

Homes2Inspire

I am writing in response to your interim report into Children's Social Care Market Study, since preparing this information we have been requested as an organisation to complete a more detailed questionnaire asking us to answer specific questions by the 24th November 2021. Having reviewed the questionnaire some of the information within this initial response may be replicated in our response to the questionnaire to be sent at a later date.

Homes2Inspire Ltd, part of the national charity Shaw Trust was one of the providers you contacted as part of your initial research. We are the largest provider in the sector owned by a national charity.

As you will know from our original submission, we have grown 28 of our 30 homes organically to meet the needs of Local Authorities and are currently mobilising a further 10 homes to go onto existing or new block contracts, 3 of these new homes will be properties purchased by the Local Authority which we will run for them. We have also recently won a strategic partnership bid for Somerset County Council which will include opening a further 10 homes for properties that will be purchased by SCC, the report therefore needs to ensure that growth in the sector is separated into new homes being developed in properties purchased by a Local Authority and managed by a provider, new homes commissioned to go onto block contracts where properties are owned by the provider. For larger providers it would be helpful to separate those who have grown organically to those who have grown by acquisition of smaller providers. You will be aware that the sector remains extremely fragmented with the majority of smaller providers having 10 beds or less. My Senior Leadership Team and I have considerable experience of working within Local Authority, Private and charity sectors.

We broadly welcome and agree with your analysis of the sector in your interim report but would like to emphasise some particular areas that we feel would be helpful and where possible provide solutions.

1. Ofsted/Opening New Homes and Planning

The grading 'Requires Improvement to be Good' has been as you stated in your report unhelpful in how it has been interpreted by Local Authorities which is contrary to the recommendations in Sir Martin Narey's report 'Residential Care in England 2016'. This grade replaced the previous grade of 'Satisfactory' many Local Authorities have interpreted the new grade differently to how it was intended by Ofsted with some Commissioners wanting to reduce fees if a home is 'Requires Improvement to be Good'. This is an area that needs to be addressed.

If we are going to alleviate the shortage of registered Ofsted homes in areas where they are needed by Local Authorities which is what we undertake by opening new homes so that Local Authorities can address their Sufficiency and Efficiency Strategies by having provision within their own County boundaries that also improve the outcomes for children by the wrap-around services that they can receive particularly Health and Education. Ofsted need to seriously review how their processes and procedures can proactively help rather than hinder the process.

There are some simple solutions here:

- Established providers should not need to upload on every occasion they wish to open a new home the same information time and time again regarding Directors etc, this is unnecessary and slows the process. If you are an established provider registered with Ofsted and there are no changes then this would aid the speed and registration.
- In the majority of circumstances and experienced Manager will be asked to open a new service, currently this Manager will need to resign their existing role and then be re-registered for a new home even though they have a long track record as a Registered Manager, this again is both time consuming and unnecessary, I am unaware of any other profession where a registered person has to resign and re-register if they move within the same role. Again, this would help speed up the process of registration (we even had one occasion where a Registered Manager with 'Outstanding' Ofsted grades who has had 14 continuous years' service with us who we asked to open a new service with her Deputy moving up to manage the other services she was registered for with the Ofsted Inspector insisting she was re-interviewed by ourselves for this role!) This level of inconsistency is also unhelpful.
- We welcome the latest changes by Ofsted which enable Managers to manage more than one service subject to size, complexity and distance between homes. This is something we have had in place for a long period of time but on each occasion have to do this on a case-by-case basis. These changes are particularly welcome with the growth in the sector and the size of homes reducing.
- We acknowledge that Ofsted would still need to review the Statement of Purpose, qualifications, experience and training of the staff team including a site visit to new premises, but some clear timelines regarding this with some clear KPIs would be helpful as the cost of unproductive staff is significant and

more importantly we have been opening new services for a particular child to transition from Tier 4 mental health or secure accommodation and therefore unnecessary delays can affect good transition planning.

- We believe there needs to be a radical review of planning laws if we are going to see an increase in new registered children's homes in safe locations where they are needed by Local Authorities. Prior to any Planning Application being submitted we will firstly have to have established there is no Restricted Covenant on the property before liaising with Police and Highways regarding any objections they may have. The delays in the planning process, temporary planning consent (which makes planning for the child in the long-term challenging for Ofsted registration), highlighting where a home for vulnerable children may be situated through the planning process and the fact that small children's homes will have less children than many foster homes needs urgent review. We are unable to purchase a property until we have the necessary planning consent, on some occasions this is done through a Certificate of Lawful Development but often when going to a full planning meeting may be rejected without good reason that would be successfully appealed but as we are buying off the residential market sellers are unable to wait while this takes place.

2. **Costs of Placements Opening New Services**

We do not believe it is helpful to have a blanket average weekly bed price, bed prices vary primarily on the numbers of children being looked after in a home and the staffing ratios required for the complexity of the child being looked after and the work that needs to be undertaken with them. We believe that needs to be better articulated within the report, for example just adding one more staff member to a staff team can add around £[£] per week to the bed price, in addition waking nights staff as opposed to sleeping in staff will also add a cost. As you rightly acknowledge, the 2 significant factors are the cost of the building (and return on capital) and staffing as the 2 most significant elements to bed price. In addition, we would expect to have a 'cash hit' of approximately £[£] in opening a new home eg refurbishment, FF&E, planning, vehicle, registration, staff recruitment and unproductive time etc before the home takes its first child. Even when the home is registered there would generally need to be a ramp up period for taking in the second or third child post opening which could mean a further [£] before full revenue may be reached. These needs to be reflected into the overall bed price rather than just the operating cost of opening a home.

When bidding for block contracts the overall price cap is set by the Commissioner which often accounts for the difference between Local

Authority and private provider cost per placement both in terms of staffing numbers and terms and conditions. As an example, we would find it very challenging to take over a Local Authority home where we needed to Tupe their staff due to pension risk. With regards to how Local Authorities account for additional costs against providers such as ourselves may be done differently.

VAT

You will be aware that children's homes are VAT exempt, it is our view that it would be beneficial for these services to be subject to VAT, our Commissioners would be able to claim VAT back, but it would enable providers to claim VAT back on many of the services that have significant cost to running a children's home, particularly in relation to facilities, vehicle and utility costs.

Indexation

One of the major factors that deter providers from going onto frameworks or have block contracts is Local Authorities standpoint on indexation. Many block contracts will not allow for indexation even for during the life of the contract or only at certain points within it, often indexation is capped at CPI in the September prior to the following April and is not guaranteed. This has a very negative impact on providers wanting to go onto frameworks or block contracts where on a spot purchase basis they can increase costs as they deem necessary. Indexation needs to be addressed more proactively as many of the costs of running a children's home will increase incrementally, often above CPI. In addition, the industry faces significant changes on recruitment and retention and failure to have an appropriate response to indexation significantly affects appropriate increases to staff salaries which is critical to recruitment and retention and unbalances the market as a whole.

3. Block Contract, Frameworks, Spot Purchase

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We are aware that many other providers are less keen on the scrutiny that block contracts may have by the Commissioner and the need to often work with and support children because of the nature of the contractual arrangement which a spot purchase type arrangement would offer a higher bed price and more flexibility to give notice on placements. We believe that block contract and a partnership approach with Local Authorities offers.

We do not believe that Local Authorities will be able to work together across the board as different Local Authorities have gone down different strategies,

the majority with who we work have direct block contract arrangements where we have grown capacity within an Authority developing homes for their exclusive use.

We hope these additional comments are helpful.