

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?**

Legislation/Government Strategies have had an impact on the market: for example the Transformation of Mental Health Services and In Care Out of Trouble agendas have successfully resulted in more young people remaining in the community, who may have previously have had services provided through a Tier 4 Mental Health beds or through the Criminal Justice System, (Youth Offending Centre). Whilst our Local Authority support the ethos of these agenda's, in practice this means more community provision is required to meet the needs of more young people with multifaceted complex needs. This provision is, on the whole, provided by the private sector, and comes with a substantial financial cost to the Local Authority.

Providers must demonstrate to the regulator that they are improving outcomes for children and young people. Given the complex nature of this cohort of young people it is not always possible to evidence positive outcomes for some time. Inevitably this can have a negative impact on the provider's registration, moving from 'outstanding', 'good', to 'requires improvement' or 'inadequate'. This often results in providers either refusing to work with this cohort of young people, or providing a service at a high cost.

When provision cannot be secured in a regulated setting, authorities are sometimes left with no alternative other than to place 16+ in an unregulated settings with providers building bespoke packages of support to meet the needs of the young person. Again this provision comes at a high cost to the Local Authority..

The expected age that a child should leave home has changed over time, it is not unusual for young adults to remain in their family home beyond their 25th birthday. This is no different for young people in care, we rightfully have more young people remaining with their foster carers beyond 18 years of age through staying put arrangements. This does however mean that in lots of cases, the foster carer is not in a position to take younger children.

- 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?**

Caretech are stated in the CMA report as the UK's largest independent provider of children's homes in the UK and Keys Group are stated in the CMA report as the second largest provider of independent children's homes in the UK

Where there are two providers that hold a market share estimated at 14% of children's homes nationally this will influence costs and capacity across the geographical locations they operate within.

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

The shortage of foster placements means that children/young people who could live in a family setting end up in residential care. This results in a saturation of the residential market, fewer available beds, less competition and increase in costs. We need an increase in provision for children and young people who have multifaceted complex needs, social and emotional/mental health. Some of these children and young people

experience multiple placement breakdowns and as they move from placement to placement this means they usually move from authority to authority, some being placed many miles from their home. This makes it extremely difficult to build a meaningful multiagency professional framework around the young person, thus the young person's needs can go unmet for some time. Furthermore for some young people who reside in other authorities, as they leave care some Councils do not acknowledge these Care Experienced Young People as having local attachment and securing independent living for them, where they want to live is becoming increasingly difficult.

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

a. Local authority

Over the last decade our Local Authority has moved from managing some of their own residential care to commissioning all residential care through the White Rose Framework. We have recently entered into an arrangement of providing the building for a third party to provide the service. We have on many occasions needed to spot purchase off the framework. Regardless of ongoing efforts to secure provision we still find ourselves struggling to find placements for a number of complex young people.

We have continued to grow our in house fostering provision and proactively participate in campaigns to recruit our own foster carers. We have good relationships with independent fostering agencies, nevertheless we still find ourselves resorting to residential care for some children/young people whose needs would be better met in foster care.

b. Private – private-equity owned

c. Private – non-private-equity owned

d. Third sector private.

Over the past decade we have continued to build relationships with the private sector, we are part of the White Rose Framework, however we still find it necessary to go outside the Framework at times.

5. Does the *status* of the provider (ie 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?

The status of a provider of Looked After Children's Home should be considered where it is an external organisation by assessing their financial status i.e. review of their audited financial accounts, credit report request to ensure that the provider is financially secure and sufficiently funded to operate as a children's home and provide confidence to commissioners that a long term placement will be provided. This wouldn't apply in the case of a Local Authority. The status/type of a provider, as a Local Authority, Private company, Third Sector organisation etc. [§], this is because we would not make a decision based solely on type/legal status of a provider. The area we would assess to determine suitability would be; appropriate, qualified staff, experience/knowledge to provide suitable placements that deliver the required outcomes for our Looked After Children and commissioners determine the placement offers Value for Money in comparison to other providers in the market then it shouldn't be a concern on what type/status of a provider they are because the relevant due

diligence and ability to deliver the required IPA will have been determined by commissioners..

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?

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

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?

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?

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 City, the price of property is expensive this could deter any investor from investing, we have tried to overcome this with innovative of ideas and working in partnership with providers for them to provide the service from a property owned by the , the pandemic has hindered progress in this area, we will revisit in the near future.

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?

We are purchasing more spot purchases off the framework as it is harder to place complexed children and young people with providers on the framework.

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

The more complex the child/young person's needs the greater difficulty we have in securing a placement. The White Rose Children Looked After frameworks have recently been adapted into an Electronic Market Place which enables new providers to join these frameworks at certain points during the period the frameworks exists and also a refresh of the providers prices they charge for placements commissioned by member Local Authorities who are permitted to use these frameworks. This adaptation of the White Rose frameworks was as a result of local authorities confirming they were unable to commission appropriate complex needs placements using the frameworks at a proportionate cost relative to the needs of the children.

3. 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;

On the whole, other than not accounting for emergency situations we are able to project our future demand.

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

The profile of some of our looked after children and older Young People is undoubtedly a more complex picture; i.e we are seeing an increase in emotionally unregulated, possibly experiencing post-traumatic stress disorder. Often referred to having behavioural issues, risk to themselves and others, Active Suicidal ideation e.c.t.

c. levels of uncertainty of future funding;

Over the past 10 years, due to austerity all councils have been subject to ongoing financial pressures, which has resulted in services being cut.. This is something that we continue to face. Our spend on residential provision is something that we monitor very closely, to ensure additional resources are stepped down when they can be and we are getting value for money. However, we like lots of councils are faced with having very few options for some of our most complex young people.

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

More could be done in this area, maybe a national framework?

e. any other factors?

Children and Adolescence Mental Health Services could be better improved in some areas to ensure that private providers are able to access the support from community resources to meet the needs of complex young people. This might prevent escalation in costs as they would not need to 'buy in' services.

4. 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;

Allowing providers to join the Dynamic Purchasing System more frequently, new providers/organisation should be encouraged and supported to join the framework, 'shown the ropes' etc.

The White Rose Children Looked After Residential Electronic Market Place framework and was developed and awarded on a Yorkshire and Humber regional basis to support member local authorities to be able to access a wider number of providers that have been through a compliant procurement process and assessed on quality and costs where placements can be commissioned based upon those original tender submissions.

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

Discussions do take place with the 'host' authority of the 'framework' and we do proactively forecast our demand. This doesn't however appear to influence the framework in the way that we would like to see.

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

The White Rose Consortium is made up of Local Authorities across the Yorkshire and Humber region who agreed to commission their Looked After Children placements using the awarded White Rose Children Looked After frameworks and each member Local Authority pays a subscription fee to cover the costs of managing and updating these frameworks which was led by Leeds City Council.

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

The local authorities have dedicated procurement teams that manage procurements, category plans, contract registers and variations/changes to existing contracts and their role includes engaging with procurement colleagues within other local authorities to share best practice, identify collaboration opportunities to commission and procure jointly to drive quality standards, achieve Value for Money and ensure valid compliant contracts and frameworks are available to support our commissioning needs and the local authorities statutory obligations i.e. White Rose Children Looked After frameworks

e. any other factors?

We are aware that there is a National shortage of foster carers at a time when the number of children becoming looked after is increasing. If we cannot place a child in foster care then there is no alternative than to use residential care. This inevitably 'floods' the market and results in fewer placements being available for complex young people.

It would be interesting to know if there is any correlation between, increased numbers of children in care and cuts in community resources and provision for children/young people; i.e Youth Services. Can we do more to prevent family breakdown, we know there is a correlation between poverty and children in care. If as a society we were to address inequality better would this result in less children needing high ended statutory intervention?

As a Local Authority we do ensure that children are kept within their family where it is safe to do so. However this often results in children becoming looked after and being placed with connected carers rather than remaining with their family under the auspice of Special Guardianship. Other external factors do highly influence these outcomes, i.e, the judiciary and third party legal representatives. Alternative carers are often encouraged to look after a child on a care order, rather than a Special Guardianship as it is believed that looked after children and their carers will get a better service, this school of thought needs to change, and only children who need to be looked after should be looked after. This way the resources Local Authorities do have could focus more on working with children and young people with high need and inevitably make change.

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

We have worked with external providers to build bespoke placements to meet the needs of some complex young people, and the outcomes for these young people have improved. This however this does come with a high financial cost.

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:

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

In general, issues arise when we as a Local Authority are faced with trying to place a young person whose needs have escalated to a degree that providers cannot meet the young person's needs in their usual provision. At these times all stakeholders could work better together to support a young person through a crisis. For example, rather than a young person having to be moved on to another 'home', more could be done to allow the provider to operate a bespoke placement 'off site' for a set period of time whilst the young person is supported through the crisis, and then work with the young person to rehabilitate them back into their placement. More could be done to allow the current provider to develop bespoke placements with the child in situ. This would require changes to regulations and registration to reduce cumbersome bureaucratic process and measures that are in place.

More could be done to support new smaller providers to navigate their way around what is a complex system. If we had more providers it is likely that there would be more competition in the market and this would reduce costs to Local Authorities

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

Expanded to regulate 16+ semi-independent provision but with a remit that these young people are transitioning to adulthood and regulations will need to be different than they are for residential homes. The regulator would need to look at how this type of provision is 'graded', they will need to balance outcomes against the complexity of managing and caring for some complex young people.

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 regulator could to be more effective in working with providers who are meeting the needs of complex children. For example; when a provider is doing their utmost to work with a young person to reduce risk, missing from the home, working with suicidal ideation e.c.t. the regulatory should measure the outcomes achieved differently for these young people so that providers are not penalised by not achieving the desired outcomes.

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

Problems arise when the needs of complex young people cannot be met in 'usual residential care' and a bespoke placement is required immediately. The provider can at times with very short notice build this provision, however process to register a new home does not lend itself to securing registration quickly and if providers step outside of the regulatory process they risk being closed down and/or having special measures placed on them. There is a gap in the market to meet the needs of young people whose needs are too great for 'ordinary' residential but not great enough for a secure unit or mental health provision.

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

Providers are acutely aware that if, the young person has complex risk taking behaviour resulting in regular missing's/attendance at A&E/police involvement, which results in significant event notifications to the regulator there is a risk the homes grading is affected. This means the provider are then possibly financially penalised by local authorities, as there is a reduction in the cost in most contracts if a registered children's home is inadequate. This results in providers being less willing to try to work with more complex children. Therefore there are limited, (sometimes no), placement offers for these young people, and when a provider does come forward they do so at high costs. Older young people, 16+, often end up in bespoke high cost unregulated placements as registered providers will not risk the impact upon their registration. Also a registered manager's position as a 'fit person' can also be at risk.

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?

Our Local Authority manage the use of unregulated provision by ensuring that there is additional oversight from the independent reviewing officer regarding the monitoring of this provision. The provision does need to be regulated, but this needs to happen in such a way that the market is encouraged to prosper and not diminish. Ideally more not – for – profit/voluntary/charitable organisations could support improvement in this area. The children's home regulator, OFSTED, needs to work with the adult regulator CQC to gain a better understanding of what the regulation of this provision should look like.

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.**

Our Local Authority has invested in a project to provide more children's homes for the placement needs we require. This project is to increase capacity and reduce the need for more expensive out of city placements. This would also provide the young people with placements within the city and also an education provision within the Local Authority. Progress of this project has been hindered as a result of the recent pandemic, it is however something that we will be exploring again in the next few months.

One of the issues faced with this project is the acquisition of the correct properties, in the right areas at the right price and with local support.

The recruitment of Registered Managers can be an issue. The regulations are quite stringent and do not allow for consideration of other qualified individuals who would have the appropriate skill set to transfer into this role. This might be something the regulator should look at. For example a qualified Social Worker or Manager with years of experience of working in Child Protection and with Children in Care could not become a Registered Manager of a children's home without having very recent experience of working in such a setting.

Under the current regulations, each home should have an Individual Registered Manager, some homes operate as single occupancy or a 2 bedded unit. A good Registered Manager, supported by a good staff team should be able to manage more than 1 unit. This would allow for more opportunities to retain managers.

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.

Our Local Authority has invested in a project to increase our in-house foster carers as these are seen as key to increasing our overall capacity of placements for young people. This project provides Social Worker support, meetings, training and guidance about the process and requirements for placements. This to ensure that any potential foster carers are aware of the pros and cons and to make sure we have the best and correct carers for our placements.

We have 3 different skill levels within our Local Authority and these fees are reviewed on an annual basis and they are reviewed against other regional fees paid by Local Authorities. We have streamlined our 'other fees and reimbursements' so that these items are paid on a weekly basis and there trust between the Local Authorities & foster carers which results in less administration on both sides.

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?

No, it's about service from the supplier, value for money for the placement and meeting the needs of the child to ensure the best outcome.

4. 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?

Yes there is more that could be done, but this needs to start with looking at services differently and supporting more children to remain with their family where it is safe to do so. As a society we need to accept that moving children away from their parents and families is not always going to provide better outcomes for them, in some cases outcomes can be worse. In such cases we need to be able to keep these children as safe as possible within their home, this means using provision differently and building resources or purchasing resources that can work effectively with families in the home for long periods of time, being able to provide respite through residential support, similar to short breaks. .

Investment in provision that will meet the emotional/mental health and social needs of complex young people.