

**The Independent Children’s Homes Association Ltd response to the
CMA Study of Children’s Social Care Provision**

The Independent Children’s Homes Association Ltd is the not for profit membership organisation representing the providers of residential child care in the private, voluntary and public sectors.

Theme one: Nature of supply

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?

As this response is on behalf of the Independent Children’s Homes Association Ltd, it will mainly be limited to children’s residential care.

It is interesting that the CMA has identified supply as its first theme. ICHA would argue that supply is led by procurement, in that the current models of procurement are dysfunctional, as evidenced in the most recent State of the Sector¹ report published in December 2020.

The history of children’s services and the creation of child welfare laws that have driven the need for foster and residential care is well documented elsewhere. However, once regulations began to tighten and local authority children’s homes began to close, private enterprises stepped in and this area grew rapidly. It is interesting to note that in 1989, when the introduction of the Children’s Homes Regulations 1991 was being discussed in parliament, the then Secretary of State, David Mellor stated,

“It is not part of our policy to see an explosion in the number of private children’s homes. We know that the trend is moving away from children’s homes of any kind towards fostering and adoption. One of my regular duties is to sign documents that, in effect, remove children’s homes.”²

However, with their introduction³, Local Authority homes did begin to close, as compliance with the Regulations required significant investment, and private provision began to increase. In 2001, these were replaced with regulations⁴ that made further requirements on accommodation, thereby effectively reducing capacity in each home. This trend has continued with successive Regulations and Standards with further requirements on staffing levels and tightening of safeguarding expectations. As a result, staffing levels are higher and home capacity is now much smaller.

Therefore, whilst the numbers of homes have increased steadily, the number of beds has not kept pace. Ofsted’s figures for 2020 report a 7% increase in homes but only a 1% increase in beds in the 2019-20 figures.

“The rise in the number of places did not keep pace with the increase in the number of homes. This is mainly caused by new children’s homes being smaller than those that close. The average number of places for a new children’s home was 3.4, while the average for a closing home was 5.1.⁵The consistent pattern over the last 5 years has been of homes increasing at a greater rate than places.

² [HANSARD 1803–2005](#) → [1980s](#) → [1989](#) → [October 1989](#) → [23 October 1989](#) → [Commons Sitting](#) → [Schedule 6](#)

³ Children’s Home Regulations 1991

⁴ Children’s Home Regulations 2001

⁵ [Main findings: children’s social care in England 2020 - GOV.UK \(www.gov.uk\)](#)

While the number of all children's homes increased by 19% between March 2015 and March 2020, the number of places increased by 3% over the same period."

Nonetheless, the numbers of children being placed in children's homes has also grown. In March 2011, 4,840⁶ were reported to be placed in children's homes. In 2020, this had risen to nearer 7,000. Significantly, the needs of children placed has also changed dramatically. In 2012, the DfE reported that *"Children placed in children's homes are less likely to have abuse or neglect identified as their primary reason for being looked after than children in foster placements. They are more likely to have their primary reason for being looked after recorded as their disability."* In 2019/20, the vast majority of children placed in private homes have a primary need of social, emotional and behavioural difficulties, which generally originate from adverse childhood experiences.

The growth of large companies providing children's homes has, perhaps been driven by the reduction in size of individual homes. When large numbers of children were cared for with low overheads, profit margins were comfortable, and providers had little need or no incentive to expand massively. Further to this, social care funding was buoyant and placement costs were easily met by placing authorities.

However, as home sizes have shrunk, more homes are needed to meet costs and make profit. Profit is required, on a basic level, to invest in services and enable further expansion. Providers began to look to external investment to enable their expansion. Once a decent return was seen, venture capitalists began to show more of an interest in the sector.

Following the stock market crash in 2008, local authority funding has been targeted year on year resulting in cuts in local services and inevitably, a smaller budget to fund placements. The larger organisations, due to their capacity and funding, have been able to diversify and grow despite this, taking advantage of block contracts and specific arrangements with placing authorities designed to reduce costs per child. They can generally also meet individual children's needs throughout their time in care, providing foster placements, children's homes, therapeutic services, education and 16+ provision, all within one organisation and despite the media view, they do it well as measured by the percentage of 'good' and 'outstanding' Ofsted ratings.

However, the continuing strain on finances negatively affects the small to medium providers. Their viability relies on working to optimum capacity, but the combination of a lack of relationship commissioning, increased regulatory requirements and the increasingly complex needs of children requiring residential care has resulted in empty places, closures year on year and buy-outs by bigger organisations. Add to this the costs of setting up a new home, estimated recently by one large third sector provider at around £1,000,000 in some parts of the country, and there are fewer new providers successfully entering the market or small providers expanding.

All of this suggests that we will see more growth in large, often financially backed providers in the sector, as for smaller providers to flourish, they either have to specialise in niche services for which there is a high demand and high return or have substantial personal capital to withstand any other turns in the market.

⁶ CHILDREN'S HOMES IN ENGLAND DATA PACK March 2012. DfE

Regulation

Regulation has rightly played a significant role in shaping the current market.

- Regulation has arguably driven down the size of homes as smaller provisions are seen to be more conducive to better outcomes (although Ofsted grades of larger provisions suggest that this is not true)⁷.
- Homes are assessed as meeting one of 4 grades from Inadequate to Outstanding. Many local authorities only place with homes that are Good or Outstanding despite 'requires improvement' actually being defined as *meeting the quality standards*. New grades can only be awarded annually. Consequently, many affected providers report that they struggle to fill vacancies in the year in between. During the Covid pandemic, some homes have been on these lower grades for nearly 2 years. Some local authorities who operate this policy then may choose to place in unregulated accommodation. The beds are there, but they are not used.
- The overwhelming reason given for vacancies in homes is the need to 'placement match'. Ofsted rightly require that homes do Impact Risk Assessments on all referrals, against the needs and behaviours of the children already living there to establish potential risks, to ascertain whether the children would live well together, and whether the home can meet their needs. Ofsted subsequently assess the suitability of placements and the efficacy of the matching decisions during inspection, and this can impact on home's grades. This has led to a shortage in available beds and arguably an increase in the use of unregulated accommodation.
As stated earlier, the cost of opening a home can be prohibitive to new entrants. Some of this is down to the way in which homes are registered. Ofsted require that providers are ready to be operational on the day of registration. This means that all staff, furnishing and fittings, policies etc have to be in place prior to an application being submitted. Ofsted can then take upwards of 16 weeks to register a provision-and there is no guarantee that an application will be successful.
- Further to this, providers are encouraged to consult with local residents, and may have to meet planning requirements. All of these factors add significant delays and barriers to successful registration.

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?

- Large providers operate over many geographical areas and sometimes across national boundaries. This national scope enables flexibility when considering placements. For example, where children cannot be accommodated in local placements, alternatives can be readily offered elsewhere with the potential for internal movement once local placements become available.
- Size offers diversity. Larger providers often provide schools, therapeutic services, step across services through internal fostering and differing sizes of homes. This diversity can alleviate the impact on public services but of course, will bring additional cost. However, the cost to local authorities, when commissioning these services from receiving LAs when placing a child out of area, often outweigh those additional costs from private providers.
- Financial backing enables larger providers to expand more quickly both through acquisition and setting up new provision and this added capacity gives them more power and flexibility in the marketplace.
- The ability of larger organisations to obtain swifter registration was particularly evident during the national lockdowns. Ofsted fast tracked applications from organisations that already had a track record and on which they held significant information. Furthermore, when acquiring other companies, those homes continue to operate whilst awaiting re-registration. This immediately ensures that revenue is maintained whilst the registration processes continue.

⁷ Children's social care in England: 2019-20 Underlying Data. Ofsted

- The different categories of children's need - SEBD, PD, LD - dictate the type of child admitted to a home, and this may also influence the capacity within a home. Provision for children with LD or PD are often short stay and can meet the needs of up to 30 children, although they may be registered as having 6 beds. This type of facility is disproportionately provided by local authorities.
- The geographic region in which providers operate is dictated in part by the availability and cost of housing stock. Hence, provision is scarce in London and surrounding areas, despite need. Again, this would suggest that larger, financially buoyant organisations will be the ones with the best ability to plug these gaps.
- Despite the above, smaller providers continue to make up the majority of the Residential Child Care sector but this is decreasing year on year.

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

The way that outcomes are measured is of questionable value. Our children in care are compared against the general population, whose life experiences are often diametrically opposed to theirs. It would make more sense to compare outcomes for before and after entering care and to make these measurements the standard by which outcomes are assessed nationally. These are available. The DfE National Statistics for 2019⁸ clearly demonstrate that outcomes improve for children once they enter care. Their absenteeism falls in line with the general population and their key stage outcomes improve against those children on the edge of care. The fact that children on the edge of care have high levels of SEN support and EHCPs, demonstrates that poor outcomes are not driven by being in care.

This gives weight to the argument that undesirable outcomes for children come about through a combination of factors. The main driver are the adverse childhood experiences (ACEs) experienced by the vast majority of SEBD children in care, not primarily the care they subsequently receive.

The care system is underfunded and understaffed. Children are often not brought into care until their teens, although they may well have been known to social services since birth. We know that ACEs have lifelong effects on people and until this is acknowledged and steps taken to address need prior to the crises that bring them into care, these outcomes will continue.

Nonetheless, once a child comes into care, establishing the right placement first time is paramount for stability and consistency, as these generally have a positive effect on the young people and their progress. To achieve it can be argued that we require a robust assessment process and impact measurement mechanism used across the sector, rather than the current multitude of tools most of which are operating without any evidence of their effectiveness. It is suggested you talk with Dr Mark Kerr mark@outcomesofcare.com.

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

a. Local authority

Local authority children's homes were typically large establishments up until the late 80s, when they became subject to the same regulations and inspection criteria as private provisions. As a result, many of the homes closed as they were not fit for purpose and standards of care were unacceptable. At this time, many local authorities chose to use private provision and a boom in private homes followed.

⁸ Outcomes for children looked after by local authorities in England, 31 March 2019. Department for Education. National Statistics

The current make-up of the local authority provision has developed differently to the private sector in that a significant proportion of beds are specialist. Local authorities provide short stay/respite facilities, often for children with physical disabilities and complex physical and/or learning needs. Many of the long stay homes provided by local authorities also focus on learning and physical disability.

Other, more specialist facilities designed at keeping children out of care have developed, that include 12-week intensive programmes, assessment provisions and 'No Wrong Door' set ups and these are almost exclusively run by local authorities.

Local authorities also continue to provide all but one of the secure children's homes in England.

Local authority's provision of EBD homes has decreased significantly over the past decade and their homes have become smaller in capacity, typically providing between 2 and 6 beds per home. But in comparison to the private sector, this type of provision is small. Nonetheless, there is a current move by some local authorities to open new SEBD homes as a way of keeping children local, having more say over placements and attempting to reduce costs. Whether this is a financially viable or sustainable solution is open to question.

b. Private – private-equity owned

The growth of equity owned or backed companies has accelerated over the last decade. There has been a continual year on year growth in the numbers of children coming in to care with little expectation of this slowing down, and once the adult care market became less lucrative and more precarious, these companies looked for other sustainable areas to invest in and the jump to residential children's care took place.

Some organisations such as Advanced Childcare were privately backed from early in the 90s. Their vision was always to expand, and they have been bought out a number of times over the past decades now forming part of the CareTech group as Cambian. Rather than being private equity owned CareTech PLC is listed on the London Stock Exchange.

c. Private – non-private-equity owned

This is the largest section of residential childcare provision and has been so for a number of years. However, increasingly over the last decade, small to medium sized organisations have been bought out by larger companies that may or may not be backed through private equity.

It is likely that this downward trend will continue which may adversely affect diversity and choice within the private sector.

d. Third sector

Third sector homes have been in operation much longer than other non-local authority residential provision. They, like others, have become smaller over the years and therefore residential capacity is a lot less. However, they are generally more specialised, providing hospices and specialist therapeutic homes.

The third sector also provides a lot more commissioned services to local authorities as an addition to residential care through adoption, counselling and special projects.

Some such as Barnardos are also more widely recognised now for national campaigns as opposed to their in-house provision.

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 (e.g., do they have incentives to invest in new capacity), price, value for money, location and quality of placements?

- Value for money is a subjective principle that local authorities and providers have been trying to pin down for many years, with little success. It is hard to quantify the personal growth and experiences of children and how much the placement setting has influenced these. Therefore, the most objective assessment of quality available is arguably the Ofsted judgement. The Ofsted grades for local authority and private/voluntary homes are equitable, suggesting that the standards of care across all provisions are not dissimilar.
- Ofsted grades indicate that there is no evidence that the location of a home or size of a company offers better outcomes for children, it is the quality of the care provided.
- Overall, a private residential placement cost is lower than local authority. The PSSRU found that mean costs for an in-house residential placement by a local authority was £4976 per week. The mean of private of voluntary placements is £3862⁹. This, combined with the equity of grades suggests that the private and voluntary sectors are currently providing value for money.
- PLC and equity backed organisations have more ability to invest in other fields and increase their numbers of placements, but this often comes about through acquisition rather than new projects. Thus, many equity-backed organisations are increasingly able to offer diverse services.
- Medium sized organisations are arguably more likely to increase capacity, as they do not have the capital to acquire established businesses.

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?

Potential for growth thereby a concentration on quality and occupancy.

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

Given the likelihood of property prices rising year on year, this is not perceived as a dis-incentive to investment.

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?

Whilst this may be the case, we do not perceive this as necessarily having a negative impact as for the business to be ‘marketable’ it needs to have investment in quality and in growth.

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?

Whilst this is a question for others to respond to, the effect is positive as identified in the answers above.

⁹ Unit Costs of Health and Social Care 2020: PSSRU

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?

Whilst ICHA has opinions on some of these areas, we do not believe we are qualified to provide a robust answer to Section 6 questions other than in the brief comments above.

Theme two: Commissioning

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?

- Commissioning was historically carried out on a relational basis. Commissioners and social workers visited homes and knew the people they were dealing with. Once EU procurement regulations became part of the process, commissioners became more removed, and decisions became more ‘tick-box’ and financially based. Procurement teams grew and the cost involved in developing and maintaining procurement models has ensured that this has become an industry in itself.
- Different purchasing mechanisms such as frameworks and block contracts were developed as ways of meeting sufficiency.
- Initially, providers joined frameworks in the belief that this was the only way to secure placements.
- Over the last 5 years, providers have become increasingly disillusioned with these mechanisms, as they often placed all the risk on the provider and kept remuneration levels low. Consequently, providers are now securing more placements on a spot purchase basis. The ICHA found this to be 82% of current placements¹⁰. This enables the provider to have more control over the costs and terms of the contract.

However, this has resulted in local authorities competing in order to secure placements nationally and locally.

- Reliance on Ofsted grades has led to unnecessary placements in unregistered provision. This has most likely come about through insurance concerns and a lack of knowledge of and curiosity about the homes involved. The decision regarding the use of certain grades of home is likely to come from Elected Members or the Directorate level, who are often very removed from commissioning but would be the target of questions about the suitability of placements.
- Procurement regulations put specific requirements on local authorities but also restrict their flexibility in developing more innovative ways of securing sufficiency. These regulations were intended for purchasing dustbins or cleaning services rather than the procurement of social care but have become the driving force behind commissioning and framework developments.
- More local authorities are joining together for commissioning purposes and a number of joint initiatives with providers are in development to specifically look at innovative commissioning and procurement. The only example, to any scale, is that taking place in the south each where ICHA and West Sussex co-sponsor a DfE funded project involving fostering and residential providers and four local authorities.

Unfortunately, some co-production initiatives have been in name only. For example, SLCP spent 2 years ‘consulting’ with providers in order to produce an innovative commissioning model that reflected the needs of both parties, only to produce a model that was totally focussed on the needs of the local authorities involved.

¹⁰ 7th State of the Sector Report. ICHA 2020

- As unregulated accommodation is set to become regulated, this option will no longer be available to local authorities. However, it is envisaged that a number of these providers will look to register, but this will be largely dependent upon the costs involved.

How able are local authorities to secure appropriate placements to meet the varying needs of children in their care, for a reasonable cost? Delivering procurement carries its own costs and these could be greatly reduced by longer contracts. The cost is not just on the LA but is also considerable in terms of the provider, who is required to repeatedly complete forms for multiple frameworks and dynamic purchasing schemes without any confidence of receiving placements.

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.

Local authorities generally fail to measure historical levels of need or impact. Some are starting to explore options, but this is generally being led by larger providers, who are increasingly looking at such models as the Child and Adolescent Needs and Strengths model introduced into the UK by Dr Mark Kerr¹¹. Implementation of such a model nationally by both local authorities and providers would enable needs to be forecast and providers to make a business case for growing their business in a particular direction. Larger providers have greater capacity to take a growth risk without such data than the smaller provider with one or two homes.

b. nature of demand, e.g., age profile of looked-after children or prevalence of complex needs.

As already described LA's tend to utilise their own in-house provision more often for such complex needs as disability and health. For the more complex needs of SEBD and mental health, there has historically been an over reliance on secure provision and with cuts to the number of such placements available places are increasingly being sought for older adolescents in 'open' children's homes.

c. levels of uncertainty of future funding.

Through frameworks, LAs seek placements at unrealistic pricing levels and fail to commit to even the most rudimentary increases, such as cost of living or those arising from changes in national living wage or other central government led policies.

d. level of access to information on providers and individual placement options.

Information is increasingly available but calls upon the building of relationships. ICHA has recently launched a 'placement hub' on its website to further facilitate this. Residential childcare has no career pathway or perceived status. This is referred to elsewhere in this response.

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.

The vast majority of placements are via the route of spot purchase (82% as identified in the State of the Sector 2020) be that within a framework or outside of one. This provides no confidence to the sector to enable growth and planning. Few in local authorities are prepared to explore with

¹¹ www.tcom.england.org

providers what is required to secure appropriate placements at reasonable cost, despite most providers being willing to join such a conversation. The project sponsored by the ICHA and East Sussex is the only example we are aware of where this is happening.

b. the extent to which local authorities proactively forecast demand and seek to attract providers into their area.

To our knowledge, no local authority has an accurate measure of forecasting need despite the availability of the CANS model referred to earlier.

c. levels of collaboration between local authorities in planning and purchasing.

Recent indications are that local authorities are leaving the larger framework groups and working in smaller groups or individually.

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

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

- The group in the south east comprised of West Sussex, Portsmouth, Kent and Milton Keynes (that are a subgroup of the SESLIP 19 authorities) are working at this together with ICHA and others in the independent sector.
- Middlesbrough and Plymouth working with CareTech Cambian, working to keep children local through partnership work that attempts to anticipate need and plan local occupancy.
- South Central working with Keys Group on a form of block contract.

Theme three: Regulatory system

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:

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

- Ofsted's regular response to challenge, such as suspending graded inspections during the pandemic, has been 'We're only following what the Secretary of State tells us to do'. This lack of autonomy does not offer confidence to those inspected and regulated by them.
- There has been dissatisfaction voiced by RCC providers around Ofsted's lack of engagement during the pandemic and their reliance on Regulation 44 visitors to maintain an oversight on provisions.

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

- The range of functions is expansive, and the addition of currently unregistered establishments will increase regulator's workloads further.
- Providers regularly complain about the registration process and the length of time it takes to get a home operational. During Covid, this was successfully fast tracked for many applicants, as inspectors were not inspecting. This suggests a lack of capacity and there is therefore an argument for either an increased cohort of specialists in this area or for this to be a separate function/department. Either option would ultimately increase capacity in the marketplace and decrease initial expenditure for those wanting to enter the sector.

- Registration requirements have changed and evolved over the past decade and have become more prescriptive. Providers are now required to have the property ready to operate and staff teams in place in order to secure registration, but there is no guarantee that it will be successful. The cost of opening a home therefore is considered to be between £100,000 and £1,000,000. As a result, potential providers must have sufficient capital to enable them to manage costs in the time between applying for and obtaining registration. This precludes entry into the market for many new provisions, adding to the growth of larger, equity backed organisations who can acquire existing operations and better afford to open new ones. This lack of flexibility in the registration process is inhibiting much needed new investment in the sector.

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.

- In order to pick up the currently unregulated 16+ provision, Ofsted's capacity would need to increase significantly.
- It would appear that increasing capacity could enable a smoother and quicker response to registration.
- Removal of Ofsted's role in registering managers and placing this in a professional body would potentially free up capacity and establish a professional body, thereby raising the status of residential child care.

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

- Commissioners tend to see the status of 'Requires Improvement' as being one of not being good enough rather than its definition of 'meets quality standards but is not good enough to be good'. This could be easily rectified by changing the terminology to 'meets quality standards'.
- In our experience, Ofsted has little input into or effect on commissioning practices.

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

- The 'fear' of losing a 'good' or 'outstanding' status results in some providers generally not being prepared to work with children perceived as being high risk.

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?

- Local authorities are expected to conduct their own due diligence on unregulated placements and the adequacy of this is then inspected by Ofsted and reported on in the LA Inspection reports. We are unaware of any collation of this specific information but suspect it must be poor due to the calls for regulation and registration of this sector.
- The use of unregulated 16+ provision by many local authorities when children still have identifiable care needs is of concern. In a survey of ICHA members, respondents identified that a majority of their children aged 16+ were moved on to unregulated provision despite this being contrary to their needs, as identified in their most recent statutory review.
- ICHA is of the belief that all residential childcare provision should be registered but that 16+ provision requires a variation to the quality standards in place for children's homes.
- We hope that the Government's recent announcements will bring about an end to any unregistered and unregulated provision.

Theme four: Pressures on investment

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.

- Local authorities are increasingly looking at providing alternative solutions to residential care and increasing the use of foster placements. For years, residential childcare has been seen as the placement of last resort rather than a timely intervention for the right child at the right time in the right place. We see no indicator of this changing. The current climate is hostile towards private residential care providers and this may well be another factor for the slow-down in growth.

However, a lack of clarity in the actual cost of a local authority run home may encourage some to unsuccessfully reopen their own facilities in the mistaken belief that it will be cheaper.

- The barriers to investment from the private and third sectors have already been covered elsewhere in this response.

b. Levels, nature and certainty of future demand.

- Demand appears to be growing year on year suggesting a need to look at the social care system as a whole, focussing on prevention and early intervention. Without appropriate investment in social services and the welfare state infrastructure, we will continue to see a need for children to come into care. The social deprivation index demonstrates causal links between poverty and social care intervention that have been long known but the most deprived areas have seen no increase in their fortunes over the last few years. *"Overall, 88 per cent of neighbourhoods that are in the most deprived decile, according to the Index of Multiple Deprivation 2019 (IMD2019,) were also the most deprived according to the IMD2015¹²"*
- Later intervention is also resulting in more children with more complex needs entering the system, arguably too late to bring about any effective change.
- If used as an early intervention, residential childcare could provide a timely service enabling a child to be worked with intensively prior to returning to a family setting, be that birth family, fostering or adoption.

In essence, demand will continue whilst we keep on ignoring the needs of large parts of society.

c. Expectations of the level of prices in the future.

- **The ICHA 7th State of the Sector report (Dec 2020) found that there is an "increasing level of complex needs seen in referrals. The many different descriptors used by respondents illustrates the wide complexity of this sector. CSE (Child Sexual Exploitation), CCE (Child Criminal Exploitation), MH (Mental Health), DoLs (Deprivation of Liberty safeguards), Violence, Damage to property, substance misuse, autism, EBD (Emotional or Behavioural Difficulties), LD (Learning Disabilities), Fire Setting, Eating Disorders and trauma are just some of the needs and behaviours specifically mentioned."**

The increasing nature of these referral changes would suggest that placement prices will continue to rise, as increased complexity requires greater specialist input, higher staffing levels and greater capital reserves to deal with damage to homes, staff turnover, bed-blocking etc.

¹² The English Indices of Deprivation 2019 (IoD2019): Ministry of Housing, Communities and Local Government

- The year on year rise in the cost of living and NLW are also all borne by the provider but regularly not reflected in requests for uplifts to the placing authorities. Hence, many providers now apocryphally report that they ‘front-load’ costs at the beginning of a placement, in order to mitigate these increases.

d. Regulatory and policy frameworks.

This is covered elsewhere in the response.

e. Barriers to the acquisition of appropriate property.

- A children’s home will be of a specific build depending upon the client group. Disabled children will require more accessible premises with potentially more open floor space and larger bedrooms. SEBD homes will more likely be ‘normal’ residential properties but are most likely to be detached and have more rooms to accommodate offices and sleep-in rooms. These larger and more specialised properties cost more and are harder to come by.
- The current increase in the cost of houses and decrease in housing stock impacts on provider’s options and ability to increase capacity.
- Regulatory requirements include meeting fire regulations, adequate bedroom sizes and sufficient living space to enable children to meet with people in private. Meeting these specifications adds significant cost and limits choice.
- The residents of an area in which a home is to be located often object. These concerns include, but are not confined to, an increase in crime, a lowering in the value of their property and concerns about an increase in traffic to the area from staff and visitors. Ofsted look to new homes to demonstrate engagement and address local concerns as part of registration, but which often open a floodgate of objections.
- Planning needs are interpreted differently in each locale and obtaining appropriate planning may take many months, especially if these are compounded by local objections.
- Those areas that have fewer children’s homes such as London, are significantly more expensive, limiting any significant expansion in capacity. Property is cheaper in the North and consequently there is a higher concentration of children’s homes. However, this means that children must be placed out of area when local capacity is low or none-existent. *“Children’s homes are not distributed evenly across the country. A quarter of all children’s homes, and 1 in 5 available places, are in the North West region. Only 1 in 19 homes, and 1 in 15 places, is in London.”¹³*
- Some local authorities, including London Boroughs, are looking to provide the building and for the independent sector to provide the staffing and run the provision. This is one type of collaboration that could impact on local sufficiency if effectively commissioned.

f. Barriers to the recruitment and retention of appropriate staff.

- The status of workers within RCC is very low. Whereas they were previously recognised as Residential Social Workers with transferable qualifications (with social work) such as CQSW and CSS these have long gone. In the 1990’s Home Managers were on a par with Social Work Team Leaders, this is no longer the case. Whilst Managers are highly skilled and all staff must become qualified within 2 years of starting, their qualification and knowledge is rarely recognised.
- Other comparable sectors have their own career pathway such as teaching, nursing, and social work. In Wales, all residential childcare staff are registered on completion of their induction. In England, the first recognition is of registered managers and then it is with the sector regulator, Ofsted, rather than a professional body. Residential Childcare requires its own professional

¹³ Main findings: children’s social care in England 2020. National Statistics

pathway with professional accreditation from the point of induction through to registered manager and beyond into senior leadership roles and Accademia. Such registration would include CPD and assessed competence requirements, together with a disciplinary procedure.

This would provide:

- Recognition of a valued profession;
 - The establishment of a clear pathway for all those that aspire to be managers and beyond;
 - A recognisable cohort of suitably qualified and experienced managers;
 - Removal of the registration hurdle for new homes of having to provide registration of the manager and the provision at the same time.
- When setting up a new home, it is important to have a cohort of experienced staff. Whilst larger organisations may be able to redeploy suitable staff, smaller or new providers do not have that luxury. Experienced staff cost more, and providers are more likely to want to retain good staff, offering incentives to stay.
 - Most carers are paid at National Wage rates. Whilst there are promotion opportunities, especially within large organisations, the structure in homes is limited and the differential between grades is small.
 - The sector does not attract highly qualified staff to its carer roles. The role is not valued by society and is not professionalised. Nonetheless, all staff must meet training requirements within 2 years of starting employment, which many struggle with. At the end of it, providers aim to retain staff to recoup training costs so wages may not rise significantly because of the qualification.
 - Add to this an emerging issue of securing a suitable registered manager. The post is no longer as desirable due to the increase in responsibility, registration requirements and ongoing scrutiny at inspection that can cause significant stress. In 2019/20, 933 requirements were made under the Leadership and Management Standard-40% of all homes. In 2019/20, 444 compliance notices were served on 174 homes and most were in relation to leadership and management. (Ofsted presentation to ICHA Managers March 2021.) As L&M is a graded judgement, if this area is found to be inadequate, it is likely that the 'overall experiences and progress' judgement will also be inadequate and cannot be above 'requires improvement to be good'.¹⁴

Homes cannot operate for any length of time without a registered manager and cannot register initially without a suitable candidate. The onus upon this one post is tremendous.

All these factors are more easily overcome by organisations with significant internal infrastructure and additional funding sources. In larger organisations, Managers often enter companies as carers and work their way up, ensuring a return on the significant investment incurred in training them. In contrast, smaller providers often must compete on the open market. A quick survey of advertisements (Totaljobs 6/04/21) demonstrated salaries of between £35,000 to £50,000, often with added benefits of cars and pensions. Not all adverts were asking for Level 5 qualification, merely experience at senior levels. This is therefore a significant investment for providers.

¹⁴ Social care common inspection framework (SCCIF): children's homes 2019