HOUSE OF COMMONS

# Public Accounts Committee

## Oral evidence: Financial sustainability of children's care homes, HC 1233

Monday 17 November 2025

Ordered by the House of Commons to be published on 17 November 2025.

Watch the meeting

Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Anna Dixon; Sarah Green; Sarah Hall; Lloyd Hatton; Chris Kane; Sarah Olney; Tristan Osborne.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Emma Wilson, Director of Education VFM, National Audit Office, and Edward Pinney, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1 - 95

### Witnesses

I: Joe Lane, Deputy Director of Policy and Projects, Office of the Children's Commissioner; Rachael Wardell, President, Association of Directors of Children's Services; and Dr Mark Kerr, Chief Executive Officer, Children's Homes Association.

II: Susan Acland-Hood, Permanent Secretary, Department for Education; Gila Sacks, Director General, Families, Department for Education; and Isabelle Trowler, Chief Social Worker for Children and Families, Department for Education.

# Examination of witnesses

Witnesses: Joe Lane, Rachael Wardell and Dr Mark Kerr.

Q1 **Chair:** Good afternoon. Welcome to the Public Accounts Committee on Monday 17 November 2025.

As of March 2024, there were 83,630 looked-after children in England. Local authorities have a statutory responsibility for the care, safety and welfare of those children, which can include providing them with a place to live. Many of these children live in foster care, as well as in residential care, which includes children's homes, secure children's homes and supported accommodation that allows older children to live more independently. Across residential care, 84% of settings are run by private providers, with the remainder run by local authorities or the voluntary sector. Changes in providing the right residential care in the right locations at the right cost are well recognised across the industry, with the NAO recently reporting that costs in the residential care sector have increased by 96% since 2019-20 to £3.1 billion in '23-24, which is causing many local authorities some financial stress.

Today, we are fortunate to have with us a panel of witnesses with a huge wealth of knowledge and experience of working in this area, ahead of our questioning Government officials later this morning, or later this afternoon—that is the problem with a pre-prepared script. We hope to hear from them what should be done to ensure that the residential care sector is meeting the needs of those looked-after children. We are pleased to welcome our witnesses. Rather than me introducing you all, could you all introduce yourselves so that I do not make a mistake?

***Dr Kerr:*** I am Dr Mark Kerr. I am the chief executive of the Children's Homes Association. I have been researching and working in the looked-after children's space through a policy lens for about 24 years now.

***Rachael Wardell:*** Hello. I am Rachael Wardell. I am the director of children's services at Surrey county council. This year, I am the president of the Association of Directors of Children's Services.

**Chair:** To make it clear, it is in that latter capacity you are appearing today.

***Rachael Wardell:*** Correct, it is in that capacity, so I speak for all directors of children's services.

***Joe Lane:*** Good afternoon. I am a deputy director in the Office of the Children's Commissioner.

Q2 **Chair:** We have a lot to get through today. May we start with each of you, very briefly, telling us what you think needs to change in the sector?

***Dr Kerr:*** Obviously, children in residential care are at the end of the care continuum, if we think of it as a continuum from early help and foster care

right up to secure accommodation, tier 4. For many years, residential care has been meeting acute demand, with sufficiency challenges across local authorities. It provides a vital and transformative service to some of our most vulnerable children. Historically, it has been renowned around the world—we have a long history of therapeutic childcare. It has changed over recent years, but the level of toxicity towards children's residential care is damaging the sector. Having done my PhD in this space, I can tell you that these same conversations were being had in the 1940s with the Curtis committee—never mind previous PAC reviews—on the difference between fostering as a preferred option, rather than residential, largely on cost grounds. This is not new.

We have to accept that, for a small proportion of children, residential care is absolutely transformative. While we recognise that costs have gone up, costs have gone up everywhere. Between 60% and 80% of costs in children's homes are staff. Over the past 10 years, the cost of residential care has doubled, but so has the national minimum wage. Utilities have gone up. The public rhetoric of residential care being profiteering is not true across the piece as such. For us, it is more that the Government have to make a decision. We made a decision as an organisation to remove tax haven-based private equity providers from our membership. We understood the Government were going to be following this, but this has now been pulled back on, so we are quite confused. A lot of the policy stuff at the moment has come out of the CMA review on large national providers. However, the consequences are going to be felt by small providers, which we need to open up specialist provision but which currently won't because of the level of toxicity, the talk of profit caps and what seems to be a preference for private equity models.

**Chair:** Thank you very much. Let me just say to Rachael and Joe: please do not repeat anything. Of course, if you disagree with something, that is perfectly reasonable, but don't repeat it just for the sake of repeating it.

***Rachael Wardell:*** I will focus on what residential care means for children and where it may unfortunately be going wrong for some children at the moment. While I agree that residential care is right for many children, and that the needs of many of them are being met well in current provision, we by no means have the right homes in the right places. We need our children to be accommodated close to home, where they already have connections and family ties. We find that the distribution of residential provision across the country is based much more on where it is easy to open a home—maybe where house prices are relatively lower—and consequently we have concentrations of provision in parts of the country that do not match what the need looks like.

As I say, there are many good-quality homes, but we find that some homes do not have the same philosophy of care towards our children as we would want. One example might be giving very short notice when they want to end a placement. That does two things. Of course, it is very upsetting for the young person in care, but it also means that the local authority needs to find another placement at very short notice. That is one

of the things that create situations in which we find ourselves paying very high premiums to secure a placement that may not be an ideal match for the child, either because it does not meet the child's needs or because it is not in the right place. Some of the things that are not working well are to do with the match between individual provision and individual children, or with the sufficiency of provision in certain parts of the country where costs may be high.

The last thing I will say is that, as directors of children's services, we do not see "profit" as a dirty word, but we know that increasingly there are private equity interests in our children's homes, which means that the level of profit looks very unsustainable, given that this should primarily be about meeting children's needs.

**Chair:** We are listening carefully to what you all have to say, and we will come back to a number of the issues that you have all mentioned.

***Joe Lane:*** The Office of the Children's Commissioner exists to protect and promote in Westminster the rights of children, and one way we do that is by listening to them directly. Children in care and children in residential care have very similar ambitions and wants to children who do not live in residential care. They want a loving home to live in, and that is what we advocate for in the Office of the Children's Commissioner. At the moment, we are a very long way from that.

All the warning lights on what is happening in children's residential care are flashing incredibly brightly. The outcomes for children in care, particularly when you compare children in residential care with children in care more generally, are negative. They are much more likely to receive a criminal conviction. They are much more likely to end up in the youth justice system. They are much more likely to end up NEET. They are much less likely to be in suitable accommodation when they are 18.

In part, that is because all the warning lights on the quality of provision are also flashing very brightly. Children in residential care are much more likely to be placed out of area. They are much more likely to experience unstable moves and to move from home to home. They are much more likely to go missing when they are in a home, so they are not being closely cared for. And incredibly starkly, about 800 of them on any one day are in an illegal children's home. Regulations are very clear that all children in care should be in a registered children's home, but at the moment that is not happening for 5% to 10% of children in residential care on any one day. It is almost unsurprising that their outcomes end up being so negative.

You asked what needs to change. And if there was one thing to start with, it would be that there needs to be much greater ambition in how deliberate we are in planning and providing the homes that children need, and not hoping that it happens just through incentives or the market eventually working for the children who need homes now.

**Chair:** Thank you very much for reminding us that this is all about some

of the most vulnerable children in the country, and the outcomes that we want to achieve for them are what is most important of all.

Q3 **Anna Dixon:** I think just under half of children are placed more than 20 miles away from their original family home. Joe, I wonder whether, as a deputy to the Children's Commissioner, you might say a bit about the impact on children of being placed far from home.

***Joe Lane:*** Being in an appropriate placement is absolutely vital for a child. There are Ofsted statistics on the quality of care provided in individual homes, but that does not always reflect the quality of care that a child will receive. You might have a very good home, but if you are a long way away from home and a particular relationship was very important to you, that home might not give you exactly what you need. The consequences could not be more stark. The Office of the Children's Commissioner provides a service called Help at Hand, which provides specialist advocacy for children with a social worker. Very frequently, Help at Hand workers will be supporting children who are placed in an inappropriate placement, where that placement leads to criminalisation, exploitation or a lack of care because they are in the wrong type of home for them.

If there were one heuristic for, "Is the system doing what we want it to do?" it would be, "Do people think it would be acceptable for their own child to be placed hundreds of miles away, to be moved very frequently, to have any relationships they have regularly severed, and to be at risk of exploitation?" I think we can very confidently answer, "No." When a child comes into care, particularly residential care, are we passing that very basic test of, "Are we fulfilling our corporate parenting duties and giving that child the parenting, care, love and support that a parent would want to give their own child?" Absolutely not.

Q4 **Anna Dixon:** Bradford council is an area with low property values, so quite a lot of councils commission out-of-area placements in that area. As you are representing the Association of Directors of Children's Services, Rachael, could you say a little about the challenges of safeguarding children who are placed out of area?

***Rachael Wardell:*** It is obviously much more difficult to build, establish and maintain a relationship with a child when they are further away. That is the starting point. As a team, you also do not have information about the local resources available to support that child. Again, it is not about the placement itself necessarily being of poor quality, but it is more difficult to know what resources you can draw upon to support a child in that placement if they are a long way away.

That is why we make placements at a distance very reluctantly. In some cases, it is absolutely the right thing to do, as sometimes a young person is more at risk if they are maintained close to home. We are thoughtful about those placements when we make them, but too many children are placed far away simply because there is no local placement. The social workers obviously visit regularly, but that is at a distance, and if you have

to get back somewhere else, it makes it harder to do things like just staying a bit longer when you have had a difficult conversation.

For a lot of our young people, mental health provision is a very important facet of their life. When it is our own local CAMHS service, we can be in a dialogue with them much more readily about what is happening for a particular child. If a child moves multiple times remotely, we might need to access education, mental health and other kinds of support from multiple different local authority areas.

It also affects our engagement with local policing. We have already alluded to the criminalisation of children in care. Our relationship with our local police force is often more focused on individual children—getting to know and understand individual children. Again, if you place a child far away, you might have to remake that connection with a new local constabulary in relation to that child. Every one of the things that we take seriously as corporate parents and want to do well is made harder to do if a child is outside your local authority and at a distance.

**Chair:** That is a very important exchange—thank you both.

***Dr Kerr:*** Do you mind if I just add to that, Chair? I want to bring up a point about outcomes, for those who are not experts in the field. First, outcomes are about distance travelled. Children in residential care have a very different starting point from foster care. A lot of them are already engaged or caught up with the criminal justice system. It is not a magic bullet, as such; they start from different places, so their outcomes are always slightly different.

On the point about out-of-area placements, property prices are one issue, but workforce and planning consent are others. There are areas where it is easier to recruit, and there are areas where it is easier to get planning consent. Those are two of the key drivers for which, for four years, we have been making the case to remove the barriers to getting homes where we need them.

**Chair:** Thank you. I call my deputy, Clive Betts.

Q5 **Mr Betts:** Rachael Wardell, local authorities are established by statute and operate according to powers that are ultimately given to them by Parliament, so they are legal bodies. How can it possibly be right, then, for any local authority to place children in illegal care homes?

***Rachael Wardell:*** The situations in which that arises are the very rare circumstances where you have both an absolute duty to place that young person in order to keep them safe and no regulated placement will take them. That happens for a small number of children in any individual local authority, and we all work hard to avoid it, but the sufficiency issue means that we are faced with two unacceptable alternatives, of which one is very slightly less unacceptable than the other. We cannot leave a child unplaced.

Q6 **Mr Betts:** Sorry, "rare circumstances"? In '23-24, it was estimated that

this happened to nearly a thousand children. That's not very rare, is it?

***Rachael Wardell:*** It does not seem rare when you have a number like that, but of course that is out of more than 80,000 children.

Q7 **Mr Betts:** A thousand children are being put at risk because nobody really knows how those care homes are being run. It is not acceptable, is it?

***Rachael Wardell:*** I am not arguing that it is acceptable. I am simply saying that, in the circumstances, no registered setting could be found for those children and the local authority had an obligation to make them safe by placing them safely. When that occurs, steps are taken to move a child into a regulated setting as fast as that can possibly be done, and no one takes that decision lightly.

Q8 **Mr Betts:** So children are not left in unregistered settings for months?

***Rachael Wardell:*** Some children may end up staying in an unregistered setting for an extended period of time, yes, but that would never be done lightly. They certainly would not be just left there. The local authority would always be looking for a registered placement that fits that child and would always be seeking that match. In some cases, our placing teams may make hundreds of calls and contacts right across the country looking for a regulated placement for a child. It really is done most reluctantly, and only because it is the lesser of two evils.

Q9 **Chair:** Isn't the situation that Clive describes made even worse by the fact that many of these unregistered homes are not inspected by Ofsted? Should there not be an absolutely mandatory requirement for Ofsted to inspect all these unregistered homes?

***Rachael Wardell:*** That is a matter for consideration, certainly by the Department for Education, but I suppose if Ofsted were inspecting them, they would by definition start to fall inside the framework of the regulatory environment. What happens when local authorities identify these kinds of settings is that we engage in our own quality assurance mechanisms. A child who is placed in that way is likely to be visited much more frequently. The setting is likely to have oversight to ensure that, although it is not a lawful placement, it is nevertheless one where the child is being kept safe and where the alternative would be worse.

Q10 **Mr Betts:** I am sorry, but is that true? The unregistered home may be miles and miles away from the local authority that is supposed to be overseeing that placement. That often happens, does it not? You have an unregistered home in one part of the country and a local authority placing children from another part of the country.

***Rachael Wardell:*** I cannot speak for every single placement by every local authority in the country, but I can speak for what directors of children's services are aiming for. I am also fully versed in the decision making of my own local authority. We absolutely do undertake those visits. They are more challenging for all the reasons I gave Anna Dixon earlier, but we know that we have to oversee those placements because of the risk.

**Chair:** Thank you. We will certainly return to this subject with our main witnesses.

Q11 **Anna Dixon:** One of the reasons for more demand for residential care is the lack of foster care placements. I realise that not every foster care placement is suitable, but it appears that there is some decline in foster carers. Joe, what do you think the challenges are? Why are we losing foster carers, and how could we turn that around?

***Joe Lane:*** Stepping back slightly, the big picture is that there needs to be a much tighter grip on the amount and type of provision we need and where. For instance, with the example of a child in an illegal children's home, it should not be that we are putting the question out and not getting an answer that a regulated provider is happy to take a child. Once that child is removed from their family, it is the state's duty and obligation to ensure that we have that provision. Some of that is about ensuring the provision of foster care, and that means ensuring provision across all local authorities.

On encouraging more people to become foster carers, one of the issues is the big cultural shift around the esteem and value placed on care and being a foster carer. Some of that is about the cultural leadership that senior politicians, including senior local politicians, and others can show. There are structural things around giving people more variety and choice in terms of their routes in. Some people will be motivated by certain elements of becoming a carer. Things like the scheme for Ukrainian children, where there is a particular motivation for people to say, "Yes, I can look after someone and welcome them in my home," have been big successes.

We also hear about lots of other problems in relation to foster carers. They might start trying to sign up but then drop out, or they are not retained because they are not acting as a foster carer at the moment. Then there are problems around things like duplication in signing up. Particularly if you live on the boundary of a local authority, do you register in two local authorities, and do you have to go through different processes? There is something about making that user experience of being a foster carer more simple.

Q12 **Anna Dixon:** FosterSupport, which supports foster carers, would argue that there are factors such as the level of pay, the amount of support they get, their rights and entitlements as workers, and the level of funding for supporting more complex children, such as through adaptations in the home. Are these barriers familiar to you, Rachael, in trying to secure sufficiency in terms of foster carers?

***Rachael Wardell:*** Yes, they are recognised as barriers, and they are things that local authorities work hard to rectify. We look all the time at the fees and other allowances that are paid to foster carers, and at methods by which we can support foster carers to adapt their homes. There is different provision in different local authorities, but all of us are looking at those things.

Another thing that acts as a barrier is the way that society has changed. It is now much more unusual to have a non-working parent available at home to provide care. If there are two parents in a household, they are often both in work. You might ask whether you have to give up work to be a foster carer, and of course in some cases you do not, but a lot of our children need someone at home for them during the day, and that is deemed to be prohibitive. Some people would willingly adapt their home if it were theirs to adapt, or if there was space. We find that, for some of our families, there simply isn't space to go further, either to foster at all or—where people are already registered as foster carers—to accept additional children.

One of the things we look at is whether, when someone is already fostering, we can do anything to provide support in their homes so that they can foster more children. In some cases, that is possible, but in some cases the homes are just not amenable to that kind of change. Because of the cost of housing, more of our foster carers have had their own adult children returning to live with them. That is obviously a lovely family priority, where it is needed, but it also means that they cannot continue to foster. Significant change in the social impact of fostering and what it means for family life means that we need to remediate it in a range of other ways, beyond just fees, charges and adaptations.

Q13 **Chair:** I do not mind which of you starts on this, but the next subject is regional care co-operatives, commissioning, pricing and so on. As you all know, the Government have carried out two modified pilots. Should they be moving much more quickly towards having RCCs covering the entire country? If so, what exactly should those RCCs do? You could find that they would do everything, and local authorities' statutory responsibilities for care of children would fall away, or there could be a hybrid model.

***Dr Kerr:*** I do not want us to look at it as too siloed. Obviously, local authorities currently have the statutory duty and the funding arrangements there. Then we have the regional care co-operatives, but we have also got the fiscal elements of devolution, the regional mayors and super-unitaries, and we have been drilling into those. Our biggest fear is that, in three or four years' time, people are going to wake up and ask, "Why is my council tax £4,000?", because local authorities are going to have the statutory duties and all the invest-to-save models and preventive work will sit somewhere else.

For a long time, we have had regional commissioning groups that work together to commission, but none of those have been able to address the challenges that we still face today, because the Government are not addressing the fundamentals that we have been taking to them for the last four years in terms of workforce. The NAO Report showed that one in five children's homes do not have a registered manager, which is a statutory post. Children's homes have got smaller. All the causes of the sufficiency problems are not being addressed. We are extremely concerned that so much effort has been put into those as the solution. The same goes for the 15,000 foster carers, which is fanciful. It is not going to happen. We work closely with the fostering sector. We will be back here again in a few

years' time talking about residential. Everything is being put on the RCCs and on foster care, and those are probably the two least-evidenced solutions to the problems we face.

Q14 **Chair:** What would work, then? What role do they have? They must be part of the solution, mustn't they?

***Dr Kerr:*** We do not know what role they have at the moment. They are two very different pathfinders or pilot areas, and to date we do not know. We thought they were going to be about commissioning, but the south-east has now registered its own company and is registering as a provider of care. As a sector, we are not quite sure what we are supposed to do.

We spent a year being in the spirit of the art of the possible, trying to work to get the right placements for kids. I am care experienced myself; that is what drives me. I want children in the right placements. However, the barriers are planning, workforce, property and so on. I do not see how regional care co-operatives are going to address those unless we get to the fundamental problems.

***Joe Lane:*** I thought the exchange on whether it is extreme circumstances or whether it is lots of children in illegal homes was informative. An individual local authority might be looking at quite a small number of children who they are struggling to place, and then end up placing out of area in an illegal home. Nationally, nobody could say that is a small number; it could be 1,000 children, or 5% to 10% of children. One of the things that some sort of regional body should do is reduce some of the volatility in an area. In a local area, you might say, "This is changing by between one and 20 children year on year. It is very difficult for us to plan." If we grow that geographic footprint, we can say, "We now have a decent idea of the number and the type of provision we will need to provide."

One of the things that we at the Office of the Children's Commissioner think should happen is that we should be much more ambitious than the current regional care co-operatives, which essentially ask local authorities to play nicely together, contribute a bit of money and share intelligence on how they are commissioning. We should be looking at the different types of provision that we need, which includes provision from local authorities in terms of social care, and also health provision, particularly where it is high need and overlaps with things like tier 4 mental health provision and justice provision. At the moment, we are remanding children in custody because of the lack of social care provision, so there needs to be joint funding pots and shared accountability among local authorities, health, justice and, sometimes, education as well, if specialist residential care is needed.

It needs to be mandated amounts of money, with a clear accountability approach, and a geographic footprint needs to take ownership of that. There needs to be a decision maker who can use that money, go out into the market and make sure that provision is available, rather than shrugging their shoulders when they get a difficult child and saying,

"Sorry, there's nothing we can do for you," which is what is currently happening to children.

**Chair:** That is very helpful. Thank you very much.

Q15 **Sarah Hall:** I declare an interest: before coming to Parliament, I was the cabinet member for children's services in Warrington for several years. I fully recognise a lot of the challenges and the issues that have been raised. During my time we started a programme to bring children's homes back in-house, which has proved to be very successful. There was a focus on the edge of care with the Lighthouse, which you may have heard of, Rachael, and we opened a children's mental health complex needs hub to try to prevent kids from being placed in tier 4 when they did not need to be there—we called it tier 3.5—so a lot of innovative work was going on. What more do you think the Government can do to help local authorities and deliver a sustainable system?

***Rachael Wardell:*** Every local authority starts from a slightly different place. I recognise some of the things you described very well; I am pleased to say that we have been able to do that in my local authority. Some of that work comes from the capital that the local authority has been able to invest. Not every local authority has the same resources available to it, nor the same access to expertise and leadership around those kinds of programmes. We look to the Government both for financial support through capital regimes and for revenue support for different plans and programmes, so that we can develop our work in this area.

One of the frustrations is that we sometimes end up competing with each other to bid into, for example, a capital pot. We might be delighted locally to win several million pounds to support the development of in-house provision, but it does mean that another local authority somewhere else is not able to do that. It is about having that kind of support at scale so that we can level the playing field for local authorities, some of which are not in a position to do this at the moment. It would be in our shared interests if we all operated at that level.

Q16 **Sarah Hall:** On the capital, do you think that, rather than pots of money being intermittently available to bid for, it should be a more sustainable, long-term influx of funding so that local authorities, if they choose to do so, can follow the invest-to-save programme? In my experience of the children in our children's homes, it has lowered the cost, but also the care has been fantastic and we have great staff in Warrington as well. So it is a good model. There is also a place for the right private providers, although some of them not so much. Would that be a solution?

***Rachael Wardell:*** It would certainly be one contributor, yes. One of the things that, as a professional association, we call for all the time is consistency of funding, assured over multiple years, and without having to bid competitively. The continuity of that stream would be enormously welcome.

Q17 **Sarah Hall:** On regional collaboration—you probably recognise this as well—there are often unofficial agreements among local authorities not to

bid against one another for placements, but sufficiency is just so dire that that often goes out the window. A lot of the time, that is where you see the costs going up as well. Is that something you recognise?

***Rachael Wardell:*** I absolutely recognise that. Much of the time we will be competing with another local authority directly for a bed, so that of course drives price competition. I am always reluctant to refer to this as a market, given that we are talking about homes for children, but it is a market. It behaves like a market and the competition in that market drives prices up.

Q18 **Chair:** That segues nicely into my question. I am going to start with you, Mark. How do private provider charges compare with local authority home costs? We hear a lot about the private sector charging what some consider to be excessive prices; what is your take on all that?

***Dr Kerr:*** The first thing to say is that the cost base is less in the independent sector. My old department at the University of Kent used to publish the unit cost of health and social care and, year on year, the costs in the independent sector were around about 15% less. The capital funding we are talking about is just a balance-sheet transfer; the capital in a children's home is the people. If 60% to 80% of your operating costs are workforce, the full remuneration—with pensions and so on—in local authorities is much higher.

The hard data that used to come from actual local authority spends from the section 251 returns consistently showed, over many years, that the independent sector costs less. I understand Rachael's opinion as somebody who, at Surrey, operates a lot of homes. The small providers are not making large margins. We constantly monitor them, and there are economies of scale, but it is not just one sector. You have large national providers with several hundred placements that are often based in tax havens. That is where those two ways of public money leakage should be saved, because the interest rates on those are extremely high, often at 12% to 15%. They go straight to a tax haven, and then there is the profit level. The majority of the small and micro or SME practitioner-led homes are not making vast profits at all. We need to look at the tax haven providers, where 13% to 15% comes out as an operating cost—that is not even profit. I would challenge the idea. The small, micro and local-based providers that we need to expand, because that is what will get us local homes, are not profiteering at all.

Q19 **Chair:** I understand Rachael's reluctance to call it a marketplace when we are dealing with vulnerable children. Nevertheless, to make the marketplace work better, taking account of all the factors you have mentioned—it is easier to fund a care home where there is cheap housing, where planning permission works better, and so on—how do we need to alter the system so that we get a much more even supply of residential care where it is needed?

***Dr Kerr:*** The first thing is what is needed and where it is needed. As the National Audit Office discovered, a lot of the time local authorities do not know what they need in terms of a very granular-level profile of children.

A child with mental health problems or who has been exploited is different from a child on the edge of gangs. We need to know what sort of homes in which sort of areas. Local authorities could then, if they had it within their powers, fast-track planning decisions, the same as registrations with Ofsted. That is a key driver.

We also need long-term certainty. To give context, Ofsted's registration target timeline has gone from 16 weeks to 18 months. That is 18 months during which a children's home has to carry senior staff teams, because you cannot put in your application to register until you have named your responsible individual and your registered manager. That goes on to the fee. I do not like talking about markets—I am a care-experienced person myself—but we are talking about money here, and the reality is that fees are going to go up across the board, including for in-house and the independent sector. A lot of it is because of the dither and delay and there being no plan for residential. There is not a plan for residential and there has not been for many years.

***Joe Lane:*** I have a quick point about the structure of commissioning and costs. One of the challenges at the moment is that the risk is very loaded on to the provider. The local authority has the obligation for sufficiency, commissions it to a provider, and then the provider is very worried: "Can we give the standard of care that is needed for an individual child?" Generally, the response to that is, "It's really difficult, and the children are complicated. Let's have four members of staff to look after that child." In some instances, where you are able to better share the risk between professionals—health professionals, justice professionals and other partners—they are able to better assess the type of provision and able to better do things like clinical supervision, so they can manage that risk. At the moment we are having this escalation of, "Let's just throw more staff at this child," without any really good evidence that that leads to better outcomes. It is seen as a response to risk.

There is something about the way we deliver homes. Mark is absolutely right that the cost is all in the staff, but that is a product of the way we commission, who is involved and who is responsible for providing homes. There is something about bringing in the non-social care partners who have expertise and the oversight of the other risks that children naturally bring into a home environment.

**Chair:** That is very interesting. Thank you.

Q20 **Sarah Olney:** Dr Kerr, one of my big concerns as a London MP is that something like 90% of children in London are not placed in their home authority. You were talking about the various barriers to making sure we have the right providers at the right cost and in the right place. What more can be done to make sure we get homes where they are needed? It looks as if London needs homes more than anywhere else.

***Dr Kerr:*** Absolutely. The two key areas we are working on are London and the south-west, to try to increase sufficiency there. I know the London challenges well: I sit on Southwark's corporate parenting board, and have

done for seven years now, as a subject-matter expert. London has its own nuances. A lot of children in care are vulnerable and susceptible to risk. For some children, it is better that they come out of London. The problem is then having a plan to get them back into London. Obviously, property prices in London are quite prohibitive, but there are staffing salaries as well. There are a lot of reasons. Is there a workforce available for long shifts? People often forget that children's homes are quite resource intensive. A four-bed children's home probably has 20 full-time staff, which is quite a lot, because it is a 24/7 service. Unfortunately, the children do not keep to daylight hours when they decide to present with behaviours that require staff. So there are a lot of factors. A lot of London boroughs are opening homes at the moment, but it is a long journey—we are coming from a very low baseline. We definitely need more homes in London, for sure.

***Rachael Wardell:*** There is a distinction between being out of the borough and being disconnected from your community. I was a London DCS before I came to Surrey. We had children from neighbouring boroughs who were placed in my authority, and sometimes placed outside but not far away from the boundaries. One of the features of London is that you can be quite close to the community you grew up in and still be in the borough next door. In some of the places where there is a bigger geographical footprint, you can be a long way from home, but in the same county. It is important to keep that in mind, because connection to community is all important, rather than the arbitrary borough boundary.

The number of homes—even the number of registered places in those homes—is not the same as the number of places that are available for children. One of the things that we see quite often is that a home will require one or more beds to be left empty as a response to working with one particular child. You might very well have a home in your local authority that has four or six beds but is only accommodating one or two children, and a local authority may be paying to keep the other beds empty for their child to be accommodated. There is a lot more at play.

Q21 **Sarah Olney:** Would you mind explaining that? You said you would keep a bed free in response to a particular child. What does that mean?

***Rachael Wardell:*** It happens when a child has very complex needs and might be thought by the home to behave in ways that might make other children also behave in those ways—they might be dysregulated or struggling with their emotions—and that might upset another child who is placed alongside. Sometimes, a child has been exposed to exploitation, and there is a worry that another child might join them in a setting and also become engaged in exploitation. A provider may agree to accommodate a child, but they may say that, in doing so, they cannot accommodate any other children, and therefore the local authority must pay for the remaining beds that are empty so their child is placed lawfully.

**Sarah Olney:** I understand, thank you.

Q22 **Tristan Osborne:** I declare an interest as a former member of Medway

council, which has made a submission as part of this inquiry. Eighty-four per cent of children's homes are privately owned, and one third of those are owned by private equity firms, which have significantly high levels of debt. I know the Government have recently looked at setting up a financial oversight scheme. Do you think that financial oversight scheme will be robust enough to reduce the numbers of private equity providers in this space?

***Dr Kerr:*** I do not think it would change how things are. The Children's Homes Association has contributed to that work, and has been to a few meetings in the DfE on this. The oversight will give us an early warning system that a private equity provider might fail, and they are defining them as hard to replace, which I challenge. I do not want us to get to the point where one is about to fail. You are absolutely right: some of the levels of debt that are being carried are eye-watering. As I said, we have excluded those providers from our membership. The Government were going to go down that route, but now seem to have backtracked. We are saying that if any children's home or social care provider that receives its funding from general taxation is able to get good outcomes and good quality, it should pay back into that system. That is a fundamental principle that we have as an organisation.

Will it prevent as things are? Not at all, but I would challenge that private equity providers are hard to replace. The Government have plenty of precedents for this; we have had utility companies and water companies. There are forms of special administration, and although a lot of those are private equity, we have providers up and down the country that would be able to absorb a failing organisation very quickly. Most of these problems come down to political will—is there political will to tackle tax haven-based private equity providers? Is there a fund that can be put together for special administration if one does decide to get into problems? Will it stop them? No. Will it prevent a chaotic exit? It depends on what measure the Government put into place when that happens, but they have precedents with utility companies and water companies.

Q23 **Tristan Osborne:** I am conscious of time, but in Scotland at the moment they are considering stopping profit-making entirely in the sector, and in Wales, as part of the Health and Social Care (Wales) Act, they are also looking to make profit in children's homes and fostering. Do you feel that we should be following that approach?

***Dr Kerr:*** No. We were involved in the Wales situation. I did a year with the Scottish Government actually, when I finished my PhD, and the Scottish Government have had a ban on profit in foster care for a long time, not children's homes. However, there were just lots of management charges that went between the borders—between the companies—so profit still exists. In Wales, they have thrown themselves off a sufficiency cliff. There is no investment going into Wales. We are checking with them every six months on the number of children in unregulated, and that number is going up and up and up.

Just for clarification, in Wales, their policy was to eliminate profit from children's social care. However, we both found out—as in, the Government and the Children's Homes Association—through financial advice, accountancy and legals that there is not a suitable definition of "profit" to put into legislation for that purpose. There are different measures of profit: one-year, three-year and five-year. In Wales, they turned it on its head and you had to be a not-for-profit provider to register. What that has done is to destroy hundreds of Welsh-based SME and micro providers and lose a lot of knowledge.

We should not follow that approach. What we should do is to try and get a grip of the private equity. What I find staggering is that more Government attention is paid to newspapers and football teams being bought by sovereign wealth funds than our most vulnerable children's services.

Q24 **Chair:** The last question is from me. I thought hard about raising this, but it is so shocking that I need to raise it. You may be aware of the death of Nonita Grabovskyte—I hope I pronounced her name correctly. She took her own life at 18 after she had moved out of the children's social care system into the adult social care system. It seems as though there may be a gap there.

She begged her local CAMHS for one more meeting before she transferred, and she was denied that. Sky News analysis found that 91 care leavers aged 16 to 25 died in the past year alone, which is almost two every week. What should we do about this gap between children's and adult social services, to prevent these young people sadly losing their lives?

***Joe Lane:*** It is a tragic story. At the moment we send quite a clear message to lots of children as they get older in the children's social care system that the system does not really regard them as children. Often, we do not provide them with care once they are 16 and 17. For children who present to local authorities as homeless, where they should be then taken into care and looked after as a looked-after child, the majority of them are told that they are homeless and are accommodated under housing legislation, rather than being cared for. The message that we send to those children, as they get older and reach the end of childhood very early—much earlier than probably the children of anyone in this room—they are told to be independent, without the support they need to do that.

Then there are very specific challenges around the transition between children's services and adult services. I mentioned our Help at Hand service earlier today. Probably the most common call they get—we sit next to them in the office—will be a child who says, "I am being moved out of my accommodation. They've got nowhere for me to go. I've been placed out of area and now I'm at the bottom of the priority list for housing as an adult, because I am not in my local authority." Our brilliant team do a great job of fighting for those children, but that is a small number.

In lots of these areas, as children reach the end of care, we both need to care for them and take them into care when they present to local authorities. When they transition, they need advocacy, and they also need

all that legislation to be correct, which is that whether you are transitioning in terms of accommodation, mental healthcare or social care support, that transition needs to be smooth. Generally, that means some sort of children's provision up to 25, as we do for things like SEND provision in EHCPs.

***Rachael Wardell:*** Although I absolutely recognise the risks and issues that you describe, and although some of what Joe describes is unfortunately true, that is certainly not the mindset or the behaviour of most local authorities in relation to these young adults. As they approach 18, work supports a transition from them being inside the children's service, from social work to personal advisers. We have duties to those young adults up to the age of 25 already—our care leaver duties extend up to the age of 25. I strongly support looking and thinking about that transitional age as something that we need to be attentive to together in children's services and adult services. That care leavers duty binds us all. Those young people approaching adulthood and those who are young adults continue to have our support.

***Dr Kerr:*** On that tragic case, we need to look at the way that the policy areas have extended the age range to 21 or to 25, as Rachael indicated. There is a question mark on whether CAMHS should go older in terms of the responsibilities that they have, in line with other areas. A lot of it comes down to, "Whose problem? Whose budget?" There is an incentive to cost-shunt. We see a lot of cost-shunting at the moment, where council tax payers are going to end up being the shock absorbers, inevitably, when young people are in care without a plan for residential. At the same time, the costs to the Treasury are massive—the lifetime costs that are preventable and predictable for children in care, as well as the human costs, as we have seen. We can get a grip of it. We know how to get a grip of it. It just needs the political will.

**Chair:** Thank you all very much. The Committee will take a break between panels. We are very grateful to you. You have a lot of specialist knowledge, you are busy people, and you have spent your time with us. We appreciate that and the information that you have given us.

## Examination of witnesses

Witnesses: Susan Acland-Hood, Gila Sacks and Isabelle Trowler.

Q25 **Chair:** Welcome back to the Public Accounts Committee on Monday 17 November 2025. We now move on to our main session after having just heard from an excellent panel of witnesses about the challenges currently facing the children's residential care sector.

The statutory guidance, the "Children's Social Care National Framework", published in December 2023, sets out the purpose of children's social care as being "to support children, young people and families, to protect them…when they are at risk of harm and to provide care for those who need it so that they grow up and thrive with safety, stability and love." I think that is what we should all be about this afternoon.

Demand for residential care places has increased by 10% in the last four years, with a shortage of places in foster care and in wider settings for children with complex needs. In March 2024, there were 83,630 looked-after children in England, and the NAO Report found that the residential care system is not providing value for money. That has to be examined in the context of costs rising by 96% in four years to £3.1 billion in 2023–24.

Today, we will be examining the Department for Education's accountability for, and oversight of, the children's residential care system, as well as challenging the Department on the performance of the system and the appropriateness of placements. We will also be looking to examine the DfE's overall approach to addressing challenges across the residential care market, to ensure that the needs of looked-after children are adequately met to give them the best possible start in life.

Today we have with us the permanent secretary, Susan Acland-Hood, and her fellow witnesses. Could you all introduce yourselves for the record?

***Susan Acland-Hood:*** I am Susan Acland-Hood, and I am the permanent secretary in the Department for Education.

***Gila Sacks:*** Good afternoon. I am Gila Sacks, the director general for the families group in the Department for Education.

**Chair:** Gila, I gather that this is your first appearance before the Committee, so we give you a special welcome and hope you will find it a useful experience.

***Isabelle Trowler:*** I am Isabelle Trowler, England's chief social worker for children and families, and I am based in the Department for Education.

**Chair:** Thank you very much indeed.

Q26 **Mr Betts:** Permanent secretary, we have heard quite a lot about the failings and increasing costs of children's care provision. Indeed, over a four-year period, the cost has gone up by one third in real terms. That is not very good, is it? Do you accept responsibility for that?

***Susan Acland-Hood:*** I think we really accept that there are a lot of challenges in the social care system, and that we are facing a picture of rising demand. Over the longer period, there has been an increase in the number of looked-after children overall, but, actually, we have started to see some green shoots in that over recent years. Particularly when you separate out unaccompanied asylum-seeking children from others, you can start to see the numbers of children coming into care flattening off. We think that is because of the investment in early-stage prevention.

We have also seen a change in the profile of children coming into the system. Children are more likely to be older when they come into the children's social care system, and colleagues who work closely with the children talk about a more complex profile of need coming into the system, and children who take more looking after.

We have also seen a drop in the number of foster placements, so a higher proportion of the children are being looked after in residential care. There are also some real challenges in the market; although the number of residential places has grown, the demand for them has also grown, so that growth in provision has not improved quality or seen competition in the way it might under other circumstances.

We have seen those significant increases in price. Some of that, as some of your earlier witnesses said, is linked to increases in the national minimum wage and wider inflation, but it has grown by more than inflation. That is why we have set out what we think is a really ambitious overall strategy for improving children's social care, which has three key parts to it. The first is to try to look after more children safely at home, or in kinship care or family-like settings. The more children we can keep safely at home, in their own families, the better the outcomes. We know that some children cannot stay at home, but where we can accommodate them with their wider families—in kinship care—or in family-like settings, like foster care, again, their outcomes are typically better. It is really hard to separate the residential-care challenge from the wider challenge across the whole system of placing more children with families.

The third part is to recognise that, as your previous witnesses have said, there will always be some children who need to be in residential care. For those, we need a resilient, diverse provider market, and really empowered local authorities. I think that we need to use scale more, through things like the regional care co-operatives—again, you heard discussions about that in the previous session—because some of these needs are very specific, and it is difficult for an individual local authority to get the best outcome on its own.

I accept that the situation is not good, but I think that our strategy is a good one, and we are prosecuting it as quickly as we can. We have a Bill before Parliament at the moment, as you all know. It makes some bold steps in pushing forward this end-to-end system reform, which operates across the whole of that spectrum.

Q27 **Mr Betts:** I asked about your responsibility as a Department, and what you told me was the problem and what you will do about it in the future.

***Susan Acland-Hood:*** Yes.

**Mr Betts:** Does the Department accept responsibility for the fact that it has got into this state? Although the problems have been identified and known about for some time, the reality is that costs have gone up exponentially. At the same time, the quality of provision and the benefits to the children have not grown—indeed, in some cases, they have got worse.

***Susan Acland-Hood:*** Usually what I do when I feel responsible for something is to act on it, and that is what we are doing.

Q28 **Mr Betts:** This has been going on for five or six years, according to the figures, so acting now is a bit late, isn't it?

***Susan Acland-Hood:*** The independent review of children's social care was commissioned, its responses were accepted, we set out "Stable Homes, Built on Love", and the legislation followed on from that. We acted in response to that picture. Also, some of the trends have been acutely obvious over the whole of that period, and some of them have accelerated significantly in more recent times. Do I accept responsibility overall? Of course I do. I am responsible for the leadership across this system. The key thing is that we are doing as much as we can to address the challenges that we see in the system.

Q29 **Mr Betts:** More questions will follow on what has been happening with the pace of change, or lack of it, but on value for money, what do you think your Department's role is in achieving value for money in this area? Briefly, will you give the key points that you want us to understand?

***Susan Acland-Hood:*** Yes. I am an accounting officer, and I take incredibly seriously my responsibility for the spending of all public money in the ambit of my Department. In this part of the system, we hold some statutory responsibilities at the departmental level and we have a set of others that we exercise through local authorities, but I think it is our job to make sure that they can exercise those statutory responsibilities as well as possible, and to test whether the system as we have it set up at the moment allows them to do that reasonably. Again, I could give a weaselly answer—that some of this is their responsibility—but we have to make the framework work for them, and that is what the reform programme is about.

Q30 **Sarah Hall:** Before I come to my line of questioning, I want to touch on one point that you made, Susan, about the wider care system. I again declare an interest: I was the cabinet member for children's services in Warrington for a number of years. I saw that the edge-of-care or Lighthouse model was—or is—incredibly successful, but the issue is, as was touched on earlier, that a lot of local authorities simply do not have the funding to be able to set up something like that. Rather than having to bid for pots of money that intermittently come up, all local authorities have the same challenges, so what can be done on long-term funding sustainability for those models to really help the system?

***Susan Acland-Hood:*** I think that is incredibly important. On the revenue side, with MHCLG, we created the prevention grant in 2025-26, which is £523 million, including £270 million of new money, with the rest of it being us bringing together grants in response to local authorities asking us to make the system less fragmented. That was baselined at the spending review, so that money is now there in perpetuity going forward. At this SR, we allocated a further £557 million for children's social care and another £560 million of capital funding. That includes programme funding for the Families First Partnership programme and funding for a set of activities focused on diversion, de-escalation and so on. The embedded prevention funding gives local authorities more resource.

We tried to get the balance right between collapsing what were lots of ringfenced pots, adding new money and trying to make sure that—this is

what we were asking—it is spent preventively, to stop it all being sucked up into the crisis end. On the capital side, we have invested heavily in programmes to create new places. The balance between bid-for programmes and straight allocation is something we can keep coming back to look at again. The Committee will have looked at that across lots of different public services over time.

Fundamentally, when you run bidding programmes you have more friction in the system and it is harder to get hold of, but it is slightly easier to get the money to the individual places where it will make the most difference. You always get a bit of squashing out when you run formulas, but formulas are more predictable and easier for people to manage. We need to take that away and keep looking at the balance. We have set out long-term preventive funding for local authorities both in the previous spending review and in this one. That is a really significant investment compared with past funding.

Q31 **Sarah Hall:** Are you seeing take-up from other areas? It is quite an ambitious programme, but it is incredibly effective. Essentially, the aim is keeping children out of residential settings and keeping them at home, but having that base where they have support from social workers, the police, CAMHS and all sorts under one roof. It has been incredibly successful, but is it being dispersed across the country? Are other people picking up on that?

***Susan Acland-Hood:*** I have appeared in front of the Committee in the past to talk about the evidence programmes that we ran, which led into the framing of the "Stable Homes, Built on Love" strategy. Lots of that was about identifying and scaling really well-evidenced models. Lighthouse is one example, but we have really good evidence that a whole series of models work—for example, Mockingbird for foster care.

**Sarah Hall:** Warrington is leading on that as well.

***Susan Acland-Hood:*** Yes. We have been working to make sure both that we can spread the evidence base and encourage more people to take it up, and that we can then mainstream that. Again, there is a balance. You try to pump-prime it, but you do not want to fund it through individual funding streams forever, otherwise it all gets very fragmented. That is at the heart of that prevention grant. Isabelle, do you want to add anything about evidence programmes?

***Isabelle Trowler:*** We have linked to the Families First programme. I think that what you are suggesting we should be doing, we are doing. We have, for the last two years, had a number of pathfinders in place—10 pathfinders across England. From April this year, we have set an expectation for the roll-out of Families First across all local authorities. As Susan said, we really need local authorities to have an eye to the evidence base. It is much stronger than it was a few years ago. There are a range of whole-system programmes as well as individual intervention programmes, which have a solid evidence base. As Susan said, we are

seeing a decrease in the numbers of children coming into care for the first time, once you have taken unaccompanied asylum-seeking children out.

Q32 **Sarah Hall:** That leads me on to my actual question, which is about data. This is to you, Isabelle. In terms of the data and understanding the needs of children in the homes and settings they are in, the NAO Report says that the Department for Education "lacks up-to-date information on the support children need, demand for places, and places available to help local authorities make decisions." What are you doing to understand fully the children in homes, and to make sure that the homes are appropriate for their needs?

***Isabelle Trowler:*** To answer the question, you have to go back first to, "What is it that children need?" and "What do you want to provide for them?" Children need a family setting. They need, if they are in care, to be close to their birth family. They need to be close to home. They need to have access to health services, particularly CAMHS services. We are now in a settled view that you are much more likely to meet the needs of children if you are living in a family setting. That is why the whole policy agenda is geared towards prevention at every stage of the problem, bringing children back close to their communities, kinship carers and their own families. As I have said, we are having some success in keeping children within those family settings.

We know that a proportion of children in residential care should not be there, and they need to be in foster care. There is an imperative there to do as much as we possibly can to increase the numbers of foster carers and foster homes. We heard earlier from the stakeholders that that is difficult and has its own set of challenges, but it absolutely should be the direction of travel.

On the residential care sector itself, we have 46,000 residential care workers. That is more than we have social workers in England. We know, through Ofsted inspection, that 86% of those homes are providing good or outstanding care to children. On one level, that is reassuring. There are some absolutely brilliant residential workers in those homes, and I think we have a job now to make sure that we systematise that. We have made some real progress in terms of the development and retention of social workers in England, and we want to replicate that now within the residential care sector. We have plans to make sure that the knowledge and skills that we are expecting of the residential care workforce match the needs of children in those homes, so that we can then do a review of the training curriculum, with potential registration of those workers a bit further down the line.

Q33 **Sarah Hall:** Having that information and knowledge is important for future planning as well. In terms of that wider strategy, are you confident that you know what placements are going to be needed down the line, and are you putting steps in place to provide that going forwards, or enabling it to be provided going forwards?

***Isabelle Trowler:*** I might hand over to my colleagues, if you want to hear data about numbers of homes, sufficiency planning, et cetera. I think that the process that we are starting to establish the evidence base, and establish the knowledge and skillset that is required to follow the evidence base, and then to make sure that the qualification routes are fit for purpose with a view to registration, is a proven methodology and we should be pursuing that for residential care staff.

***Susan Acland-Hood:*** I think your question is about data analysis to help plan the provision. At the moment, those duties around having a sufficiency plan and a strategy sit at local authority level, so we ask that local authorities make sufficiency plans. One of the things we are piloting through the regional care co-operatives is moving more of that responsibility to the regional level. Under the two regional care co-operative pathfinders that we launched earlier this year, we have asked each RCC to take responsibility for regional data analysis and forecasting, including jointly with Health and Justice partners.

Again, you heard in your previous session that there is some debate about this, but we think that there is a reason of scale why it may be sensible to do that work at regional level, partly because some of the numbers just become so small that it can be very difficult for an individual local authority to forecast the ups and downs in a way that allows them to provide. The regions will not be starting from scratch; they will be looking at the sufficiency work that the individual local authorities have done and plugging that in.

Q34 **Sarah Hall:** Sorry to interrupt, but a lot of regions are already doing this unofficially, as I mentioned earlier. The challenge still comes: you can predict what you need collectively, but if the placements are not there, that is still going to be a barrier going forwards, which is what we are seeing at the moment. People are having to outbid each other to try to get one placement, which is not good for the child and not good financially either.

***Susan Acland-Hood:*** Yes, and that is one of the reasons why I say we have to see this as part of a wider strategy. It is about both reducing the demand—trying to place more children with family—and, as we have discussed, it is about the capital funding that we are putting out for the creation of new places. We want to make sure that when those places are created, they are in the right places and for the right things.

There is also a slice of this that is about trying to make sure that we are thinking about the very most complex need. Again, this is a particularly challenging area; we have touched on it a little bit already. There are children who are, or could be, in contact with the justice system, the mental health system and the children's social care system. They have extremely complex, really challenging backgrounds, and often because of those very challenging backgrounds they are exhibiting very challenging behaviour. They are the group of children most likely to find themselves without a placement, or with providers saying they cannot manage the child except in a very intensive way.

Q35 **Sarah Hall:** I mentioned before that we had exactly that in one particular case. That is why we provided the help that we did, but again you need the areas to be sharing that best practice, and to have the resources to be able to do it, which are scarce.

***Susan Acland-Hood:*** We are putting quite a lot more resource in through the transformation work, but we have also done some specific work around children subject to deprivation of liberty orders. They are not all of the children in that complex group, but they are quite a good proxy for the very most complex children who we find hard to place.

We have a joint piece of work with Health and Justice, which brings together peer collaboratives between local authorities and ICBs to co-design and test much more integrated pathways. Some of our additional place provision is specifically targeted at those groups of children.

My view is that it would be a mistake for central Government to try to plan and predict all need across the whole of the system—we know that some of that need will be better met locally. In particular, when you are thinking about placement with families, I think family and community connections are well held locally.

The regional layer is a good place to manage some of the needs that depend on integration with ICBs and others. There is a group of extremely complex children for whom we nationally have to make sure the system joins up around really well. Some of this is about trying to meet the right need at the right level and have the planning done at the right level.

Sorry, I know this is a long answer. We are working really hard on the data and the planning, but I do not think it is just about a giant central plan, because we have to be responsive to the children.

**Sarah Hall:** That is not what I am saying.

***Susan Acland-Hood:*** That is not what you are saying—I completely get that.

**Sarah Hall:** I am saying that you have an oversight ability, a lot of the need across the country is fairly similar, and a lot of local authorities are facing exactly the same pressures, so there has to be an understanding from the top of where we need to start. You have mentioned funding, but we are not talking about small figures either, with what is needed. We have seen in the news that some residential places could cost hundreds of thousands of pounds a week. It is a huge amount of money. That is where that strategic oversight is probably needed.

Q36 **Chair:** I want to follow up on questions from my deputy, Clive, and Sarah. From their questions, you can see the frustration at the pace of change in your Department. After all, the CMA and the MacAlister review made recommendations as far back as 2022, which you have said today that you broadly accepted. However, your response is still at an early stage, with many changes in process or not even yet started.

Our sister Committee found in July ’25 that many of the problems highlighted by that independent review of children’s social care in ’22 persist, and a significant number of cases have worsened. Having read the whole NAO Report, I note that there were so many examples where you were going to do something and it has not yet been done, or it will take 10 years—in the case of RCCs—to fully implement. Considering the pace of change and the vulnerability of these young children, it does not seem that you are really getting to grips with the problem.

***Susan Acland-Hood:*** I think this is one of those fields where if we are not feeling a bit impatient with ourselves and each other, we are not doing it right, because we really should care about getting this right for children.

The independent review into children’s social care was published, as you say, in 2022. “Stable Homes, Built on Love”, which is the strategy that took that forward and responded to it, was published in January 2023. In 2023, we started the first wave of Families First pathfinders. We moved supporting families from MHCLG to DfE so that we could combine the early help offer for supporting families with our work in that revised early help offer, which is such an important part of the “Stable Homes, Built on Love” work.

We laid the supported accommodation regulations that try to make sure that we have children in registered provision. We launched the north-east recruitment hub, and we followed that up with nine other hubs in 2024 and the second wave of Families First pathfinders. Then, there was a general election.

Immediately after the general election, we brought forward the Children’s Wellbeing and Schools Bill, which is now going through Parliament. I appreciate that it feels as though everyone would like us to have gone faster and done more, but we have been moving at pace through that period to do things to respond. We want to continue to move as quickly as we possibly can. There are some things that we cannot do without legislation. I do not think that bringing forward legislation at the very back end of the previous Parliament would have moved us forward as well as bringing it forward right at the beginning of this one has done.

Q37 **Chair:** I take that narrative, and I take what you are saying sounds like a long list. When would we have you back before the Committee if we were to find a system that works reasonably? Everybody accepts that at the moment it is not working properly, so how long should we give you before we can expect a system that works reasonably?

***Susan Acland-Hood:*** Different bits of this will go at different speeds, and that is a bit inherent in the challenge. We genuinely think we are already seeing some improvement in the numbers of children coming into care, and we are seeing improvement in social worker recruitment.

Again, a big part of that early work was around the workforce challenges that were so present in the independent review. We set out plans to address them in “Stable Homes, Built on Love”. We have the largest number of social workers we have ever had; we have the lowest vacancy

rates; and we have declining use of agency—again, we put in place measures to address agency.

I am sorry, I will answer your question, but I think we are seeing not just activities that we put in place, but some outcomes starting to shift. By its nature, we will see more impact in that early stage of the system before it flows through into the acute end; residential is the hardest piece, almost by definition, because it is where the children end up when we have tried everything else and it has been difficult.

I think that you should expect to continue to see progress in the system every time I come before the Committee, on whatever topic I come before it. You should be seeing—once we have the legislation in place and we are able to take forward some of those, I think you should start to see—movement in residential. That is two years for residential.

**Chair:** Right, we will hold you to that two years. I have a memory like an elephant, so we shall remember. You are on the record.

Q38 **Sarah Olney:** As I was explaining in the earlier session, I am concerned about the issue of young people being placed far from home. I accept that on some of the evidence we have had, just because it looks bad in London does not necessarily mean that it is. Nevertheless, a concerning number of children—at least half, from the data we have—are more than 20 miles away from their family home. From the evidence we had in the earlier session, we know that tends to indicate worse outcomes.

Ms Acland-Hood, are you able to tell us how many children are placed outside their local authority area, or are far from home on that measure of more than 20 miles?

***Susan Acland-Hood:*** I can, but I might bring Gila in on this. The average distance that children are placed from home across the system is about seven miles, but of course that average conceals wide variation. It varies significantly by type of placement.

The type of placement that sees children placed furthest from home is adoption—you could have a debate about that, because you might say that they are very close to their new home—but we also see children who are placed in residential settings, such as secure homes and children's homes, typically placed further from home than those who are in foster placements. For foster placements, it is about six miles from home, typically, and for secure homes and children's homes, the average is 20 miles, so you will see more children who are placed further than 20 miles from home.

***Gila Sacks:*** It is an important area to probe. It was touched on briefly in the earlier session. A wide range of reasons can drive it, some of which would be good: if we want to place a child with extended family—we touched on the importance of kinship—that might mean travelling further; or it might be safest for them to be removed from harms that are local to them.

The key thing in all such circumstances, whether the reasons are good or less than ideal, is that, first, they are in the right place at the right time. When it is appropriate for them to step down from that form of care—whether to go back home or into a foster placement and so on—is being continually assessed, so that when it is possible to bring them closer to home and it is safe and appropriate to do so, that action is taken rapidly.

Critically, if children are placed outside the local authority area, even if not very far outside, there are the communications and relationships between the local authority and the wider partners—health partners, the schools—such as in the critical role of the virtual school head in maintaining the connections between their home, their local school and education environment and needs, and the education and school that they will be in when they move into their placement. Those lines of communication need to be managed carefully.

A lot of what has been put in place—particularly on education, but also on ensuring that the home ICB, as it were, retains oversight of their care, and that police forces in both areas are kept informed and so on—is to make sure that the risks that might be in place from moving further away from home are identified and mitigated early. As we said, those links back to home need to be maintained so that, whenever possible, the children are able to come back closer to home, or ideally to go back to their family.

Q39 **Sarah Olney:** Thank you for that, but, Ms Acland-Hood, do you nevertheless accept that work remains to be done to ensure that, even when a secure place or a children's home is needed, it is necessary to ensure that not quite so many children are having to go quite so far? If you do, what is happening to address that?

***Susan Acland-Hood:*** We definitely see more children's home provision in some areas than others. Specifically, you mentioned London. We do not have secure provision in London at the moment, and we are building some as part of our capital strategy. As Gila said, sometimes there are good reasons for going out of area, but you want that to be a choice, rather than something enforced because you do not have the provision in the area. Again, it is part of that capital programme. We are looking really hard at areas where there is lower provision at the moment, including in general and of those more specialist types of provision.

Q40 **Sarah Olney:** What will the capital programme that you are putting in place in London do to address the shortage of secure places? Will that make up all the gap or will it just go part of the way?

***Susan Acland-Hood:*** As I say, at the moment we do not have secure provision in London and we are building secure provision, in partnership with London boroughs. Over time, we have been trying to make sure that we have fewer children who need that high-end provision. We are trying to make sure that we cover as much of the need as possible, while also trying to—

**Sarah Olney:** Reduce the need.

***Susan Acland-Hood:*** Exactly.

Q41 **Sarah Olney:** When you have completed the capital provision in London for secure places, even though you have talked about hoping not to need quite so much, do you think it will cover the gap that you anticipate you will have?

***Gila Sacks:*** We will go from having no secure place in London to having 28 places—24 welfare beds and four step-down beds. That is supporting individuals to stay only in the accommodation that is needed at that higher level, and then to move into other forms—an open children's home or into foster care.

This will be a very big shift. We will go from having around 200 places at the moment, to an additional 75 across the country. Critically, alongside two new homes, we are investing in refurbishing all secure children's homes. That is really critical, partly because of what was touched on earlier about the need sometimes to close beds to allow for other beds.

If you can make sure that the existing estate and the new estate are well maintained, you maximise your chances of utilising very scarce and specialist provision in the best way you can, to sustain it going forward. Overall, the numbers needed of this type of care are small, but you can make a very significant difference by injecting what will be a £700 million capital programme, and £560 million over this spending review period. That is a lot more than has gone in for quite some time.

Q42 **Chair:** To highlight what Sarah has been asking about, Gila, we have received evidence from an organisation called Cambian, which says, "The Jay review highlighted those children"—the children under care orders—"are being placed hundreds of miles away from their home, which causes another type of trauma, loss of identity and loss of protective factors e.g. schooling, family. The cost is significant in children moving"—that is moving not just hundreds of miles away from home, but moving often between several different providers in a short space of time—"and changes in education and being re-located." Those are really serious problems.

I will come back to Ms Olney's question on the capital investment that you are making. I must say, I find it surprising that there are no secure homes in London. Presumably, that means that until now—until these are built—the children have all been sent out to placements outside London, which is coming under this category of causing great trauma. Is your new capital investment really going to resolve this situation up and down the country, and how long will it take?

***Gila Sacks:*** Some of the capital places have started to come on stream already. I think we have around 150 places in the open children's homes—so, where there is particular specialist need, but not secure estate. They have already come on stream, and the capital build for the secure estate is getting under way. These are quite complex projects, so I think we expect those places to go live at around 2028-29.

The broader point is that stability, as well as geography, is critical, and something we monitor very closely. Although it is important to ensure that any movement and its associated risks are managed very carefully, overall stability levels—the number of children moving places mid-year, particularly the number of children moving school mid-year, which in most circumstances is something we would want to avoid—has remained stable. Overall, the number of children in care has gone up, but levels of stability have broadly remained stable, and that is something that we absolutely continue to work and focus on.

There is the question of whether that capital investment in and of itself will be enough to tackle the broader challenges of sufficiency—not just sufficiency overall, but having the right places for the right children. The capital investment is really only one part of that picture. We have already touched on a number of areas; it is not simply trying to reduce the numbers of children coming into care but about broadening the range of options open to them. It is about rethinking and broadening out what foster care looks like. We do not just want more of it. We believe it can fill a broader part of this space. There is a lot of scope, and we are already seeing scope for real innovation there, so that a broader range of needs—not all—can be met appropriately in foster care.

A lot of this comes back to a critical element of the sufficiency challenge, which is equipping and empowering local authorities individually but, critically, collectively—whether through an RCC, in working through a fostering hub or in other informal arrangements that have already been touched on—not only to share best practice but to improve their buying power. That is a fundamental part of what will hopefully turn the tide here.

If you are able to say, "Between our local authorities, we can foresee a need for a certain amount of a particular type of care", you are better able to signal to, manage or provide a market to renegotiate contracts, to buy together, to drive up quality and to manage down costs. The capital investment, because it has been very carefully targeted, will help to address some of the most acute need, but the broader challenge of equipping local authorities to buy what they need on a more sustainable and better-value basis comes down to the work that the Department is doing with local partners to improve the tools, data, capability, commissioning and forecasting abilities it has so that it can act as the most effective purchaser of this provision that it can.

**Chair:** Thank you for that comprehensive answer. We will be coming back to commissioning, RCCs and so on a little later in the hearing.

Q43 **Anna Dixon:** You will have heard the pre-panel and the questions from my colleague Clive Betts around unregistered care; given that operating such homes is illegal, perhaps we should call it "illegal" care. Nearly a thousand children are now placed in unregistered homes each year. Ms Acland-Hood, shouldn't that be zero?

***Susan Acland-Hood:*** Yes, it should. You also heard from the pre-panel that local authorities do not do this lightly, and often it happens when you

have either children with very complex needs or children whose needs appear as an emergency to the authority. The point that Gila made about helping people think not just individually but collectively about the planning of provision is really relevant to this.

The second thing is that having changed the law on the placing of under-16s in supported accommodation and then strengthened the requirements around registration for supported accommodation for 17 and 18-year-olds, a lot of the placement in unregistered is still accommodation that would have come under supported accommodation. We are in the process of making a change on supported accommodation to allow the placement of 17 and 18-year-olds in unregistered supported accommodation. We have now said, "No, it all must be registered."

What I think is really good news is that Ofsted has seen a really significant growth in demand from homes to get registered.

Whereas, in the past, you could operate on the basis that you might be providing unregistered provision to those 17 and 18-year-olds and, as it were, that was not illegal, providers are now seeing that they need to get registered in order to operate in this market, and they are going through registration. That is a really good thing, but the flipside is that Ofsted is managing a very large number of registrations. You heard from Mark Kerr that they are experiencing delays. One helpful thing about that is that Ofsted has set two different target timescales for decisions: it has set a much shorter two to six-month timescale for the priority applications, and a longer one for others.

Q44 **Anna Dixon:** What are the priorities?

***Susan Acland-Hood:*** Ofsted is prioritising based on applications to register children's homes that are needed urgently, either because local authorities require an emergency placement or because local provision is needed to meet an identified urgent sufficiency need. It is also prioritising applications that are linked to the capital funding we have provided. That is important, because we provided the capital funding based on there being a particular shortage in those areas. It is also prioritising anywhere where a child who is subject to a deprivation of liberty order from the court is being accommodated in unregistered provision. Again, that exceptional circumstance is an emergency situation. That means it is actively getting as many of the homes registered that are needed in those emergency circumstances as possible, so we expect to see improvement in this, not just because we have changed the law but because we are making sure that the homes that are needed in those emergency circumstances can go through the registration process quickly.

Q45 **Anna Dixon:** Let's set aside the ones that have been brought into this because of the change in regulation on supported accommodation, so that we are just looking at the ones where local authorities have children who they cannot find a place for due to sufficiency reasons. How quickly do you expect Ofsted to get the ones in the queue registered? How quickly do you see the number dropping? How close to zero do you want it to be?

***Susan Acland-Hood:*** The first thing to say is that the two things are related. If you are a provider and are offering supported accommodation, it can be used in different ways. It may be used with a very high staffing ratio, for example, to manage an emergency placement where nothing else is available. Getting those places registered helps to manage both compliance with the law and the availability of more placements for children in emergencies who need them. As I have said, for the priority applications, Ofsted is setting a two to six-month timescale. Of the registrations that have come forward so far in the financial year 2025-26, 78% have been approved. We have seen a real uptick in numbers, but it is pulling them through, and we would expect to see that starting to impact on the overall numbers.

Q46 **Anna Dixon:** My concern is that there are new providers entering the market, buying up homes in cheap areas like mine—I have examples in Cottingley in my constituency—and taking placements, often out of area. This links to the previous question about out-of-area and unregistered. We had reports from neighbours about a child absconding and about damage to a property. Goodness knows whether the child was safe, but the neighbours certainly did not feel that that child was in good care. How are you ensuring that will be stopped? There is a big difference between new providers maybe waiting 18 months, and in the meantime taking placements for 18 months with no track record. We were hearing that you can only register if you have a track record, but in the meantime there are children in those unregistered providers.

***Susan Acland-Hood:*** As I said, Ofsted is fast-tracking placements that are needed for emergency placements of children, so you would expect to see that come to the front of the queue. They will not just register them because they have a child; if they are not meeting the standard, they will not get registered, and having failed that, they will need to find another placement. The supply of registered places in the system is going up as a result of Ofsted's work to work it through, and the prioritisation is really important. As part of an ILACS inspection, one of the things Ofsted looks at is every placement of a child in an unregistered setting, and it looks with the authority at whether that was a reasonable thing to do. There is scrutiny of whether local authority placements in unregistered settings are because the situation is "There really is nothing else I can do with this child," or whether it is being done more routinely than that, or more routinely than it should be—it is both ends.

Q47 **Anna Dixon:** Isabelle, the priority here is obviously keeping children safe. Adding to the challenge of out-of-area provision, if children are with illegal providers—unregistered providers—that means Ofsted is not going in to look. We heard that social workers are travelling across the country to check up on these providers. What guarantee can you give us that those children are going to be safe?

**Chair:** Just before you answer, can I add to that? It seems to me that under 17-year-olds come into this category if they are in secure homes, with a court order taking away that child's liberty. They are not registered

or inspected. Goodness knows what is going on in those places. This is a very unsatisfactory situation, isn't it?

**Anna Dixon:** It goes back to whether you feel it is possible to keep those children safe. By safe, I mean that some of these children are vulnerable to being groomed into criminal gangs and county lines, with girls going into sexual exploitation and abuse, but also safe in terms of not self-harming and all sorts of other aspects. How can a social worker in a distant authority have any confidence when placing a child with an unregistered provider?

***Isabelle Trowler:*** From my perspective, it is entirely undesirable that we have unregistered provision. We have very high-need children in those placements. Local authorities are not doing this lightly. When those social workers, on a Friday evening or whenever it is, have a child who needs a placement, they have to do something. A lot of the time, this is not reckless decision making; it is the responsible thing to do when there is nothing else to do. When a local authority finds itself in that position, it will make sure that the checks and balances, which are in place anyway, are utilised.

Obviously, you have your allocated social worker. You have your independent reviewing officer, whose sole task is to make sure that the care plan for the children they have responsibility for is good and that their needs are being met. As Susan said, there is an inspection regime around that, when local authorities have their services inspected. A local authority is not going to let children languish in those circumstances. It will be doing what it can to make the placement as good as it can be, and to find alternatives as quickly as possible. There are no guarantees for anything in our business, unfortunately, but I do think it is undesirable and that local authorities will be doing—

Q48 **Chair:** It is undesirable, and it means that those unregistered homes are going below the standards you would have to meet to register, so they may not have a registered manager or proper fire regulations—goodness knows what else they are getting away with. Why do we not simply ban these unregistered homes?

**Anna Dixon:** I suppose this is the point I was coming to. It seems, from the picture you are painting, that it is crisis decision making on a Friday about a child. Are we confident in these reforms? How quickly are they going to commission the necessary provision on a proactive basis, whether that be securing appropriate residential facilities or upskilling foster carers to be able to take on more complex needs—

**Chair:** I think we've got the picture. Let's let Isabelle or Susan answer the question. It is an undesirable situation, so why do we not just ban unregistered homes?

***Susan Acland-Hood:*** On one definition, they are banned.

**Chair:** But I just told you that the reason they are unregistered is that they probably do not have a nominated care manager. They may not meet other statutory obligations. Why should they get away with it?

***Susan Acland-Hood:*** The question is, "What do you do with a child where there is nothing else you can find for them in the meantime?" We are really clear that we want children in registered homes. It is not that it is allowed; it is a thing people do when they cannot find anything else that they can do. We had this exact debate about whether or not to change the law on, first, the placement of under-16s in unregistered homes and, secondly, the registration of supported accommodation for 17 and 18-year-olds. We took the decision to strengthen the framework for exactly the reasons that you are giving us this challenge. But, as we go through the process of making that change, we have to make sure it is made without leaving children literally without anywhere else to go. That is what we are trying to do.

As I say, it is really encouraging that the number of those coming forward to Ofsted for registration is going up so rapidly. We need to make sure Ofsted can get them through. Ofsted has prioritisation in place, and it is prioritising those that are needed most for these children. We expect that to have an impact. The planning and provision are definitely part of that.

There is also something, though, about the ability of homes with places to refuse to accommodate children who are particularly challenging. In some of these cases, it is literally that there is not a bed to be had, but very often there are beds but the manager or proprietor of the home will say, "We don't think we can meet the needs of this very complex child," and then the hunt is on to find a place that thinks it can.

Some of that is about the assessment of risk—not just the risk for the individual child but of the risk they might pose to other children in the home. That is one of the things we are looking at very carefully as we keep working with local authorities and others, because we have to look at the additional risk of their being in an unregistered home.

**Chair:** I am sorry to cut you off, permanent secretary, but otherwise we are going to be here all night. We need short questions and short answers, please.

Q49 **Mr Betts:** Permanent secretary, you have given the impression that somehow these unregistered homes occur only because of the pressure on local authorities—because they have an urgent problem and a kid that needs placing—but they do not. Children are in the same unregistered homes for months, if not years. Do you actually know how many children are in unregistered homes and have been there for six months or a year?

***Susan Acland-Hood:*** I do not have data with me on duration—

**Mr Betts:** Well, could we find that information?

***Susan Acland-Hood:*** But a survey of local authorities by the Children's Commissioner, from September 2024, found about 775 children in total in unregistered accommodation. Their mean placement length was 185 days.

**Mr Betts:** That is six months.

***Susan Acland-Hood:*** But it is not years and years. About a third of them were subject to deprivation of liberty orders—

**Mr Betts:** I'm sorry, this is worse.

***Susan Acland-Hood:*** And they were disproportionately boys and disproportionately 16 and 17 years old. They were in a combination of houses; they were principally in house-based care or supported accommodation.

**Chair:** I have to say, permanent secretary, that is completely unacceptable. We will be making some recommendations around that, I am sure, but thank you for that candid answer.

Q50 **Tristan Osborne:** I will be asking specifically about the cost implications of vulnerabilities. We know that three quarters of children going into care homes—including registered and unregistered homes—have an SEN or an EHC need. In my local area, the cost to the local council alone has gone up by £4.1 million in one year, and the cost range goes from £212,000 to £650,000 per person per year, depending on need. Is there price gouging at the top end of this market?

***Susan Acland-Hood:*** When the CMA did its report, it identified some places where it looked like there was a significant amount of profit being made. That is why we have the provisions coming forward in the Children's Wellbeing and Schools Bill to give us the ability to set a profit cap. But it is also why we are doing the work on transparency, price sharing and trying to strengthen the hand of local authorities in acting collectively to buy in this market.

Q51 **Tristan Osborne:** The top 15 providers, which provide a significant proportion of care, are making a profit of 22.6%, and they take a significant chunk of SEN and EHC funding, which also suggests that there is price gouging. On future provision and recommendations for the short term, obviously you are building extra capacity, but what more would your Department recommend we do to cap the amount that these private sector providers are charging, which is putting local councils ostensibly in financial peril?

***Susan Acland-Hood:*** We have a strategy on the market, which starts with the work we are already doing with local authorities to support them in forecasting, commissioning and market shaping. Phase 1 of that was April 2023 to March 2024. That was about direct support to local authorities with guidance and case studies. We are looking at how we expand that further.

We have increased control over where new residential homes are opened, to try to make sure they are opened where they are needed—again, that is the point about how sometimes they end up being built in places where it is cheap, so children travel a long way. We are doing the work that I have just described with Ofsted on registration prioritisation. That is an important part of this, because accelerating registration in the places where the homes are most needed can help local authorities to avoid having to go into more expensive provision.

We are supporting non-profit investment in areas of need, and we are engaging social investors in children's social care. We have an active programme to bring alternative finance into this field. We have already held a market engagement event to develop a social investment vehicle to support that, and we intend to bring forward further tools for needs assessment, for cost transparency, for commissioning, for improving data quality and for reducing reporting burdens, again built on the work we have done through the pilots. We also have the two regional care co-operative pathfinders. In the interest of short answers, I will not read out everything they are doing, but they are doing quite a lot in those areas. I can describe that in more detail if it is helpful.

Q52 **Tristan Osborne:** Ninety-three per cent of homes in the private sector claim to cater for complex needs. In specific terms, how are we focusing with the registration process? We heard that it takes 18 months to register some homes. Can you give us an average wait time for someone looking to register a home for special, complex needs?

***Susan Acland-Hood:*** As I said, we have prioritisation. Eighteen months is the timescale Ofsted has set for non-priority registration. If you are meeting an urgent need or have a specific area of focus, you will go through the two to six-month pathway. It will be significantly quicker if meeting one of—

Q53 **Tristan Osborne:** How long will the non-specific pathway take?

***Susan Acland-Hood:*** Again, these are timescales that Ofsted is setting itself. As I say, I think Ofsted has moved through 78% of the homes that have come forward for registration this year, so those are indicative timeframes. We hope they will be quicker—they will do it as fast as they can.

Q54 **Tristan Osborne:** So we will not be seeing people waiting 18 months.

***Susan Acland-Hood:*** It is 18 months if you are non-priority, and two to six months if you are priority.

Q55 **Chair:** Is it up to 18 months? That is not the norm, is it?

***Susan Acland-Hood:*** It is, and they would hope to do it more quickly than that.

Q56 **Sarah Hall:** The NAO Report states that the reduced use of wider settings has increased pressure on residential care. It points out that local authorities told the NAO that a decrease in youth custody places increases

demand for secure home places, and that decreases in the use of mental health beds affected secure and other children's homes. How are you working with the Ministry of Justice and the Department of Health to understand the impact of changes on their provision of specialised settings?

***Susan Acland-Hood:*** I touched briefly on this earlier. I will bring in Gila in a minute. We have a lot of work going on in that interface with the Ministry of Justice and DHSC, both focused on good-quality data sharing, joint planning and a specific piece of work on deprivation of liberty orders, partly because of that statistic about the number of deprivation-of-liberty-order children who are in unregistered places. They tend to be in that category of really acute, really complex needs, but agencies may not be able to find the right sort of provision for them, so we have a particular project going on.

We will amend legislation through the Bill to create a statutory framework for authorising deprivation of liberty outside secure children's homes. We have a "test and learn" in the South East Regional Care Co-operative, which is looking at multidisciplinary commissioning and a needs assessment tool to try to get children into the right provision. A chunk of our capital is going towards creating better, as it were, joined-up therapeutic places that can meet the needs of those children. Sorry, deprivation of liberty is not the only thing we are doing jointly, but it is quite a good test case for the very most complex. Gila, will you talk more about the wider joining up?

***Gila Sacks:*** What has been challenging, but encouraging in many ways, is that we see a lot of aligned interests, aligned incentives and aligned need and concern between not just the three Departments you touched on, but a range of other partners. We have seen good progress in join-up at the national level—we spend lots of time talking to our colleagues, and with NHS England we have been jointly running cross-Government co-ordination on evidence building and innovation on some of the most complex needs, as Susan touched on—

Q57 **Sarah Hall:** Can I stop you there? What does that look like? The NAO Report talks about forums, but also a lack of joint planning. Do you have specific people who are responsible for co-ordinating all this across Departments? In our various sessions we hear the same issue: everyone is very siloed and there is not that cross-departmental lean-in.

***Gila Sacks:*** It can really be a challenge. The kind of need we are talking about is a real challenge for each of those systems. No one needs to persuade somebody else that it is a challenge. These needs are really high priority, very complex, and very expensive for each of the partners. That need and cost does not go away. If you are sitting in NHS England or the Department of Health, it is very clear that if someone's need is not properly supported and assessed when they are a child, it will grow and continue into adulthood. So yes, there are relevant officials across those organisations who work together.

Critically, although there is important co-ordination at a national level, in a way the most important relationships are where national partners are facilitating and supporting good join-up locally. That is particularly the case for high-needs or complex-needs commissioning. We have seen really interesting learning, innovation and evidence building around pooled budgets between health, justice and social care partners, and on joint commissioning. How do you make sure that the assessment itself captures those perspectives from the outset, rather than having needs assessment in one area and then having to go to find the provision?

Critically—this comes back to one of your earlier points—we need it to run end to end. You really need those agencies working together right at the beginning, when you get into prevention, early help, child protection and so on, not just at the point where you need to be commissioning the specialist care. That is partly why the Families First Partnership builds in, right at its core, the multi-agency child protection partnerships—

**Chair:** You are going to have to be briefer than this, I'm afraid.

***Gila Sacks:*** We are seeing that play out end to end.

Q58 **Sarah Hall:** I understand that, and it sounds great but, in terms of that support, the project that I talked about before—the children's mental health and complex-needs hub—came on the back of a conversation that I had with my director because nothing else was being proposed. There were no other streams of funding and no other support. We literally had to go cap in hand to other agencies to get them involved. That should not be happening. It was all because we had one particular young person with specific needs that were not being met. I hear what you are saying, but that was certainly not happening a couple of years ago. If it is happening now, that is great.

***Susan Acland-Hood:*** It wasn't, but it is now.

***Gila Sacks:*** It is now in law, or at least elements of it are. Multi-agency working for child protection, safeguarding partnerships and so on will now be strengthened in law. That does not solve all the problems, but it lays strong foundations locally for the type of provision you are discussing.

**Chair:** That is a helpful reassurance.

Q59 **Anna Dixon:** I would like to come on to foster carers. We touched on this with the previous panel, as sadly there has been a decline in the number of foster carers. You have talked a lot about encouraging kinship carers, and I think there has been some progress on that. Given that a place in a children's home is eight times as expensive as a foster care place, what more are you doing to increase the number of foster carers?

***Gila Sacks:*** The Department and our ministerial team are very passionate and ambitious about not just growing numbers but broadening out and re-imagining what foster care can be. Your earlier witnesses pointed to some of the challenges. We cannot just try to keep rebuilding the same thing—

**Anna Dixon:** I am not looking for a repeat of the challenges. What are you doing to overcome them?

***Gila Sacks:*** Of course. The Government have invested £15 million in the current year, and a further £25 million over the next two years, in growing and strengthening fostering hubs. We now have 10 fostering hubs, covering around two thirds of local authorities. They have only been operational during this year, and nine out of 10 are now outperforming their predecessors—the local authorities before they were operating as hubs—in the number of approvals that are coming through.

What the hubs are able to do, given the support we are putting alongside them, is broadly threefold. They are really boosting co-ordinated recruitment to make sure that areas do not compete with each other and join up to maximise their reach. They are also improving support through the recruitment and approvals journey. We see large numbers of people coming forward, but a very high attrition rate before they get to approval, so the hubs are increasing the speed, efficiency and support along that journey. They are providing retention support as well. Someone touched on Mockingbird earlier; we know that we can reduce by 82% the likelihood of a foster carer stepping away from foster caring if they have the right support in place.

Q60 **Anna Dixon:** On the costs of involving agencies as opposed to doing this through local authorities, can you give any explanation in terms of value for money? Why do the costs of independent fostering agency places seem to be going up, as opposed to local authority places? Are the hubs going to drive more people towards IFAs, which do not seem to be value for money?

***Gila Sacks:*** We think there is a case for a diversity of provision, partly because we think there is a case for a diversity of models. Specialised foster placements and models have a really important part to play, and that can be somewhere where we see really good innovation in the independent sector, as well as across non-profit and local authority provision. Having a diversity of models is important.

We have seen some things that the independent sector is doing really well. Its conversion rates—its ability to take someone who comes forward through the journey—are often really good, so there is really important learning there. We absolutely want to make sure that local authorities can build their capability and their reach, and that is what the fostering hubs are there to do, as well as some of the wider support and investment that the Department has put in directly to local authorities to support them in improving their practice and reach in this area. We think there is a role for a mixed model but, critically, we want to give local authorities the capability to maximise their ability in this space.

Q61 **Anna Dixon:** None of what you said overcomes the things that were mentioned as blockers: housing, the cost of living, issues of converting the home, and the pay and fees for foster carers. Can you say a bit more about how you are overcoming those challenges? It is very nice to do a

recruitment campaign, but the NAO Report suggested that the evaluation of the first regional recruitment hub showed that there was no "significant difference" between the hub and the local authority. I hope that you are basing the roll-out of the hubs on some evidence that they are effective. Setting that aside, how are you overcoming those other barriers, which are very real barriers when I speak to foster carers, and indeed kinship carers, about the challenges they face?

***Gila Sacks:*** The hubs are pretty new, and we are seeing in real time, month on month, the approvals rate improve. There is a long way to go, but they are showing really encouraging signs so far. Local authorities, fostering hubs and fostering agencies are addressing these needs in a wide range of ways. They have a lot of discretion open to them—for example, some local authorities are putting money in, and the Department has put money in, to small capital grants to allow for conversions or the extension of a room to allow for more space. In many areas, that has been very effective. The regional care co-operatives are looking to go further in that model as well. A number of local authorities offer deductions on council tax, for example, and they have a lot of discretion over the financial and wider support that they give to foster carers.

Interestingly, although we absolutely hear a lot of concern raised around cost—and cost in the broadest sense—the thing we hear most consistently is that foster carers want respect and support to care for their kids. That is why we see things like the retention support services and Mockingbird translating into real shifts. Foster caring can be very challenging, particularly when you get into some of the need we have talked about, so making sure that people have the right support along that journey can be very effective.

**Anna Dixon:** Okay. I am conscious of the time.

Q62 **Mr Betts:** We heard from the permanent secretary earlier that the Department has overall responsibility for the service, for provision and for assisting local authorities. Gila Sacks, in 2024 the Department commissioned research that showed the need to get integration across local authorities, because local authorities had limited information about what was happening in the market. You have begun to give some support to local authorities on forecasting, commissioning and market shaping, but it has not been rolled out comprehensively. Why?

***Gila Sacks:*** All local authorities have been provided with some forms of support: toolkits, information, forecasting tools, data improvement tools and so on have been made available to all local authorities. Some have been able to opt in to more bespoke provision and support where they have chosen to do so. The Department also provides support to local authorities in a wide range of ways, through our regional teams and the range of experts they work with. Often, local authorities that have faced a particular challenge or are very expert in a particular part of this space will go in and provide peer support to local authorities. All local authorities have had access to both in-person and broader data and commissioning support.

Q63 **Mr Betts:** Do all local authorities have access, if they want it, to all that information and all those systems—all of them?

***Gila Sacks:*** Toolkits, information, support and guidance are available online to everybody. But, of course, in and of itself that is not enough to address what we are describing. That was the first stage of work; over the next two years we will be rolling out further capability-building support to local authorities, recognising that their needs vary a lot, and that often the best way to provide access to this type of support is to enable them to access real expertise and others who have been there before.

Q64 **Mr Betts:** Why is it taking another two years to do what you identified a year ago?

***Gila Sacks:*** We are taking that work forward in a range of ways. The first phase has been funded and rolled out, and there will be more to come. What is also critical is what we are testing through the regional care co-operative model. We are taking what has been the starting-point offer and support to all local authorities, but then working very, very closely with two regions to understand the most effective ways of taking some of that learning and putting it out into practice.

Q65 **Mr Betts:** Will that enable local authorities to do comparisons of what they are paying compared with other authorities?

***Gila Sacks:*** Yes, that is exactly what they are doing. In both pathfinders they are trying a range of things, but the first thing they have both done is pool data and support their local authorities to understand need, compare costs and work out how to compare like for like across their areas.

Q66 **Mr Betts:** When will all local authorities be able to do that?

***Gila Sacks:*** We recognise that a lot of learning is needed here. We need to make sure that we are doing this in partnership with local authorities—

**Mr Betts:** When will local authorities be able to do that?

***Gila Sacks:*** We are working with the two current RCCs to build the evidence base with them, and then the Department and Ministers will consider the right timeframe to roll out further and, indeed, the right model. We will consider whether it is right to have a one-size model right across the country or more variation would be appropriate.

Q67 **Mr Betts:** What is the likely timeframe?

***Gila Sacks:*** The Minister for Children and Families has said he would intend to set out the next steps on this and a range of other areas in the coming months. That is what we will need to wait for.

Q68 **Mr Betts:** Right. That is the ministerial decision, but when will the systems be ready for Ministers to make that decision?

***Gila Sacks:*** Nothing is stopping local authorities doing much of this now. As has been touched on, they can work together to share expertise and

capability. We see local authorities working together on fostering and in all sorts of ways.

Q69 **Mr Betts:** Yes, but the initiative you are taking is because local authorities are not doing that. The idea was to enable them and give them the wherewithal to do it. When will Ministers be able to take the decision that enables local authorities to do that right across the piece?

***Gila Sacks:*** Local authorities can choose to do what we have described now. The question of when and whether the Government will be able to put in additional funding and/or requirements on them is something that Ministers are considering based on the really encouraging signs we are seeing from the first two. We discussed this with a large number of local authorities—

**Mr Betts:** So the systems are all ready to go, then?

***Gila Sacks:*** This is something that local authorities can do now, subject to local capability. For example, we started with Manchester and the south-east, and they started at quite different points because the Manchester local authorities were used to working together on local stuff and the south-east local authorities were less so. They have therefore gone down slightly different journeys. But the principles of being able to work together, share insight, choose to pool purchasing power and so on is something they can do now.

**Mr Betts:** I am still confused. I do not know why the Department is taking this initiative if local authorities could just get on and do it anyway.

***Gila Sacks:*** We have provided funding and support to help this to start and accelerate, and to do that learning with them.

Q70 **Mr Betts:** It is a ministerial decision to roll that out, but if Ministers chose, they could do it straightaway?

***Gila Sacks:*** We are very conscious that local authorities would need to set aside resources and time to put the work in to build these models. The Department has so far wanted to support them in doing so and to make sure that we are, very carefully, learning from the evidence of the first two pathfinders to support the roll-out.

Q71 **Mr Betts:** If local authorities wanted to do it and Ministers took the decision, could it happen tomorrow?

***Gila Sacks:*** I think they could start tomorrow. It would take time for them to get to maturity because some of what we are describing is complex and involves issues that local areas have been grappling with for some time. They could start, but it would take time for them to realise the benefits in the ways that we have been describing.

Q72 **Mr Betts:** Is this going to help with the problem of local authorities competing with each other for places, which impacts on costs?

***Gila Sacks:*** Absolutely. It will enable them to plan together, to risk-pool, to say, "These are the things that we need over time," and to manage their costs together.

Q73 **Mr Betts:** Shouldn't the Department therefore be doing more than simply saying that local authorities can do it if they want? Should you not be putting some real encouragement, if not direction, into making sure this happens?

***Gila Sacks:*** The current Bill, once it completes its passage, will give the Secretary of State the power to direct a local authority to join an RCC, if that is necessary, but we expect there to be positive learning from the first two and we expect more to follow in their direction.

**Chair:** Thank you very much.

Q74 **Sarah Olney:** I want to ask a bit more about the financial situation of some of the companies that are providing care homes. We know, for example, that some of the private equity-owned providers have much higher debt levels than other providers, which obviously gives rise to concerns about their sustainability. What information, Gila Sacks, are you collecting about the financial situation of children's homes providers?

***Gila Sacks:*** The current Bill includes provisions to establish a financial oversight scheme that will cover the set of providers deemed hardest to replace. That does not mean that they cannot be replaced, but it is a way of categorising their significance, their market share and so on. Subject to the detail of further regulation, the scheme will require those providers to provide the Government with information about their cost base, about debt—

Q75 **Sarah Olney:** Sorry to interrupt, but are you not collecting that already?

***Gila Sacks:*** We need legislation to enable us to do that, and that is in the Bill. At the moment, providers do not need to tell us anything, but the Bill will significantly improve our ability not only to understand their profit and debt, but critically to ensure that they have the resilience measures in place for necessary contingency planning.

**Sarah Olney:** Did you want to come in, Susan?

***Susan Acland-Hood:*** I was just going to say that we don't because we can't, so we are taking the powers to do so. As Gila has said, the Bill, as well as making sure we can get the information, will require those providers to make contingency plans to manage financial failure.

Q76 **Sarah Olney:** Just so I am clear—does that extend to local authorities as well? They cannot collect financial information?

***Susan Acland-Hood:*** No. This is one of those areas where you need fairly clear powers to make sure that what you are collecting is meaningful and that you can set the right categories and collect the information in a way that isn't manipulable.

Q77 **Sarah Olney:** A concern that has been raised with me locally about a

home in my constituency is that the company running it is registered as dormant and does not have adequate share capital. That information is obviously publicly available through Companies House. Is that the sort of information that either the DfE or local authorities could be looking at?

***Susan Acland-Hood:*** When the CMA looked at this, it looked at some of those types of information. Some of it is in the public domain, but it can be difficult for local authorities to understand what sits behind a headline like that. What we want to do through the scheme is try to make sure that we have better quality, more consistent and better codified information that people can understand. That in turn will helpfully feed into the work that Gila described, which is helping to give peer support to authorities in understanding the market.

Q78 **Sarah Olney:** So local authorities are currently not required to look at these kinds of financial indicators—the ones that are available and the ones that are not—in order to assess suitability?

***Susan Acland-Hood:*** Many of them will look at what they can, but it can be quite difficult to see underneath the headline level and to make sure the information you are looking at is meaningful, and that is what we are trying to address.

Q79 **Chair:** It is reckoned that there is about £7 billion of private equity in children's care homes, some of which is based offshore. Some people are saying that is an unsatisfactory situation, particularly when they are leveraging to a very high degree and therefore they are unstable. Should Ofsted, rather like the water sector, be looking into a greater resilience of these companies, because if a large number went out at once, we would be in an awful muddle?

***Susan Acland-Hood:*** That is what the financial oversight scheme is designed to look at. I think it would be a mistake to focus only on whether something is or is not private equity, and indeed whether something is or is not offshore. There are quite a lot of different ways to be financially fragile or overleveraged, and we want to make sure that the system we put in place looks at that in a good, thoughtful and sophisticated way. Sometimes I think it is tempting for people to talk as though anything that is financed by private equity must be bad. The risk is that that means you take your eye off other things that might cause vulnerability or difficulty, and you do not look properly at where the risks are. That is exactly what the financial oversight scheme is designed to get a hold of.

Q80 **Chair:** Profit limits are one thing, but is the Department agnostic as to whether children's care homes should be privately or publicly provided, or indeed charitably provided? What about not-for-profit companies?

***Susan Acland-Hood:*** The Department's view is that there are benefits to having a mix of providers across the system, and I think we would worry about there being over-dominance of a particular kind of provider. You have heard the statistic that 86% of children's homes at the moment are privately provided. It is closer to 74% of places. There is a difference between the places and the number of homes. Again, it is not that all

private provision is bad or that it does not have a place in the market, but I think we would like to try to rebalance a bit. We are keen to support third sector and not-for-profit providers, and that is why we have got the work that I described earlier going on to try to bring more social finance into the system and to try to generate more support for not-for-profit providers because we think a balanced market is a good thing.

**Chair:** Thank you for that. We now come to Sarah Green. You have been very patient, Sarah.

Q81 **Sarah Green:** I have. I am going to ask about creating more places. You have already mentioned a project that is happening in London, but I am really keen to understand, Gila, what the Department is doing to incentivise all providers to create more residential homes in the geographic locations where they are needed. We have had some examples of where that is not happening at the moment. Anything you could share on what you are doing to address that would be helpful.

***Gila Sacks:*** The critical part of that is that we do not just want more homes. We probably do not want more homes—quite to the contrary, we want to make sure that, wherever possible, children are being supported to stay with their families or in foster care and so on, which makes this quite different from some other public service efficiency challenges. We do not just want growth. What we want to make sure is that we have the right type of provision in the right places. To do that, it partly comes back to what we touched on around Ofsted's prioritisation. We must ensure that it is prioritising for registration those homes that meet the most critical need.

We are also working with MHCLG colleagues on ensuring that there are not barriers in the planning system, actual or perceived, that might make it harder and, where there is real need, that is reflected and understood in the planning system as it operates. Again, without repeating it all, this partly comes back to the ability of local authorities and regions to be able to shape the market that they need. They should be able to understand what they need and be able to act as informed purchasers of it.

Q82 **Sarah Green:** On the work you are doing with the Ministry of Housing, Communities and Local Government and local authorities on the planning system, what is the challenge there, and what is your role in helping to fix that?

***Gila Sacks:*** We want to make sure that, when decisions are being made on planning applications, there is consideration of real need, so not just, if you like, "Does somebody ask?" but "Is there enough join-up so that the local authority is able to have a voice and articulate the needs in its area?" Again, that might be about overall sufficiency or about a very particular provision; it is just about making sure that that information is brought to bear sufficiently when these decisions are being taken.

Q83 **Sarah Green:** Are you a statutory consultee on those kinds of applications? Is there an obligation on local authorities to come to you when an application like that comes before them, or is it just "If they feel

the need to"?

***Gila Sacks:*** That is something we are discussing at the moment with colleagues in MHCLG, and there is further work to do to make sure that position is clear.

**Sarah Green:** So that is still up in the air?

***Gila Sacks:*** It is ongoing work.

Q84 **Anna Dixon:** I briefly want to come back on growing a diversity of provision, including from the not-for-profit sector. There seem to be three barriers that the not-for-profit sector sometimes talks about. First, they may have facilities, but they are in the wrong place or are outdated, and it is harder to borrow. I am keen to know more about whether the social investment proposals are targeted towards existing not-for-profits being able to modernise or move their facilities and to borrow money. The second barrier is scaling, and the third is the ability to respond to the need for more complex care packages.

You have mentioned social investment; how will that lead to tackling those three barriers that I have heard about from not-for-profit providers—of capital borrowing for their facilities, scaling, and responding to the needs of very complex children?

***Susan Acland-Hood:*** We do see the social investment vehicle as potentially helping with that first barrier, regarding capital availability, and if you set up such a vehicle, you would certainly want it to be there for existing providers, not just new ones, to support good-quality investment. As I say, we have held a market-engagement event and we are building this up. We are doing this work in partnership with local authorities, potential social investors and those who might benefit. We are talking actively about both the barriers and the particular forms of this that would be useful. As I say, it is a partnership with the investors, so it depends a bit on what people find investable, but I think you could use that vehicle against each of the barriers that you described. That sits alongside the work we are doing on capital for local authority-provided homes as well, so it is a multi-part strategy.

Q85 **Mr Betts:** Going back to the important issue of the workforce, the Report highlights problems with the number of staff in the sector, particularly with the number of trained staff who can deal with challenging young people and of managers who are registered. But the Department's response seems to be, "Well, we can't do much about this." It seems to come out of the NAO Report that you do not have the ability to intervene in the sector in an effective way, or you do not know what the effective way might be. That is not a great position to be in, is it?

***Susan Acland-Hood:*** I think that arises because we think it is important to hold that the provider has responsibility regarding the provision of the manager. I do not think that is the same as being entirely hands-off on this. One of the encouraging things we have seen—I think Isabelle gave this figure earlier—is that we now have more than 46,000 care staff working in children's homes, and that the number has gone up

significantly, not only over this long period but in the past year. Our key focus for overall staffing in the homes—again, there will be different patterns in different places—is now on quality training and making sure that we are increasingly investing in the skill of that workforce, rather than straight numbers.

On managers and manager registration, we know there is still work to do. Again, we are working closely with Ofsted. Some of this is about those sequencing challenges of having to have your Ofsted-registered manager before you can register as a home. But if the manager leaves and you have a gap, you need to get someone else registered. We are working with Ofsted on that process. It is ultimately for the provider to make sure that they can get a registered manager and put them in.

Q86 **Mr Betts:** Okay. You take a more hands-on approach to teachers, don't you? You have a responsibility to ensure there are enough teachers—

***Susan Acland-Hood:*** Not in independent schools or private schools.

Q87 **Mr Betts:** But you could argue that the academy system, effectively, does not have directly controlled schools—

***Susan Acland-Hood:*** They employ their own teachers and set their own pay rates. We do not move teachers into—

Q88 **Mr Betts:** You have an interest and, I think, a policy for trying to ensure there are enough teachers, but you do not have an interest or a policy for ensuring there are enough residential care staff, who are just as important for young children in care.

***Susan Acland-Hood:*** Of course we have an interest. What I was trying to say is that we take responsibility for making sure the overall system is working. That is different from trying to be the deployer of the individual staff member. That is quite closely paralleled with where we are in schools. As I say, the overall numbers of children's social care home staff have been rising significantly, and we are focusing more now on quality than on straight numbers.

Q89 **Mr Betts:** But there is still a shortage—no responsibility, but at least helping to deal with the shortage, having a policy on it—

***Susan Acland-Hood:*** There is a very specific thing around registered managers, rather than overall care home staff. We are working on that with Ofsted and with providers. Some of that is about making sure that people are prepared to invest in getting the right people.

Q90 **Mr Betts:** So you are saying there isn't a shortage? The numbers are sufficient.

***Susan Acland-Hood:*** We have seen really strong workforce growth in children's social care—sorry, in children's home staff—from, as I say, 39,000 in '23-24 to over 46,000 now.

Q91 **Mr Betts:** And that is sufficient, is it?

***Susan Acland-Hood:*** It is always difficult to say, "Is it perfectly sufficient? Does it match everywhere?" But overall we are much less worried about quantity than about training and skills, and that is where our main investment is going.

Q92 **Chair:** I have one last question, permanent secretary. It seems to me that the reason the pricing in the market is not working very well on children's care homes is the uneven distribution around the country. The two tables make that very clear indeed. Surely the aim ought to be to make sure we have more even distribution around the country, and then surely it does not really matter. We heard from the previous panel that local authority homes tend to be more expensive than privately provided homes. On some of these so-called excess profits, if the market worked properly with not only the market working properly but with proper procurement by local authorities taking place, we would get a much more evenly priced system around the country, wouldn't we?

***Susan Acland-Hood:*** Yes, I do think distribution is important. There are a few other things that matter as well. If you look at the capital programme, we have focused that so the funding we have put in will deliver more than 630 additional placements focused on areas where we have significantly fewer residential places, but also specialist needs. Provision is specifically designed for that complex deprivation of liberty cohort, the secure welfare placements and the step-down placements, and those two new secure children's homes in London and the west midlands respectively, where we have not got that provision at the moment. We are really trying to target those areas that have lower provision.

On the cost data that was quoted, I want to put one caveat on that, which is that local authority homes tend to deal with a slightly more complex profile of need, so you have to be a bit careful in comparing costs. The third thing I would say is that there is also the issue that Rachael Wardell raised in the previous session, which is that sometimes providers, because of the complexity of a child's needs, have to keep beds empty in order to have beds for very complex children. We see that as a challenge across the system. We want to make sure both that the provision is being improved, so that we do not have to keep so many beds empty, and that we are getting those risk judgments right. For example, if you have a child ending up in unregistered accommodation because they cannot be put in a bed occupied by another child, the question is, "Is the risk to that child from being accommodated in that registered bed with that other child really greater than the risk of them being in the unregistered accommodation?" Are people making those judgments correctly across the system? We know that we have occasions when it is not about the physical availability of beds—as in, "Do they exist?"—but the ability to place into them.

**Chair:** We got that from Rachael Wardell.

***Susan Acland-Hood:*** We need to look at all those issues.

Q93 **Chair:** Final question from me. I want to raise the issue that I raised with

the other panel. I do not want to go over the names or anything else again, but it is the deaths caused by the transition from children's social services to adult social services. This is shocking. What more can be done to prevent that?

***Susan Acland-Hood:*** It is really shocking. The fact that we see higher mortality and suicide rates for care leavers than for other children of the same age is something we should all take incredibly seriously. The care review in 2022 recommended collecting and reporting data on those deaths. We have extended the reporting of deaths or serious incidents involving children to include deaths of care leavers up to the age of 24, so that we are catching those in the picture that we see.

I think it is true that all three of us sit and read every serious incident notification that comes into the Department. We sit and look at those care-leaver deaths, and the national panel looks at the patterns coming out of those incidents and seeks to make recommendations about what we can do to try to reduce the risks around them. The published data does not yet have that cohort, because it is starting and building up, but we will start to look more carefully at, particularly for some of the suicides, "What are the common factors and things we could do differently across the system? How do we share learning, try to create better preventive environments and put more in place to wrap around those children?"

Q94 **Chair:** Nevertheless, the figures are still far too high. The figures that I quoted—that are reported—is still too many people. I am wondering what more you can do.

***Susan Acland-Hood:*** As I say, for any death of a child engaged in the system, we sit and make sure that everybody across the system has learned everything they possibly can from that incident and has changed practice in response to the things that have led up to that death. Previously, we did not include care leavers once they had aged out of the system; now, we have brought them into the system, and we know that that is a powerful mechanism for learning. We will see some things that are very transferable and exhibit some common patterns, but we will see some that are specific to individual incidents. We want to capture both of those.

Q95 **Chair:** Given that children's and adult social services often sit in the same building, could we not have a little bit better co-ordination between the two? The children's social services must have a very good idea of those who are likely to be affected by the whole system. Would passing that on to adult social services not help?

***Susan Acland-Hood:*** Yes, and I might bring Isabelle in on this. Indeed, we see that happen in local authorities, but we have also extended, through Staying Close and Staying Put, as well as through the responsibilities that local authorities have for care leavers, the children's social services wing that stays over a child as they leave care for longer. Really trying to make sure that we are growing and supporting that work is important to this.

***Isabelle Trowler:*** The only thing to add would be that transitional arrangements for young people often start at age 14 in local authorities. There can be quite extensive planning over those years. A lot of the care leavers we are talking about who die by suicide are often in touch with lots of different agencies. There are professionals who are trying to help them, but there are certain patterns of behaviour and so on that seem to be really entrenched and very difficult to change. I do think it is an area of practice that we need to look at again and see what best evidence says about how to help those young people.

**Chair:** I really think you do. That one case that I quoted of that poor girl pleading for one more meeting with CAMHS—that is all she asked for, and she was not allowed it. That is shocking, it really is.

***Isabelle Trowler:*** Yes, that is a shocking situation.

**Chair:** We will leave it there. I am very grateful to you for all the information you have given us today. We will study the transcript very carefully. I have a memory like an elephant, so we will be having you back in two years' time to see what progress—hopefully, huge progress—will have been made in the next two years. An uncorrected transcript of this hearing will be published on the Committee's website in the coming days. The Committee will consider carefully the evidence that you and the pre-panel have provided. We will produce a report, no doubt with recommendations, in due course. Again, many thanks.