

Placements for Children in Care

Purpose of report

For information.

Summary

This report summarises work currently being undertaken by the LGA policy team with regard to the 'market' for placements for children in care, for information.

Recommendation

That the Board notes the update.

Action

That officers take any actions arising from the discussion.

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Placements for Children in Care

Background

1. At its meeting on 26 September 2019, the Board agreed the following priority for the 2019-20 Work Programme:

“Investigate issues around the children's social care placements market, including independent fostering agencies and residential children's homes, to identify areas for improvement in value for money, oversight and support for children.”

2. This report provides an update on the work currently being undertaken to support this priority.

Profit-making and financial risk

3. The LGA commissioned Revolution Consulting to identify the levels of profit and financial risk in the largest independent providers of children's social care placements. More information, including links to the full report, are available on the LGA website:

<https://www.local.gov.uk/profit-making-and-risk-independent-childrens-social-care-placement-providers>

4. Key findings of the report include:

- 4.1. Six of the 10 largest independent groups of providers of children's residential and fostering placements had more debts and liabilities than tangible assets last year;

- 4.2. In three years, eight of the biggest providers merged to become the three largest groups; and

- 4.3. The six largest independent providers of children's social care services made £215 million in profit last year, with some providers achieving profit of more than 20 per cent on their income.

5. The LGA believes that a mixed market of both in-house and independent provision is important to ensure the right placements are available to meet the needs of all children in care. However, the report has raised a number of issues that we will be taking forward, including:

- 5.1. The need for national oversight of the market to monitor financial risk and consider the impact of market changes on quality, cost and outcomes for children;

- 5.2. The need for improved transparency around placement costs so that councils can better ensure they are receiving good value for money;

5.3. How we can better support in-house provision and smaller providers.

Nationwide Sufficiency Statement

6. In order to develop a better understanding of the placements currently available for children in care and what placements we will need going forward, we have commissioned Alma Economics to develop a nationwide sufficiency statement. This piece of work will:
 - 6.1. Identify placements of children in care on a specified day to provide a 'snapshot' look at where children are placed, in what types of provision, distance from placing authority and what needs are being catered for;
 - 6.2. Develop a tool to predict demand for different types of provision going forwards; and
 - 6.3. Develop a template sufficiency statement for all councils to use to improve consistency and support regional and sub-regional planning.
7. The project will begin with a regional pilot to consider the quality and availability of data, and to ensure that if and when scaled up, the project can be delivered in a format that responds to the needs of councils. The pilot is expected to conclude by the end of September, with the national project concluding in Spring 2021.
8. It is anticipated that this work will support both councils and providers to better understand current placement provision for children in care, and to plan future provision to ensure sufficiency of placements,

Implications for Wales

9. These projects both apply only to England.

Financial Implications

10. These projects have been procured and funded in accordance with LGA policy.

Next steps

11. These pieces of work will support our ongoing work with councils and central Government to improve the sufficiency of suitable places for children in care.