

# Information Report



## Scrutiny

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**Date:** 14th March 2023

**Subject** **Eliminating private profit from Children's Social Care**

**Purpose** To ensure Cabinet Members are briefed on the implementation of the Welsh Government agenda to eliminate profit from Children's Social Care.

**Author** Natalie Poyner

**Ward** City wide

**Summary** This report explores the Welsh Government commitment to '*eliminate private profit from the care of looked after children during the next Senedd term*' and the regional and local strategy to remove profit from work with children in care.

**Proposal** To ensure Members are fully appraised on the role that Newport City Council has in meeting the requirements to eliminate profit from children in care.

**Action by** Natalie Poyner

**Timetable** Immediate

This report was prepared after consultation with:

- Welsh Government Officials
- All Wales Heads of Children Services
- Regional Partnership Board
- Children and Families Partnership Board
- Children's Commissioning Consortium Cymru (4Cs)
- In House Residential Managers

## 1. Introduction

The Welsh Government's Programme for Government contains a number of key commitments relating to a new vision for Children's Social Care. At its heart, the Welsh Government wants to see fewer children and young people entering care. For those children in care, we want them to remain close to home so they can continue to be part of their community and for their stay in care to be as short as possible, consistent with meeting the needs of the young person. We are committed to keeping families together.

The Programme for Government contains a commitment to '*eliminate private profit from the care of looked after children during the next Senedd term.*' This commitment is also one of the 46 policy areas highlighted within the recent Co-Operation Agreement between Welsh Government and Plaid Cymru.

Welsh Government is of the view that it is not right that some private companies who run accommodation, care and support services for looked after children can make significant profits from the children they care for. Eliminating profit from care is about transitioning to a not-for-profit model of care in Wales, focussing on values and not finances. It is about fundamentally changing how we care for children and their families as part of a network of local, community based services that have the welfare of the young person as the absolute priority. Our aim is to ensure that public money invested in accommodation for care experienced children is not extracted as profit, but instead is reinvested back into the system to support better outcomes, services and professional development.

## 2. Policy Objectives

- Deliver the Programme for Government commitment to remove private profit from the care of looked after children during this Senedd term
- Removing profit from care is one of 8 Programme for Government commitments aimed at seeing fewer children and young people entering care and in care and keeping families together.
- Create local authority and not for profit placement sufficiency and support increased use of kinship care and special guardianship arrangements.
- Support the transition to a not-for-profit model of care for children looked after in Wales, with the initial focus being on children in residential care and foster care. Further work will be undertaken on the implications for home care for

children with complex needs and supported accommodation provision. Policy and legislative work will be structured in such a way however, as to cover all elements.

### **3. Key Messages**

- This Programme for Government commitment is one of a number of commitments designed to deliver a new vision for Children's Social Care, focussed on values and not finances. It is about fundamentally changing how we provide services to children and their families as part of a network of local, community based services that has the welfare of the young person as their absolute priority.
- Eliminating profit from care is about transitioning to a not-for-profit model of care in Wales. The aim is to ensure that public money invested in accommodation for care experienced children is not extracted out as profit, but instead surpluses are reinvested back into the system to support better outcomes, services and professional development.
- There is a drive to see fewer children and young people entering care. For those children who do need care, there is a desire for them to remain close to home so they can continue to be part of their community.
- The proposals are that Welsh Government will pass legislation within this term. In order for children's homes and fostering agencies to operate legally in Wales they have to be registered with Care Inspectorate Wales. No new for profit provider would be able to register with Care Inspectorate Wales after April 2026. All current providers would have to move to a not for profit position by April 2027. In addition it is proposed that local authorities would not be able to access for profit provision outside of Wales. Hence all children who are looked after in Wales will be with not for profit providers.

### **4. Issues and Risks**

If the programme of work and engagement with the sector is not managed appropriately and effectively, the following risks may emerge

- Uncertainty in the market leading to providers either exiting the market or providing provision for cross border placements only. This has the potential to destabilise placements for children currently in care, and may lead to specific consequences for specialist placements, as Welsh local authorities mostly rely on this provision for children with the most complex needs.

- A heightened risk of legal challenge, negative publicity or incorrect messages circulating within sectors. There may be objections to the plans to deliver this commitment causing adverse publicity.
- The workforce could experience anxiety about the changes which could result in staff/carers leaving the sector. This may also cause resistance from staff to move across into the public / not for profit sector and affect staffing provisions in care homes and foster carers. TUPE issues need to be clearly communicated to alleviate the impact on future not-for-profit staffing capacity.
- Lack of interest from private organisations moving over to a not for profit model of care or lack of interest from new providers entering the market. This will impact the market sufficiency if the supply of local authority and not for profit provision is insufficient, as the demand for placements may outstrip the supply.
- Loss of investment into the sector as independent and not for profit providers may delay plans to invest in new innovative facilities, technology, training and specialist provision which may cause a stagnant market. This could also result in a potential reduction/freeze on investment to current infrastructure which will impact current quality for children.
- Lack of clear information may lead to providers feeling that there is no incentive to remain on an All Wales Framework which offers protection via standardised contracts/T&Cs/evidence of social value

## **5. National Strategic Plan**

A national Eliminate board has been established and has agreed a set of principles to underpin the programme work. There have been workshops held with providers to explore and refine not for profit business models and discuss issues and concerns. Potential models have discussed with Ministers and definitions of *Not for Profit* and *Profit* have been drafted and are being checked by the WG legal team. A Communication Plan was issued in June 2022 and three work streams were developed in the Autumn. Each work stream has a work plan and a range of action groups leading on different areas of the work. The concept of a national cooperative across local authorities has been discussed and is likely to be further progressed within the Eliminate work streams.

A consultation across all sectors and interested parties ran until November the 7<sup>th</sup> 2022. The responses to the consultation are due to be published in March 2023. Officers from Newport contributed to the consultation through the Regional Partnership Board response and the submission from the All Wales Heads of Children's Services.

## 6. Regional Strategic Plan

A regional response has been sent to Welsh Government highlighting the challenges faced by local authorities. An agreement has been made to work together in partnership regionally to understand and manage risk and work to build solutions. A revenue funding bid to Welsh Government has been successful which enables the region to develop a team to lead on eliminate and enhance placement sufficiency. Newport has agreed to host the team. Staff are currently being recruited and once in place will work with the five local authorities to drive increasing local capacity in both residential and foster care.

## 7. Regional Data

	Children in private residential care	Children with Independent Fostering Agencies
Blaenau Gwent	12	19
Caerphilly	33	67
Monmouthshire	17	49
Newport	21	57
Torfaen	13	19

	Residential spend	IFA spend
Blaenau Gwent	£2,161,130	£1,778,210
Caerphilly	£6,022,683	£2,535,802
Monmouthshire	£2,920,386	£2,668,961

Newport	£4,170,985	£2,545,219
Torfaen	£3,506,047	£1,307,214
<b>TOTAL</b>	<b>£18,781,231</b>	<b>£8,290,187</b>

## 8. Operating without Registration (OWR)

As we rebalance residential and fostering provision to new / expanded local authority/ regional and not for profit provision it is critical that the market transition ensures placement sufficiency across the spectrum of children's placement requirements.

This programme of change takes place within the context of existing placement and system pressures, providers now withdrawing from the market or entering arrangements with English local authorities, and with an evolving learning and practice where OWR (operating without registration) which is a criminal offence under 2016 Act or CFM registration are necessary.

Our aspiration is to ensure placement stability in registered provisions that meet the needs, and secure positive outcomes, for our children and young people. However, the pathways leading to OWR arrangements are multi layered and often unavoidable. Common factors include:

- No provision being offered by Providers despite extensive national placement searches – both 'on' and 'off' the 4 C Framework
- Children awaiting secure provision
- Immediate notice being issued by Providers increasingly due to dysregulated behaviour and offences against staff
- Children being discharge following inappropriate presentation to hospital and or the use of s136
- Court expectations/ direction leading to bespoke placements
- The wishes and feeling of young people who may no longer wish to remain in the placement

All Wales Heads of Children Services are working with Care Inspectorate Wales in order to explore immediate and more long-term approaches to support OWR. A task and finish group has been set up and is led by Flintshire Head of Children Services, this group has identified three themes.

Theme 1: Promoting placement stability and reducing the need for OWR arrangements

Theme 2: The management of placements and risks where OWR placements are necessary and unavoidable

Theme 3: Proportionate and effective oversight of placements with a focus on securing positive outcomes

## 9. Local Strategic plan/next steps

Newport Children's Services has been awarded significant grant money to enhance existing provision under the terms and conditions of eliminate and radical reform. This will enable us to develop further residential provision, invest in the recruitment of foster carers and ensure our family intervention services are robust enough to ensure families can remain together and children do not come into the care system.

In Newport the Council already has a strong history of developing positive residential care and working to proactively recruit and support foster carers. However, there is still at present a need to use external residential and fostering care through for profit agencies. Moving to a full not for profit system of care is a significant challenge. While the numbers of children who are looked after in Newport as been stable over the past 7 years the level of need and complexity has increased. The pressures on Children's Services in terms of both demand and risk management are substantial.

Officers are now working on a programme of how we move from our current position to the required 2026/7 position. The regional team will be part of this drive but a local shift will also be required. Officers from the Resource Team have projects in motion which include

- a) Renovation of Forest Lodge and Brynglas Bungalow
- b) Development of Cambridge House into a residential home for unaccompanied asylum seeking children
- c) Proposals to develop a local residential provision for children with disabilities
- d) Links with both regional/national Foster Wales to develop a framework of support to recruit and retain foster carers.
- e) Focus on local recruitment plan using innovative methods of recruitment such as adverts on roundabouts, flyers, and local campaigns.
- f) Focus on wellbeing and support to retain carers and prevent placement breakdown.

In addition Officers will shortly begin work on looking at individualised plans for all children currently in for profit placements with strategies to work towards not for profit placements within the required timescales.

Natalie Poyner  
28.02.2023

