WLGA EVIDENCE – CMA'S CHILDREN'S SOCIAL CARE MARKET STUDY

April 2021

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About Us

The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and the three fire and rescue authorities are associate members.

The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.

The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.

Background and Context

In looking to respond to the children's social care market study it is important to recognise the context that children's service have been working within for some time, key messages include:

- Over the last decade the number of children in the care system in Wales has increased significantly. The reasons why children become looked after and their needs while in the care system are complex and multifactorial.
- Recent years have seen an increase in expenditure on Children's Services at a time when Councils overall budgets have been cut. This demonstrates the commitment that has been made by local authorities to meet the demands being placed on services by the rising numbers of looked after children. However, this is becoming unsustainable, with most local authorities now anticipating significant overspends on their children's services.
- Services for the care and protection of vulnerable children are now, in many areas, being pushed to breaking point. The huge financial pressures councils are under, coupled with the spike in demand for child protection support, mean that the limited money councils have available is increasingly being taken up with the provision of urgent help for children and families already at crisis point, leaving very little to invest in early intervention. Hence a spiral of uninterrupted and increasing need for services is driving a mounting complexity of challenges for the most vulnerable children.
- When it comes to COVID-19 the real challenge for children's services is yet to come, with the full impact of the pandemic on children, young people and their families remaining to be seen. Many councils have highlighted that they expect to see a significant increase in demand for services as we move into the next phase, coming from referrals that would normally have been made when children were being seen regularly by professionals, but who disappeared from view for months; from increased need for family, child and adolescent support, including as a result of domestic abuse and isolation through lockdown; and from the strain on families as

they try to cope with mental health challenges, job losses, substance misuse problems, bereavements and more as a result of the pandemic.

WLGA has previously highlighted four key areas where significant pressures are being experienced in relation to children's services in Wales, these include:

1) External demands and complexities - The on-going introduction of welfare reforms and a decade of austerity has amplified the pressures on families which have since been exacerbated by the COVID-19 pandemic. Increased public awareness and reporting of potential abuse, the impact of poverty and deprivation on families and a lack of funding to help families early on before problems escalate all contribute to this. There is an increased awareness and understanding of issues such as Child Sexual Exploitation (CSE) and an increase in the number of initiatives that are aimed at early identification and intervention such as the evidence based work in respect of Adverse Childhood Experiences (ACEs), Flying Start and Families First.

2) Placements - The increasing complexity of cases and the growing numbers of children coming into care are negatively impacting on both the availability of appropriate placements and the cost of placements. An ageing foster carer population and the increasing costs of providing residential care has a significant impact on the sector.

The significant challenges currently in providing the right placements for children in care will become even more apparent if we see an increase in children coming into care or a spike in placement breakdowns as COVID-19 restrictions continue to be lifted. Councils will need to work urgently to expand local provision, both in-house and working with private and voluntary sector providers, to ensure children have safe, caring homes appropriate for their needs. This need is even more urgent for those with complex needs.

3) Legislation and work with the Courts - Recent years have seen a substantial increase in the number of care applications that have been made, with a significant increase in the number of children subject to care proceedings. Increasing expectations from legal judgements create a challenging environment.

4) Workforce - Child and family social work is challenged by high turnover and vacancy rates and a reliance on agency staff, with demand for permanent, experienced workers outstripping supply.

Councils continue to do their best in very difficult circumstances and respond to the growing financial crisis in children's social care, including reducing costs where they can and finding new ways of working. However, they are at the point where there are very few savings left to find without having a real and lasting impact upon crucial services that many children and families across the country desperately rely on.

Key issues in relation to the children's social care market in Wales

WLGA is aware that there are other responses being submitted in response to the CMA's invitation to comment that provide a more detailed response on the current state of the children's social care market on behalf of local government, namely through the 4C's on behalf of the Heads of Children's Services. This response therefore does not seek to duplicate this information, rather it endorses the responses being submitted and instead aims to provide a high-level overview of some of the main issues impacting on local authorities at this time in relation to the social care market in Wales. It is not an exhaustive list but aims to highlight to the CMA some of the key issues from a local government perspective:

- Previous work undertaken by the Association of Directors of Social Services (ADSS) Cymru which examined social care provision in Children's Services helps to provide a snapshot of provision across Children's Services[1]. In 2018-19:
    - local authorities commissioned nearly 200,000 nights of care for children. This includes children who fall within the definition of looked after children and children who are not looked after.
    - 85% of children's residential care commissioned by local authorities was delivered by private sector providers. Local authorities delivered 13% and third sector providers 3%.
    - Local authorities provided approximately half of foster placements (49%). Kinship foster carers provided 24% and independent commercial agencies 23%. Independent third sector not-for-profit agencies delivered 4%.
    - In adoption, 70% of placements were by local authorities and 30% by the third sector.

- The report highlights the broad position on care provision for children looked after as:
    - **Residential care:** Markets are dominated by private sector providers and a mixed economy will always be needed. Some steps have been taken locally and/or regionally to develop increased in-house provision but this has not been consistent across Wales.
    - **Foster care:** An ambition for local authorities to develop more in-house provision with the aim of increasing the overall pool of foster carers in order to help meet demand.
    - **Adoption:** A small market comprising local authorities and two third sector providers in Wales with a 70:30 split. The priority is increasing the number of prospective parents to allow children to exit foster care to enjoy permanency in a family life.

- Local authorities continue to look at different ways of mitigating the additional costs arising from some of external demands and complexities being experienced. This includes the use of reserves and additional funding to support the development of preventative 'Edge of Care' Teams. Local authorities have also revisited their prevention strategies as well as their Children looked After (CLA) strategies in recent years. This has been a necessity, not only to face the increase in CLA population but also increasing financial pressures facing local authorities.

- Considerable investment has been put into support teams which work directly with children and young people and their families to work at levels of need at intensive and remedial intervention levels. Most of these work with families to try to prevent children coming into care, work with families to return children home within weeks of becoming looked after as well as working with rehabilitation plans for those children who have been in long term care.

- The majority of children who are looked after are cared for by foster carers where children receive positive and nurturing care in stable placements. Residential care also provides many children with positive care and across local authority and agency providers for both foster care and residential care there are committed, enthusiastic and positive carers. However, the increasing complexity of cases and the growing numbers of children are negatively impacting on both the availability of appropriate placements and the cost of placements. An ageing foster carer population and the increasing costs of providing residential care continue to have a significant impact on the sector.

- In Wales the Children's Commissioning Consortium Cymru (4Cs) was created in 2012 and consists of all 22 local authorities who have joined together to try to address concerns about the variable standards evident in placement commissioning for looked after children. The Consortium work collaboratively with partners to match vulnerable children who need to be

[1] Rebalancing Social Care: A report on Children's Services (adss.cymru)

looked after with the best possible placement. Benefits include improved management information, consistent and secure collaborative tools and processes across authorities to facilitate individual placement matching, contract award and contract monitoring, collaborative risk management, and quality assurance of providers; sustained reduction in prices; and an environment of partnership with the independent sector to commission new sustainable care models. It also rationalised processes for all participant authorities ensuring a consistent placement process fit for purpose by focusing on the needs of the child.

- The Consortium has established social care frameworks for looked-after children's foster and residential placements with the aim that only those who offer the best quality placements and value for money can become Framework providers. These Frameworks provide a strategic procurement solution for independent sector looked after children placement needs. For the life of the contract provider quality, cost per placement, terms conditions and specifications are determined and agreed. This has eliminated the need for a full procurement process for each and every placement and removed options of 'opportunistic' pricing which previously existed for some urgent requirements. It has also helped rationalise processes for all participant authorities ensuring a consistent placement process fit for purpose by focusing on the needs of the child.

- In addition, the National Fostering Framework (NFF), led by local government, was launched through the Improving Outcomes for Children Looked After Ministerial Advisory Group in 2015. The NFF aims to improve the ability of local authority fostering services to recruit and retain foster carers, supporting the ambition of increasing local placement accessibility, sufficiency, and choice while reducing dependence on more costly options.

- Despite the initiatives of the NFF, the commitment of local authority placement teams and the work of the 4Cs the lack of appropriate placements for children looked after continues to be a significant challenge.

- Local authorities have a strong commitment to ensuring placement choice and stability however most have struggled to recruit foster carers in sufficient numbers to provide the range and choice of placements needed, particularly for those young people with challenging behaviour and with additional needs. Local authorities report similar shortages in the independent sector. This apparent deficit in the foster carer market raises complex challenges across Wales. A similar deficit is increasingly apparent in residential provision and particularly in the availability of placements for children presenting with the most complex needs.

- In comparison with the residential care home market the foster care market has a more balanced mix between public sector and private sector ownership. Provision within independent agencies is spread between not-for-profit organisations and those seeking to profit. There are however concerns over the market share of certain UK providers who are starting to dominate the market, with some concerns over their prices and a lack of value for money. This is at a time when the foster care market is increasingly competitive between all agencies seeking to recruit foster carers who are declining in numbers.

- The impact of decreasing levels of foster carer placements has meant that there has been an increased demand in the residential sector.

- The cost of residential placements is stretched with significant variations. The current lack of placements is contributing to a position where a provider's market is able to charge opaque rates with significant variation in the weekly costs of placements currently being purchased by Welsh local authorities – providers rather than commissioners are determining prices. The restricted number of available placements which are in high demand means that local authorities are constrained in their ability to negotiate over prices. The desperation of local authorities to secure placements has led in some circumstances to children being placed across the UK. The planning for placements becomes lost in the need to place a child anywhere at that point in time. Meaning that good practice in matching and planning for safe and positive placements can be lost in crisis situations.

- The majority of care homes for children and young people in Wales are owned by the private sector. There is a relatively positive mix of Welsh small and medium-sized enterprises and UK wide large organisations and the risks associated with being too dependent on specific providers by individual local authorities is regularly monitored. The last decade has seen a decline in the percentage of local authority provision, however recent years has seen local authorities looking to increase their in-house provision or re-enter the market. Funding made available by Welsh Government through the Integrated Care Fund is one of the main sources of resources that local authorities have used to support this, enabling investment in new developments and targeting gaps in both local and regional provision. The expectation is that more local authority homes will be established during the course of this year.

- There is a struggle to find the right models of service currently being offered by the children's services market that appropriately meet the needs of the children and young people who require placements in residential homes. This is a particular issue for those children and young people with the most complex needs, where there continues to be a lack of appropriate provision but an increase in demand. There is also a lack of Welsh language placements which has meant that some children have had to go into residential care where they have received their care and education in English, but have left a Welsh home and school. This lack of sufficiency of placements has been, and will continue to be, exacerbated by the pandemic.

- Work continues to commission the type of accommodation required to meet the complex needs of this group of children and young people from established regulated providers, and this part of the market continues to grow to meet demand, but given the timescales required to develop these types of establishments prior to being able to take referrals and admissions, it is not able to grow at a pace that means good placement capacity and choice is able to be offered.

- The challenge of finding suitable placements has meant that after exhausting all referral routes to regulated providers sometimes local authorities have no choice other than to make an unregulated placement. In Wales these placements are made as a last resort and are not placements of choice particularly for those post-16 young people. Local authorities do all they can to ensure that these placements are safe and meet the needs of the children and young people placed there, however the need for children's home accommodation currently outstrips supply, and this is driving the use of unregulated placements. There is a need to consider the reasons for the increasing need for children's home placements, alongside work to identify the kinds of placements that are needed and how to develop these. Without increasing the availability of suitable accommodation, or reducing the need for it, we will not reduce the use of unregulated placements.

- Many of the pressures on the children's social care market can be seen across the UK, however it is important to acknowledge that whilst there are many similarities there are some significant differences in the make-up of the markets, approaches taken within the devolved nations, as well the legislative basis of services and it essential that the CMA's review accounts for this during the study and in any final recommendations made.