



PRESS RELEASE

Profit making and Risk in Independent Children's Social Care Placement Providers

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Profit at the expense of children ... or... The cost of caring for children with the greatest needs?

The Independent Children's Homes Association welcomes the insight this publication gives into the work and cost of providing children's homes. However, it is clearly focused on attempting to identify profit as opposed to value for money. Its focus on the financial performance of larger independent sector providers of residential care precludes the extrapolation of its findings to the sector as a whole.

Unlike in other countries, children's homes in England are often used as a placement of last resort for the most needy of children, when all else has failed. The sector continues to experience increasing complexity of need among young people placed in its homes. The management of this complexity and the often- associated presentation of higher risk is unsurprisingly more costly.

Residential child care is frequently an intensive intervention, requiring provision and coordination of a range of services including for example care, psychology, psychiatry, therapy and education.

Peter Sandiford, CEO of the ICHA said:

A children's home is a place where a life can be transformed and in many cases is the opportunity of a new start for a young person. The number of children needing a children's home is rising, particularly older children, and demand is outstripping supply. As a society, are we happy to live with children's needs being unmet? We clearly need more registered children's homes capable of delivering high quality care to a cohort of young people with increasingly complex needs. Our children do not need, or deserve, to be placed in unseen, unregistered, unregulated accommodation with unknown standards of care.

The report highlights some of the challenges faced by both commissioners and providers in terms of ensuring the adequacy of high quality, localised provision.

In the 1990's, the majority of children's homes were in the public sector. Currently, approximately 80% of children's homes are provided by the voluntary and private sectors. This situation has arisen due to LAs divesting from their provider function, as a means of improving value for money, whilst passing on risks associated with the provision of services to some of the most vulnerable young people in society.

Children's homes providers are diverse. A small number are funded by private equity, many by private finance and some are under voluntary sector ownership. A few are large providers, but the overriding majority are not. Providers of all ownership structures and sizes have to accept the not insignificant risks of setting up and running services, the risks associated with the increasingly complex behaviours

presented by children placed in these services and the binary Ofsted consequences of placement failure.

Children's homes are costly to bring to market and to operate. It is commonly agreed by the public and Independent sectors that the cost of opening a new children's home is many hundreds of thousands of pounds, a significant investment for small and large providers alike.

The development of services to meet demand is clearly being impacted by cuts in public funding. Sandiford commented: *it is clear, that without investment, this country cannot provide enough registered children's homes and we will fail to meet the needs of our children.*

Some express concerns about the perceived level of profit making in the sector. Others suggest LA homes have a better quality of care and are less costly, but evidence shows this is not the case. Ofsted inspection outcomes show only marginal difference in the quality of children's homes across the provider sectors and significantly, the recent Personal Social Services Research Unit report shows LA homes cost on average £4,557 per week, per resident' with the equivalent cost in the private sector being £3,403.

Whilst LAs do not have an aligned outcome framework or measure impact, focus always gravitates to 'spend' and not 'value'. Interestingly, it is the independent provider organisations, ICHA and NAFPP that are at the forefront of looking at bringing impact measurement into the sector.

Sandiford said:

To enable there to be enough homes for the children in our society, there must be a coming together of commissioners and providers where risks are shared and the benefits capitalised on.

Profitability is one factor of financing care in complex situations. Any successful conclusion to the current crisis must ensure that our most vulnerable children have the right placement available to them, in the right location, at the right time and at the right price.

Notes to Editors

The Independent Children's Homes Association (ICHA) is the voice of independent providers of child care services and resources for children and young people. We are a Not for Profit Association representing professionals who have chosen to work in the independent sector.

ICHA's Vision: **'Excellence in Residential Child Care.'**

ICHA's Mission: **'A member-led organisation driving excellence in residential child care through innovation, collaboration and sector leadership'**

ICHA represents 75% of the private and voluntary sector and over half of all homes, no matter the ownership. Some members have just one home whilst others have many separate homes across the country.

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