be varied depending on the needs of the child.

Biennial price review mechanisms are in place to establish where core costs may have increased. Transparency of cost to price ratio is increasing through this mechanism. Average profit and reinvestment levels across the children's care home market on the national framework are between 5% and 15%.

Care Homes Complex needs

Providers who are not on the national framework lack the same transparency of cost base and are able to charge inflated prices for 'emergency' placements for young people who require complex care packages to meet their needs.

Commissioning the type of accommodation required to meet the complex needs of this group of children and young people from established regulated providers, has been a challenge. Following the traditional route; with purchase of a property, redevelopment/refurbishment, planning applications, staff recruitment and training in advance of opening a home, all taking around 26 weeks, prior to considering referrals and admissions. This traditional model is based on an average four bed home which maximises cost efficiencies, passing on lower prices to local authorities and offers a more normal home environment for children and young people to live together. This segment of the market continues to grow to meet demand but is not growing quickly enough to offer good placement capacity and choice

To what extent do features of the market limit the ability of local authorities to secure appropriate placements at reasonable cost, including:

- a. levels and uncertainty of future demand;**
- b. nature of demand, e.g. age profile of looked-after children or prevalence of complex needs;**
- c. levels of uncertainty of future funding;**
- d. level of access to information on providers and individual placement options;**
- e. any other factors?**

Please see Theme 1, Qu 1 response.

a) Levels and uncertainty of future demand and nature of demand

The work that has taken place to develop the PCS has assisted LA's in the analysis of need and demand. Please see attached the 4C's template for Placement Commissioning Strategy and the template for the Market Position Statements. Therefore, there is increased confidence for providers and LA's in the future development of the market, being clear on what is and what is not required. For more information on PCS and MPS see Theme 2, Qu 4.

As stated, earlier sufficiency is at a critical point as demand continues to grow at the highest end of the continuum of need. Most vulnerable children and young people in Wales are those at higher risk due to lack of provision to offer complex care packages.

Currently 14 of the 22 LA's in Wales have published MPS. The analysis of need and demand for foster care has highlighted the following.

- provision of core placements by the independent sector is not an area that they require an increase in provision. They would like external providers to invest in services in order to support an increase in core plus additional services, where these regions see demand continuing to increase for the next five years.
- One LA is most at risk from over dependence on individual private providers with hedge fund investments, who, should the market de-stabilise as a result of the end of the EU transition period, are exposed to increased financial instability as a result of less attractive funding terms outside of the EU. They commission the highest number of external foster placements in Wales and are the largest commissioning authority in

the UK, with one of the largest providers. These risks are monitored but delayed decision making politically may result in swift changes with an adverse impact on market stability.

- Within North Wales, there is a lack of healthy local competition of foster care provision, with market dominance by one private provider. Local authorities would like to see more charitable, co-operative and SME provision available within their area and are actively open to commissioning discussions with foster care providers.
- Three regions within Wales are impacted by the high level of placements made by English placing authorities. A cross border protocol encouraging a reduction in out of area placements would be beneficial and has been recommended by the Task & Finish Group on Residential Care within the Ministerial Advisory Group on Improving Outcomes for Children Looked After.

Provision of standard residential placements by the independent sector is not an area that LA require an increase in provision. They would like external providers to invest in services that meet the identified gaps in current provision which include;

- Local emergency / crisis models of care.
- Step down from Secure Welfare.
- Homes with evidence-based models and proven outcomes.
- Support for emotional and mental health needs

West Wales is a region that has an oversupply of both foster and residential placements, although sufficient in number, there is a deficit in capacity that meets the needs profile of local children.

North and West Wales are large host regions for placing local authorities from the rest of Wales and England, this places significant pressure on their resources including Education and Health services.

[✂] [✂]

c) Levels of uncertainty of future funding.

Non-standard sole, bi- and tri-partite funded placements include placements where Health or Education departments contribute, or where complex need has forced higher cost, or where additional support is provided for complex need. These placements include short term placements, short term breaks, shared care, solo, and transition placements.

Table 4: Number of non-standard placements in Wales by funding arrangement (sole, bi-partite, tri-partite) Number of non-standard placements as at:	Social Services (sole)	Social Services and Education (bi-partite)	Social Services, Education and Health (tri-partite)
31 March 2016	192	73	36
31 March 2017	171	75	23
31 March 2018	157	85	20
31 March 2019	140	92	27
31 March 2020	224	98	33
Total	884	423	139

Source - Placement baseline information data collection

You can see from the above table that the number of sole placements has increase along with the number of bi-partite funded placements between Social Services and Education. There continues to be debate between Social

Services Education and Health in relation to funding for placements where there has been an assessed 'health need'.

In-house placements

In-house placements can be both standard and non-standard placements at foster and residential settings that are internally provided by the local authority. Like data on non-standard placements, this data was sourced from the placement baseline information data collection.

Table 5:	In house Looked After Children (LAC)
Number of in-house placements in Wales	placements
Number of in-house placements as at:	
31 March 2013	2,670
31 March 2014	2,408
31 March 2015	2,408
31 March 2016	2,494
31 March 2017	2,425
31 March 2018	2,279
31 March 2019	2,161
31 March 2020	2,476

Source: Placement baseline information data collection.

The number of in-house placements decreased year on year between 2016 and 2019 but increased in 2020. It is likely that this increase is due to improved data collection/submission by LA i.e. as at March 2019, 16 of the 22 LA's submitted their quarterly baseline data returns, in April 2019 the 6 North Wales LA became full members of the 4C's so there was a significant improvement at the end of March 2020 when 21 out of 22 LA submitted their returns.

The Children's Commissioner for Wales report – No Wrong Door; bringing services together to meet children's needs highlighted the need for discussions and made recommendation for consideration in relation to funding for children's services. The recommendations set out within the Children's Commissioners Report include recommendations for;

- sustainable funding and support for transition, requesting that WG revisit how financial incentives can be used to support Regional partnership boards to upscale pockets of good practice in their regions.
- WG to make funding available to achieve better experiences and outcomes for children, this should include system change to implement the 'no wrong door' approach.
- Pooled funding and joint commissioning. More must be done to encourage and facilitate pooled/shared funding and joint commissioning.
- Development of residential provision for children with complex needs to provide care and support for both mental health and social care needs. The current review of 'safe accommodation' must lead to development of new residential provision in Wales for children with complex needs.

3. To what extent does the capacity, capability and practice of local authorities limit their ability to secure appropriate placements at reasonable cost, including:

- a. the relative use of frameworks, block contracts or cost and volume contracts, as against spot purchasing;**
- b. the extent to which local authorities proactively forecast demand and seek to attract providers into their area;**
- c. levels of collaboration between local authorities in planning and purchasing;**

In January 2018 National Commissioning Conference 4C's launched the Placement Commissioning Strategy (PCS) template, along with the launch of the template an offer was made to the LA for the 4C's to either write the LA PCS, support the LA to draft the PCS or to play the role of critical friend. As a result of this offer, 4C's have assisted LA's across Wales to draft a PCS, to better understand the needs of the children in their care, desired outcomes, drivers for change in order for the LA to be able to;

- shape the internal services to maximise the benefits of public sector provision in terms of quality and value for money;
- to work in collaboration with public sector partners across the Regional footprint where this offers identifiable benefits;
- to increase placement choice supplemental to their sufficiency duty to enable good matching;
- to co-produce outcome focussed services acknowledging that there are a range of different methods for strategic commissioning with multiple partners who may be co-operatives, charities or commercial partners.

The PCS ensures that there is a clear vision underpinning the LAs approach to commissioning and ensures the vision aligns with corporate planning duty. This PCS informs:

- the shaping of internal placement services;
- partnership working approach to placement commissioning with stakeholders, and a range of public and private sector partners;
- Market Position Statement. (MPS)

4C's are now working with LA's to draft the MPS which looks in depth at the market on a local and regional basis and will;

- act as a starting point for discussions between our region and care providers;
- provide data on current placements and forecast demand to inform providers on specific areas of growth or need across our Region.
- identify priority service areas of regional development where LA/regions want to co-produce, collaborate and commission services from providers

d. ability to recruit and retain appropriate staff to carry out their planning and procurement functions;

One of the biggest factors to limit ability is the resource dedicated to this. There is limited capacity in Childrens Commissioning Teams compared to the Commissioning Teams for Adult Services. In our experience of working with LA across Wales the role of commissioner is often added onto another role not giving them the time of focus that is needed to ensure appropriate planning and procurement functions can take place.

4C's aim to assist LA with commissioning and contracting as much as possible by developing tools and process to support this function, however while we do as much as we can there are still gaps. When under financial pressures investing in Contract Monitoring often suffers without the LA seeing the bigger picture in relation to the possible results in savings on value for money and good quality placements.

4. Are there examples of good practice within or among local authorities that have been effective in overcoming any of these potential difficulties?

New, more complex partnership arrangements, between the public and private sector, have experienced challenges with registration and operational issues but have been necessary innovations to fill gaps in the market. This bespoke segment of the market is likely to continue to increase.

Theme three: Regulatory system

1. Please briefly describe the regulatory system and your assessment of its effectiveness in supporting good outcomes in children's social care. In particular, we welcome comments on:

We are unable to make direct comments in relation to the regulatory system however we are able to comment based on an outside viewpoint.

a) The interplay between regulators and government, local authorities and providers.

4C's relationship with CIW

4C's have always worked well with CIW but this has improved significantly especially during the COVID-19 pandemic.

Previously there was an agreement for CIW to share inspections reports direct, to assist 4C's monitoring officers to identify priority homes and to be able to structure the focus of visits. Unfortunately, due to staffing constraints within CIW this led to delays in receipt of Inspection reports.

As the restrictions put in place throughout COVID-19 meant that no face to face or direct home monitoring visits could take place for both CIW and 4C's, in order to maintain communication and to be able to better share information fortnightly meetings were arranged and continue to take place. Both organisations value these meetings and the outcomes of both monitoring and inspection visits can be discussed with agreement on how to take forward and address these issues.

More recently 4C's Contract team have been represented at Strategy Meetings along with CIW, as an observer but again the value of 4C's contribution has been acknowledged and 4C's contracting team have been able to support the process with information sharing across LA's.

[✂]

Providers relationship with CIW

We are unable to make direct comment on this relationship, however we can make the following comments based on discussion that we have had with Providers.

Providers have previously expressed concerns about length of time taken to complete registration. They acknowledge that this is a detailed process however, during COVID-19 there has been a fast track registration process that has enabled speedier registration.

The unfortunate timing of the introduction of RISCA has also led to challenges for Providers. This is highlighted within the CIW inspection reports where the number of non-compliance notices in relation to paperwork, documentation with the majority of requirements being in relation to management and Leadership. As stated earlier the pandemic meant that there were no Inspection visits taking place if this was possible these issues would have been resolved straight away.

Local Authorities relationship with CIW

Again, we are unable to make direct comments but again from discussions with LA, they feel the lack of sufficiency leaves them with no option but to place with unregulated providers. They acknowledge the challenges around unregulated placements and where support providers have/have not been offering care and this continues to be a regular area of discussion between LA and CIW. This will continue to be active discussion until we move to a better position in terms of sufficiency.

CIW relationship with others

We are unable to comment for CIW however we are aware of their concerns around the lack of transparency in the use of DOLS. They are looking to changing process so providers will need to notify them where a DOLS in use.

CIW Thematic review is referred to in Theme 1 above.

b) The range of the regulators' functions and whether they ought to be reduced or expanded in any way?

4C's would like to see the regulators functions expanded to include the following;

- Review of the fast track registration process

As part of its regulatory role, CIW is responsible for registering new social care services in Wales. As stated above, during COVID-19 period, the CIW adapted its operations, prioritising new applications and variations for registration to help create additional capacity. This was assisted by a fast-track registration scheme by the CIW during the pandemic. The effectiveness of this should be reviewed and learning utilised to speed up future registrations to meet lack of sufficiency in the market.

- Expand regulation to include supported accommodation for up to 18year old (not just under 16yrs)

The expansion of regulations to cover supported accommodation for children not just under 16 but also under 18-year olds. This would help prevent poor quality outcomes for care leavers and those young people who are placed with unregulated care/support providers.

c) The operational effectiveness of regulators and whether this could be strengthened by reform of their remit and objectives, resources and skills-sets and/or powers.

The key issues that we can see relate to resource, recruitment, and retention.

From an outside perspective we can see that the WG placing a freeze on recruitment has had a detrimental effect of the effectiveness of the regulators. This has affected the speed at which they can respond to new development.

2. Are there particular problems in the way placements are supplied and commissioned that the current regulatory system is not well-equipped to address?

Please see response to Theme 3, Qu1

3. Does any aspect of regulation create any perverse incentives on local authorities, providers or other actors, which are driving sub-optimal outcomes?

- Direction from family courts

Often unregulated placements are cases that have been in the family court arena and Courts have directed local authorities to place in unregulated placements. There is a perverse incentive here, provision by reputable registered providers can take up to 26 weeks to register, and yet there is direction for the regulator to prioritise providers who sidestep the appropriate route, thereby giving them competitive

advantage, jumping the queue, over regulated providers who try to develop bespoke solutions but stay within the regulations.

4. Where local authorities use unregulated placements, how do they ensure that these are appropriate in the absence of regulatory oversight? In England, how might this change as a result of the government's recent announcements?

Please see attached Pre-Placement checklist.

[✂]

4C's provide advice and support to LA when considering unregulated placements. This advice includes;

- Preplacement checks. There is a pre-placement checklist that LA are advised to follow prior to awarding a contract to an unregulated provider.
- Increased monitoring arrangement put in place.
- LA can refer any issues and concerns into the process (See response to Theme 1, Qu 3 above).

Theme four: Pressures on investment

1. What are the main drivers of, and barriers to, decisions to invest in new children's homes capacity by local authorities, private sector and third sector providers? Please consider:

- a. Levels, nature and certainty of future funding;**
- b. Levels, nature and certainty of future demand;**
- c. Expectations of the level of prices in the future;**
- d. Regulatory and policy frameworks;**
- e. Barriers to the acquisition of appropriate property;**
- f. Barriers to the recruitment and retention of appropriate staff;**
- g. Any other factors you think are significant drivers or barriers.**

Please refer to response within Theme 1, Qu 5 and Qu 6 for further information on incentives and barriers to invest.

As stated in the response to Theme 1 extensive consultation took place prior to the launch of the All Wales Frameworks for both Residential and Fostering Services. Part of the consultation asked for views on drivers and barriers to decisions on investment.

The outcome of the consultation when asked about drivers for investment within children's residential market included the following:

- The All Wales Framework
 - o having a less complex commissioning procurement approach
 - o being open framework
 - o Removal of maximum price structure
 - o Framework cost schedule information
 - o No Levy
 - o Option for block purchasing by LA's or Regions
- Clear levels of demand and needs
 - o LA's being able to undertake Needs Analysis to more accurately inform PCS.

- Placement Commissioning Strategies being able to clearly demonstrate the requirements of LA and regions to set out detailed Market Position Statements
- Clearer setting of outcomes at placement start to evidence outcome delivery
- Improved communication and trust between LA's and providers

The outcome of the consultation for Foster Services were similar to those outcomes of the residential consultation and included the following;

- The All Wales Framework
 - Retaining current geographical lot structure
 - Retaining the tier/ranking system to keep standards high and demonstrate quality
 - Retain the current QPA process
 - Clear terminology within the Terms and Conditions of the Framework
 - No levy
 - Review the price structure
- Workforce development and training e.g. Outcomes, improve the current knowledge and understanding of how to set outcomes by social care staff.

WG Market Stability requirement will mean that LA's and Health Boards need to assess the impact of commissioning, planning and procurement activity on the stability of the market. MPS will clearly set out LA requirements for development of services, including what they want and what they don't want.

An outline of some of the barriers that Providers have raised with 4C's throughout the consultation period include;

- Being able to successfully recruit and retention of staff.
- Appropriate training being made available.
- Funding being available. Funding is mainly short term which does not necessarily deliver sustained outcomes due to the nature of the funding.
- Providers and LA all placing bids for funding from same pot of funds.
- Responding to RISCA, new regulations
- Trading conditions between UK and Europe - With uncertainty over the financial trading conditions between the UK and Europe, hedge fund investments that have been hit hard in the UK during COVID-19, may be hit harder after the EU transition period. If UK companies were to become less attractive to investors, then the largest private care providers across the UK could be badly hit. In children's care in Wales, this risk particularly links to three large private providers¹⁴.
- Not in my back yard mentality
- The political agenda in Wales to remove profit from the sector is causing the foster market to de-stabilise. The unintended consequence of aspirational discussion, with high levels of media coverage, is to increase the anxiety of Welsh SME's in the market and increases the risk of them being acquired by larger more commercially focused profit driven UK wide organisations. This could be a huge loss in terms of quality and diversity of the Welsh market.

2. What are the main drivers of, and barriers to, decisions by local authorities to expand their use of in-house foster carers, and to new independent fostering agencies entering the market or expanding their operation? Please consider:

- a. Levels, nature and certainty of future funding;
- b. Levels nature and certainty of future demand;
- c. Expectations of the level of prices in the future;
- d. Regulatory and policy frameworks;
- e. Barriers to attracting and retaining appropriate foster carers;

f. Any other factors you think are significant drivers or barriers.

Please see response to Theme 4, q 1 above.

PCS and MPS looks in depth at the market on a local and regional basis. The outcomes of the need's analysis and the market capacity within these areas dictate where and what type of provision is needed. LA's also look at the type of in-house services that they provide and whether this can be reconfigured with new models of service or whether this would not be cost effective and consider the use of external provision.

The Social Care sector staffing is sourced from the same staff pool whether this is in house or external provision. It is assumed that employment within a LA setting may offer better terms and conditions to that of an external provider.

3. Within the private sector, does the ownership model, particularly whether or not a firm is private equity-owned, affect the appetite of a provider to invest in providing new placements?

Please see response to Theme 1 questions above.

5. Are there actions that government, regulators, local authorities (acting independently or collaboratively) or other actors could take to support more investment in capacity where it is required?

Listed below are some of the areas that 4C's feel would support more investment in capacity where required;

- The availability of public sector Integrated Care Fund (ICF) and transformation funding to target the highest risk and largest gap in provision.
- There is also real scope for a nationally sponsored and managed programme of development in secure care and step down from secure care. This could address issues with integrated commissioning of complex packages, specifically mental health, secure diversion, and emergency crisis beds.
- Increased collaboration between the public and third sectors across residential and fostering service provision. Opportunities are greatest in fostering where the third sector has an established alliance under the banner of the Charitable Fostering Providers Cymru.
- Whilst the policy intention may be to increase the provision of local authority foster care, commissioners should take care to nurture existing SMEs in Wales.
- Increased innovation of hybrid models between foster and residential care for those children and young people who would ideally be in a traditional foster family but due to diminishing carers need new solutions across the placement spectrum.
- There is much to learn across Wales from sharing practice in 'edge of care' and family reunification developments and newly established local authority children's residential care homes.
- The Welsh and UK Governments should develop clear cross border protocols in relation to placements where children move from England to Wales and from Wales to England