

External Placements Task and Finish Group

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Division and Local Member: All

1. Summary

- 1.1** The purpose of this report is to outline for members of the Scrutiny for Policies, Children and Families Committee, the findings of the External Placements Task and Finish Group. The Committee is invited to consider and comment on the recommendations.
- 1.2** The Task and Finish Group was made up of Cllr Leigh Redman (Chair), Cllr Simon Carswell and Cllr Martin Lovell and co-opted Committee member Ruth Hobbs and the group was supported by Neil Milne and Fiona Abbott. The Task and Finish Group thank Siobhan Cleverly and Jayne Shelbourn-Barrow.
- 1.3** The Task and Finish Group was set up following a request from the Executive in autumn 2022 for the Scrutiny Committee to consider the areas of overspend within the Children's Services budget area. We have based our report on the financial reporting up to Month 7 (31 October 2022).

Our 3 identified aims were to:

- to investigate and understand why these overspends occur;
- identify measures that might help to reduce these budget pressures in future; and then
- to make recommendations to Executive to aid improvements.

The Group used the Table set out at paragraph 4.2 below, to identify the 3 largest projected overspends, these were:

- External placements;
- 16/17 year-olds living with support; and
- Residential.

2. Issues for consideration

2.1. Recommendations to Executive

Committee Members are asked to consider the Task and Finish Group's report and support its recommendations to the Executive Member for Children and Families: -

- That the Council enhances its own capacity and provision for placements by creating more homes in Somerset;

- That the Council should not make any placements in homes which are not registered with Ofsted (see paragraph 3.10 below for explanation of this term);
- That the Council considers buying local block (contract) places, to increase capacity/provision (see paragraph 3.13 below for more information on this);
- That the Council pledges that the language used in this area should always refer to 'placements' rather than 'children' when reporting on work to support our children who are looked after (CLA);
- That Council lobbies Government through the Local Government Association (LGA) to better support councils with guidance, help with forecasting and impact planning, review regulations and commission an annual 'state of the sector' review;
- That, along with the Homes and Horizons report, an update be brought to the Scrutiny Committee in 6 months. Prior to coming back, the Corporate Parent Board should feed into the scrutiny meeting.

3 Background

- 3.1** The Executive asked the Council's Scrutiny Committees to receive periodic budget monitoring updates report, to aid financial oversight and address the worsening budget position for this financial year (22/23) and the projected budget for the next financial year (23/24).
- 3.2** With a view to maximise our effectiveness, whilst recognising the limited time scale to complete the work, we agreed at our November 2022 meeting to establish two Task and Finish Groups, for the main areas in the children's services budget that have the highest overspend – 'external placements' and 'home to school transport'.
- 3.3** Members will recall that 'External placements' are where the Council has to place a Child Looked After with an independent fostering agency (IFA), or a residential children's home, or a residential school or a specialist residential unit and not with the Council's own in-house foster carers. We noted a quote from one of our looked after young people: 'Everybody just wants to be loved, to be wanted and to belong. Being nice to each other is the beginning of building communities.
- 3.4** A sustainable and workable resolution for reducing the on-going overspend in this area would be particularly important as there was currently a variance/overspend of £12m+. We noted that prior to last April (2022) we did not have any children in unregistered places, so we accepted that there are a number of factors that had contributed to this situation.
- 3.5** The group was made aware that there are enough beds in Somerset for all children in care in a combination of residential and foster care. However, the national purchasing model means that providers do not and are not obliged to prioritise Somerset children. Somerset County Council are not able to influence

business decisions of external providers.

3.6 Data

We discovered that as of 31 October 2022, there were 581 Somerset CLA across the County - 331 males and 242 females. The age breakdown is as follows: 0-4 = 19%, 5-9 = 16%, 10-15 = 37%, 16-17 = 27%. There were 29 Unaccompanied Asylum-Seeking Children (UASC) in Somerset, (all males). These children can arrive in Somerset either by the National Transfer Scheme or spontaneous arrivals. The Home Office recently increased the proportion of UASC that each authority will care for to 0.1% of child population. In Somerset this would equate to 111, so there will be a rise in these numbers.

3.7 Where are our children living?

In Somerset we noted and welcomed the Council's commitment to achieving early permanence (of placement) for our children. As a Corporate Parent, the Council strives to ensure that wherever possible every child should have the opportunity to live in a family environment.

We heard that 412 of our children were living within Somerset or within 20 miles of their home and this equated to 70.9%.

- Adoption – 36 children placed for adoption.
- Fostering – 355 children were within a fostering home, (227 in house, 128 independent fostering agencies).
- Placed with parents - 27 were placed with parents under regulations which allow us to assess and place, usually following a period of care away from home.
- Semi-independent - 71 children aged 16-18 were in supported semi-independent provision.
- Residential homes - 80 children were in residential homes, (including secure units, residential schools and care homes)
- There are currently 9 young people aged under 16 who are in unregistered placements and being cared for by agency staff. This was the position at 31 October 2022, however between 1st April 2022 and 31 October 2022 there were 28 young who required an unregistered setting for periods of time ranging from 3 days upwards. So the costs associated with unregistered at 31 October is not against the 9 placements but the total numbers in this time period. There were no placements in an unregistered placement for the whole duration of this period. It should be noted that prior to 2021 Q2, Somerset did not have any unregistered placements unlike other Local Authorities who had been forced into this position earlier.

3.8 What is a crisis placement?

- A crisis placement relates to a registered placement that is available for a young person **immediately** for a **set period of time**.
- These can be activity-based placements, outward bound placements or placements in a children's home for a limited time period.

- The duration of the placement can vary and will be set by the provider. They can range from 28 to 90 days.

3.9 What is an unregulated placement?

- Some establishments and types of accommodation are not required to register with Ofsted. These are known as 'unregulated'.
- A service where the accommodation is **not permanent** (such as a tent) or is **constantly moving** (such as a boat, narrow boat or motorised caravan), or has **no permanent base** is very unlikely to meet the definition of a children's home and will not be required to register with Ofsted.
- Supported accommodation in Somerset includes any semi-independent provision including the Pathways to Independence (P2i) offer. This is **not** Ofsted registered and is therefore deemed an unregulated setting.

3.10 What is the difference between unregulated and unregistered?

- **Unregulated** placements are allowed in law. This is when children (usually over the age of 16) need **support** to live independently rather than needing full-time care. Ofsted do not regulate this type of placement.

(We did note that young people under the age of 16 should not be placed in unregulated provision). It should be used as a steppingstone to independence, and only ever when it's in a young person's best interests. For many young people, it's the right choice. Some do not want to live with foster parents or live in a children's home. For some unaccompanied asylum-seeking children this can be the right option too, but not for all.

- **Unregistered** placements are when a young person who's being provided with some form of 'care' is living somewhere that is not registered with Ofsted. This is illegal. Once a provider delivers a care element as well as accommodation, they must register as a children's home. It's an offence not to.

We welcomed that the policy of the Council will continue so that no child/young person is placed in an unregistered setting.

3.11 What does 'care' mean?

- We found that this is not defined in law. It is not just about the age of the young person, although that's a factor. It is about vulnerability and the level of help that they need. If a young person does need care, then the service they are getting is very likely to need registration as a children's home. Certainly, if young people are under constant supervision then this is likely to be 'care'.
- It's also not about how long the young person lives there. There is an

all-too-common myth that if you only provide care for 28 days you do not need to register – this is not true! It does not matter how long you provide accommodation for. If you're providing care as well as accommodation, then you need to register.

3.12 Homes and Horizons

We were interested to learn more about 'Homes and Horizons' which is a unique and innovative ten-year partnership between the Council, Homes2inspire (part of the Shaw Trust) and NHS Somerset to co-design a new model of care for our most vulnerable looked after children.

It will provide up to ten high quality family homes, 20 high needs foster care and therapeutic education services across Somerset – hopefully helping our most complex and vulnerable young people to achieve better education results, improved mental health and wellbeing, and increased life chances.

We learnt that each home will have a manager, a deputy manager and a support team that will form a close, caring environment. In Somerset, each home will be a home to 2 or 3 children. The high needs foster carers will be trained and supported to provide a welcoming home to teenage children who need a loving and caring environment after facing significant challenges in their early years.

We were pleased to note that these will be Somerset homes for Somerset children, with the aim to ensure the children/young people are fully prepared for adult life and offered every opportunity to reach their full potential. The foster care and residential home provision will link into the Council's therapeutic education provision, to provide a nurturing learning environment.

We particularly welcomed the ambition that Homes and Horizons placements will prevent our children and young people having to leave Somerset, and move away from their family, friends, schools and the people who care for them. This will over time also stop the need to rely on distant and expensive residential placements. The homes in Somerset will be well-maintained, attractive living spaces that our children take pride in.

3.13 Contract Placements

We noted that the Competition & Markets Authority report published in March 2022 (Children's social care market study) highlighted significant issues in the children's social care market and the role of contract placements, for local authorities being able to purchase at greater scale.

3.14 Summary of the external placements market

We noted that the 'Care Review' last year (2022) recommended the establishment of regional Local Authority (LA) cooperatives to establish the

shape and sufficiency of care placements in regional areas, and we look forward to the Government's response to those recommendations.

The Council has to operate within the national framework set out by the Government and after considering this topic the Task and Finish Group suggest that the Government should help to oversee a more collective approach to engagement with the placements market, and this should include establishing what minimum level of activity must be carried out collectively. This would help Councils across England, including Somerset, to reduce overspends in this area and provide consistent and sustainable placements. Action from the Government would help to set out an appropriate degree of activity in each of the key areas of forecasting, market shaping and procurement.

We also suggest that the Government provide additional support to all Councils and other bodies to help improve forecasting, market shaping and procurement.

We suggest that the Government conduct or commissions a review of regulation impacting on the placements market in England. In Somerset we believe this would help reduce some identified barriers that are limiting the ability of suppliers to bring new supply to the market to meet emerging needs, specifically in the areas of: regulation; property and planning; and, recruitment and retention.

We think it would be beneficial for the Government to review the impact of the planning system on the ability of providers to open new children's homes.

We suggest that the Government should commission an annual 'state of the sector' review, and this would help to provide a broad consideration and overview of the extent and causes of any shortfalls in children's home staff or foster carers.

We also think that the Government should create an appropriate oversight regime that is capable of assessing the financial health of the most difficult to replace providers of children's homes to include a warning to the placing authority if a failure is likely. This would help to ensure that children's interests are adequately protected if a provider gets into financial distress.

4 What are the current issues

4.1 We noted that Councils in England, Scotland and Wales have statutory duties in relation to the children taken into their care. Councils are obliged to safeguard and promote children's welfare, including through the provision of accommodation and care. In discharging these duties, Councils can provide some care and accommodation themselves and purchase the remainder from independent providers, some of which are profit-making. Somerset, as do many other Councils, rely more heavily on independent provision for residential

placements than they do for fostering placements, and this is more true in England and Wales than in Scotland. In children's homes, over three-quarters of placements in England and Wales now come from independent providers.

Regulators assess most residential placements and fostering services as being of good quality, and there was no clear difference, on average, between their assessments of the quality of private provision, as compared with provision provided by the Council. It was clear to us there were problems in the way the placements market is operating. Children were not consistently gaining access to placements that appropriately met their needs and were in the right locations. We felt that Local authorities were sometimes paying too much for placements.

We quickly established that a main concern was the sufficiency of local homes for our children. It should be noted that this is both a national and local issue, in terms of fostering and registered provision. Ofsted have closed down a small number of homes over the past few months where our children were living.

Fostering – there continued to be a national shortage of fostering homes and there continues to be a local drive to recruit. We noted that the campaign to recruit foster parents in Somerset had been successful but this needed to be maintained.

Regulation – we noted that from April 2023 onwards, there would be a requirement for all 16+ accommodation to be regulated. Whilst there is currently some funding coming to the Council to help support the impact of this, we noted Officers concerns that this may impact on provision and consequently our children.

Impact of Court delays & inconsistent decisions– we understood there continue to be delays in the Court system and this can adversely affect our children moving to permanence via adoption.

4.2 Understanding the figures and where are we spending the most money

In Somerset, we found that there were a small number of provisions that significantly impact on our spend. This is because some of those needing placements have a unique and complex set of requirements that often require bespoke settings with very specialist provision and resources delivered by professionally qualified providers. Whilst the average cost of residential placement is between £5-6K per week, due to some very complex needs there were a small number of placements (12) that cost £8-14K each week.

We noted that an area of concern were those that had been placed (for a variety of reasons) in unregistered settings and the impact this would have on

funding due to the high cost of agency staff. We were pleased to learn that unregistered placements have now been reduced to 3 and this would be better for those individuals and help to reduce the additional funding request for the increased demand in external placements.

In considering the overspend we decided to focus on the situation and the net projection for 22/23 as at month 7. For unregistered placements at that time this stood at £9.5m with the projected overspend being £7.6m. We were surprised to learn that this overspend had occurred because of the huge and unpredictable cost for a small number of placements. We noted that the spending for unregistered placements related to the amount spent on just 9 placements. It was explained to us that these high figures and subsequent weekly costs were subject to a variety of factors that sometimes included court order stipulations and the unique requirements for each placement that had to be bespoke and frequently arranged with very short notice.

Placement Type	2021/22			2022/23		
	Budget	Actuals	Variance	Budget	Actuals	Variance
External Foster Care	6,898,000	6,120,898	(777,102)	7,208,100	7,094,791	(113,309)
Residential	11,957,300	14,467,886	2,510,586	13,040,900	15,220,910	2,180,010
Family Assessment	1,233,400	1,233,937	537	733,300	1,466,326	733,026
Leaving Care	901,200	1,736,510	835,310	1,361,700	1,977,495	615,795
Secure	404,100	896,177	492,077	390,100	1,284,524	894,424
16/17 year olds living with support	3,321,100	3,103,442	(217,658)	2,786,100	5,271,737	2,485,637
Unregulated placements	2,721,500	3,327,414	605,914	1,844,600	7,175,282	5,330,682
Remand	468,000	(13,281)	(481,281)	0	1,535	1,535
Total	27,904,600	30,872,983	2,968,383	27,364,800	39,492,600	12,127,800

4.3 What are we doing to give assurance around spend

We welcomed the assurance from officers that the Council continues to search for registered provision for all of our children. This includes daily searches and weekly meetings to discuss and monitor this situation with monthly meetings Chaired by the Director of Children's Services.

We noted the 'permanence tracking' took place on a fortnightly basis to ensure the Council continued to achieve early permanence for all children and to identify issues that would impact/prevent this.

We noted that reviews were held for all children living in residential homes to ensure they were receiving the right levels of support and to ensure, where appropriate, there were plans to move children from residential to fostering.

We noted the role of the complex cases panel to look at shared costs to ensure our children with the most complex needs were being discussed between social care, education and health to plan and share costs where there were identified education and health needs.

We welcomed that fostering recruitment continues to be a priority for the Council and that fees and allowances for our carers had recently been increased to aid retention and mitigate against the cost-of-living crisis. It was important that foster carers in Somerset reported feeling valued and supported with good training opportunities and we would support all efforts to ensure this was maintained.

We noted the on-going work the Council was undertaking to form a Strategic Partnership to ensure the first 2 homes would be able to open early in 2023 – and that a further 2 homes would be able to accommodate children before the summer. We welcomed the commitment from Officers to prioritise those children with complex needs currently in unregistered provision.

Somerset continues to receive positive feedback from providers about how we work with them to arrange care and support for our children. We continue to work closely with providers, so that we become the Local Authority of choice for providers within Somerset.

6 Background papers

- 6.1**
 - [Scoping report](#) to November 2022 Scrutiny Committee meeting
 - [Children's Social Care Market Study – Competitions and Markets Authority, March 2022](#)
 - Budget Monitoring reports to [Executive 2022/2023](#)

Note: For sight of individual background papers please contact the report authors.