



Department
for Education

Securing sufficient placements for children in our care: National insights on Markets, Fostering and Complex Needs

Presented by:

*Sarah Jennings, Deputy Director for Looked After Children Placements at
Department for Education*

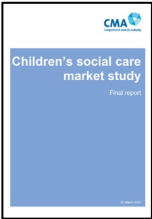
Steve Crocker, Government Advisor on the Markets

The ADCS Annual Conference 2025: Thursday 10th July 2025

Reforming children’s social care is a priority for this Government

The case for reform is well understood

1



The Competition and Markets Authority study into Children’s Social Care Placements

Published 10th March 2022

2



The Independent Review of Children’s Social Care

Published 23rd May 2022

3



National Review into the murders of Arthur Labinjo-Hughes and Star Hobson

Published 26th May 2022

4



Safeguarding Children with Complex Health Needs in residential Settings. Phase 2 report published April 2023

1

Prevent.

Children should remain with their families and be safely prevented from entering the care system, wherever possible.

How will we achieve this?

Greater prioritisation of early intervention, including through the delivery of Families First for Children Pathfinders.

2

De-escalate.

Where children cannot remain at home and it is in their best interests, we should support children to live with kinship carers or in fostering families, rather than in residential care.

How will we achieve this?

Support local areas to recruit more foster carers and prioritising support to kinship carers so that children can remain within their wider family networks.

3

Fix the market.

Placements for children in care should be first and foremost homes for young people to live in and we must bring an end to excessive profit making in a sector which supports our most vulnerable children.

How will we achieve this?

Ensuring that foster care and children’s homes are both high quality and meet children’s needs, through strengthening regulation of the ‘market’ and ending profiteering.

4

Key enablers.

We need to invest in the key enablers which underpin the system – including the workforce, better data and information sharing and scale and spread evidence-based programmes which have improved children’s outcomes.

How will we achieve this?

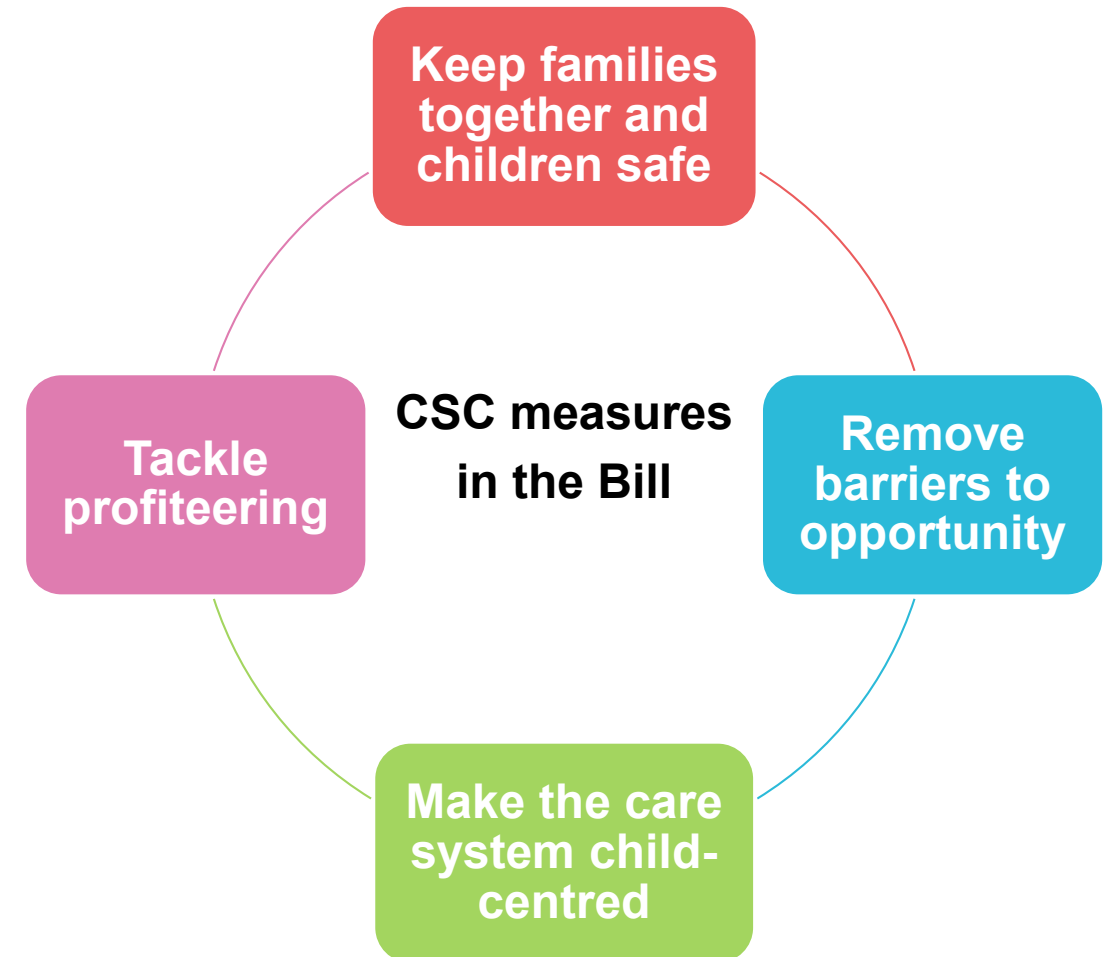
Embedding the **National Framework** for Children’s Social Care, delivering sector led improvements, working with and across multiple agencies, and championing the workforce.

Through the Children's Wellbeing and Schools Bill, we have set out measures to support long-term system change and clarify existing frameworks where needed

The Children's Wellbeing and Schools Bill, introduced in Parliament on 17th December 2024, is a key step towards delivering the government's Opportunity Mission to break the link between young people's background and their future success.

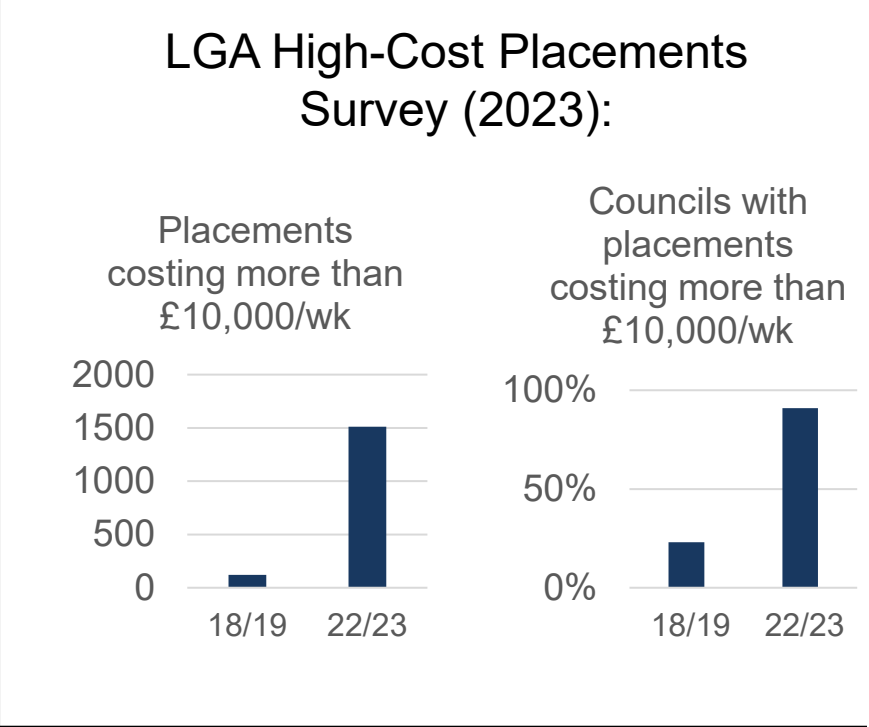
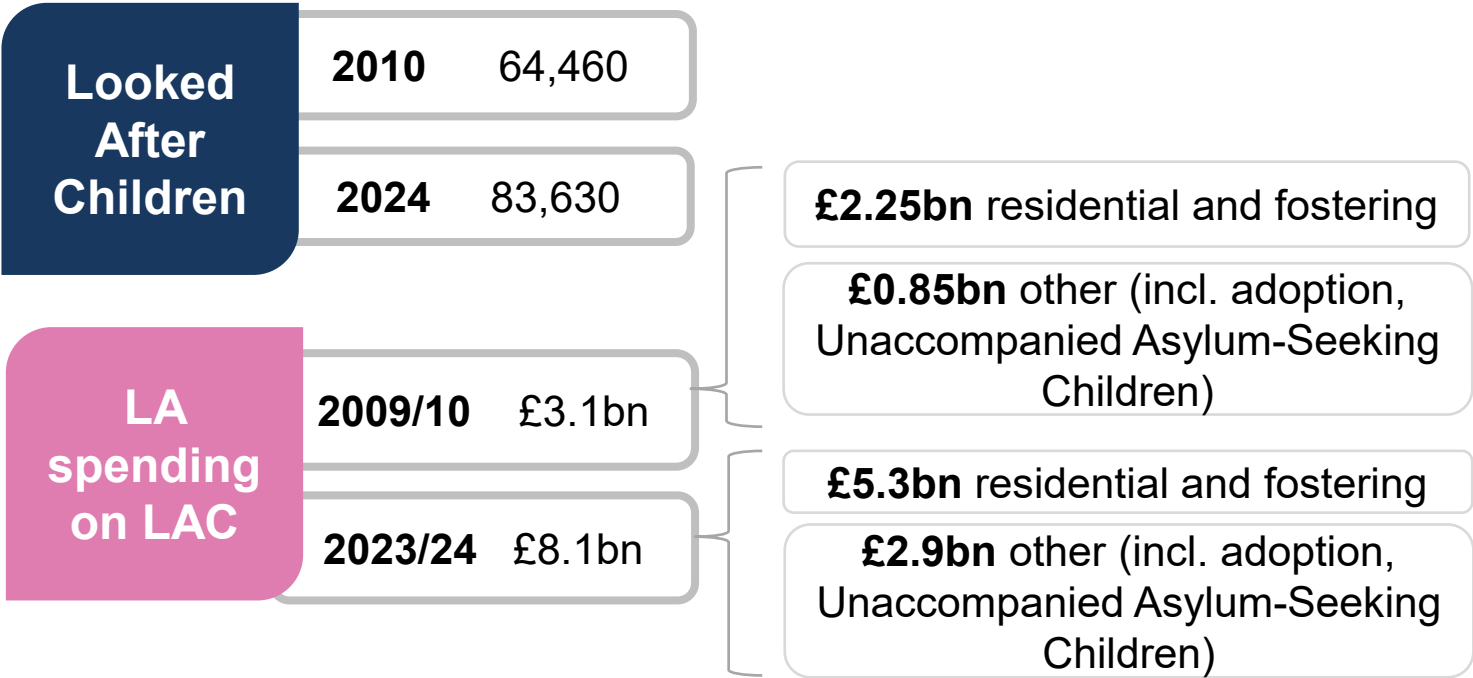
The Children's Wellbeing and Schools Bill is an opportunity to:

- Put children and their wellbeing at the centre of the children's social care systems.
- Help deliver manifesto commitments to ensure that all children can thrive in safe, loving homes.
- Update the legislative landscape so it reflects the structures and standards we want to see in the future system.



Fixing the looked after children's placement market

The increase in spending on children in care has disproportionately exceeded the increase in the number of children in care



The Competition & Markets Authority estimated operating profit margins in large providers 2016-2020:

19.4%	Foster
22.6%	Children's homes
35.5%	Supported accommodation

As of 31 March 2024:

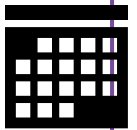
- 45% of CLA placements were outside the council boundary.
- 69% of CLA were placed within 20 miles of home. This decreases to 50% for those in children's homes.



Markets Intervention Advisory Group (MIAG)



To support the Department for Education to fix the children's social care placement market, tackle profiteering and put children's need first. This work will help support implementation and delivery of the package of measures set out in *Keeping Children Safe, Helping Families Thrive* to reform the children's social care placement market, and will focus on the supply of children's social care placements and the operation of this market.



The group meets quarterly, and since being paused due to the 2024 General Election, the group have met on:

- Thursday 26th June 2025
- Thursday 23rd January 2025

Recent topics on the agenda have included: CSC market narrative and metrics, Workforce, Independent fostering agencies, complex needs, Regional Care Co-operative (RCCs), Financial Oversight, Data.



Our strategy for fixing the placements market is to address the challenges that inhibit local authorities from finding homes that meet the needs of children in care at a value for money cost

1. Right homes in the right places

2. A more diverse market of providers

3. Enabling local authorities

4. Improving quality and stability

What we'll see as
a result



- Children placed in stable homes which meet their needs, are closer to home and deliver better outcomes
- A more diverse market of providers with a better balance between profit making and not-for-profit providers and providers not profiteering
- Local Authorities equipped to negotiate effectively, with greater options when placing children and achieving value for money
- A more resilient and robust market, with better managed market exit

1. Right homes in the right places

- Making it easier to establish small children's homes only in the places they are needed.
- Improving workforce practice and training and determining whether registration of care staff is the right approach.
- Increase the supply of placements for children with multiple and complex needs, often a response to complex trauma, keeping them closer to home.

2. A more diverse market of providers

- Supporting new sources of investment for non-profit providers to create provision where it's needed.
- Developing social investors' interest in CSC as an area to invest.
- Providing capital funding to Local Authorities to build their own children's homes.
- Giving the Secretary of State the power to introduce a profit cap on providers in the future, if necessary.

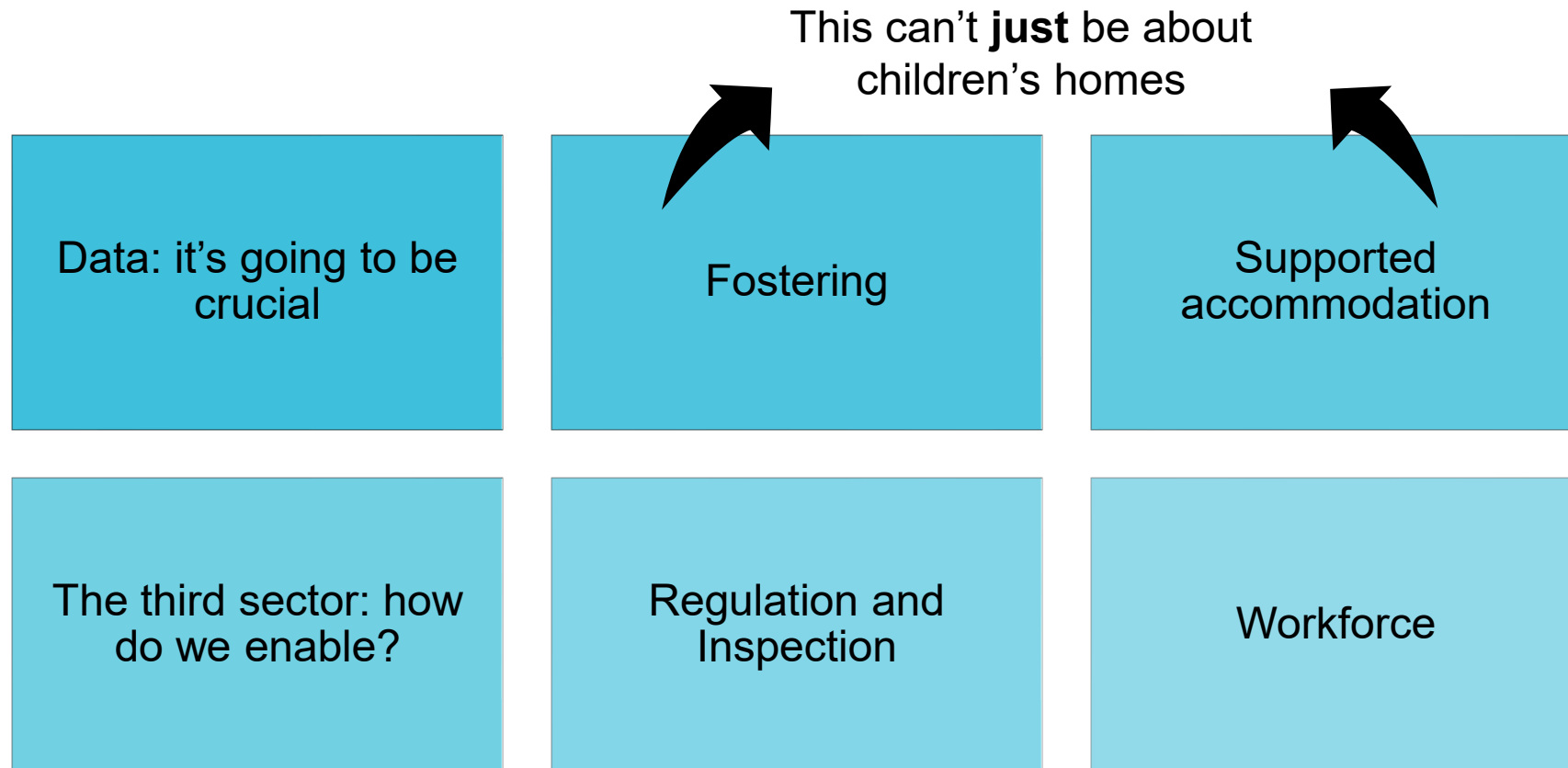
3. Enabling Local Authorities

- Rolling out Regional Care Cooperatives so that LAs can harness their collective power to plan and commission places regionally.
- Improving data and transparency of placements costs so that LAs can negotiate more effectively and achieve greater value for money.
- Supporting local authorities on forecasting, commissioning and market shaping, to better meet children's needs.
- Investing in LA foster care sufficiency through regional recruitment hubs, best-practice sharing, and foster care retention schemes.

4. Improving quality and stability

- Introducing a financial oversight scheme to increase financial and corporate transparency of the most 'difficult to replace' providers.
- Enabling Ofsted to hold provider groups to account where there are quality issues.
- Working with Ofsted to ensure inspection supports stable placements.
- Helping Ofsted tackle unregistered settings by strengthening their powers to issue monetary penalties.

Things to look out for....



Improving outcomes for children in complex situations with multiple needs

Who are these children?

- Children with **complex behavioural and emotional needs**, who are at risk of being deprived of their liberty to keep them safe.
 - With **overlapping risk factors and needs, related to mental health concerns, self-harming behaviours and risk to others.**
 - They have **suffered abuse, loss or other adverse experiences.**
 - And **present across settings including inpatient MH wards and Secure settings.**
- They need **multi-agency input and integrated models of care** to ensure that their needs are fully met and that they do not fall into gaps between services.

Around 50% of these children are placed in unregistered provision which does not meet their needs, is extremely expensive, and is unlawful.

"I was locked in and I wasn't allowed to go out unless I was followed... and not being able to see my family...[it] seemed like hell";

"I've had plenty of assessments from [CAMHS], but every time they just say the waiting list exceeds the time [I'll be staying in the area]".



What are some of the key challenges:

- Applications to deprive a child of liberty has **increased from c.100 in 2017/18, to over 1300 in 2024/25.**
- A Dec 2024 Children's Commissioner report in December showed the **estimated yearly cost of unregistered placements to English local authorities is c. £440 million, with 33 children in placements costing £1m+.**
- The lack of a standardised approach means local systems respond to highly complex children on a case-by-case basis – **resource intensive and leads to disparities in funding, and care.**
- Local system partners are **struggling to get children into the right placements, with the right care or staff.** The most frequent factor cited as driving the high cost of placements is a **lack of choice in providers** (LGA survey).
- Services are **not integrated around the needs of the child**, and it is often a risk based rather than relational approach which is taken.

Improving outcomes for children in complex situations with multiple needs

Our long-term strategy is to:

Improve outcomes - driving up the standard of care and support they receive.

Grow provision that can meet the needs of these children and prevent the use of costly, unregistered provision.

Work together, nationally and locally, to ensure care is based on the needs of the child, not where they present.

We will do this through...

Short Term

Learning from Peer Collaboratives (run by NFJO)

Test and learn approach

Continue to build robust evidence base

Launch capital investment programme

Medium Term

Amend primary legislation to provide legal route to place children into community-based provision

Introduce Communities of Practice

Continued capital investment

Move from test and learn to piloting

Longer Term

Develop and spread models for community-based provision

Improve education provision and outcomes

Develop and introduce Joint Working Guidance

Embed joint delivery of services and pathway planning

Legislative changes to protect children's rights and encourage improved provision:

Via the Children's Wellbeing and Schools Bill, we are creating a new statutory basis to allow children to be deprived of their liberty in provision that provides community-based, jointly commissioned care and which can also provide restrictions, if required to keep children safe.

What are we doing?

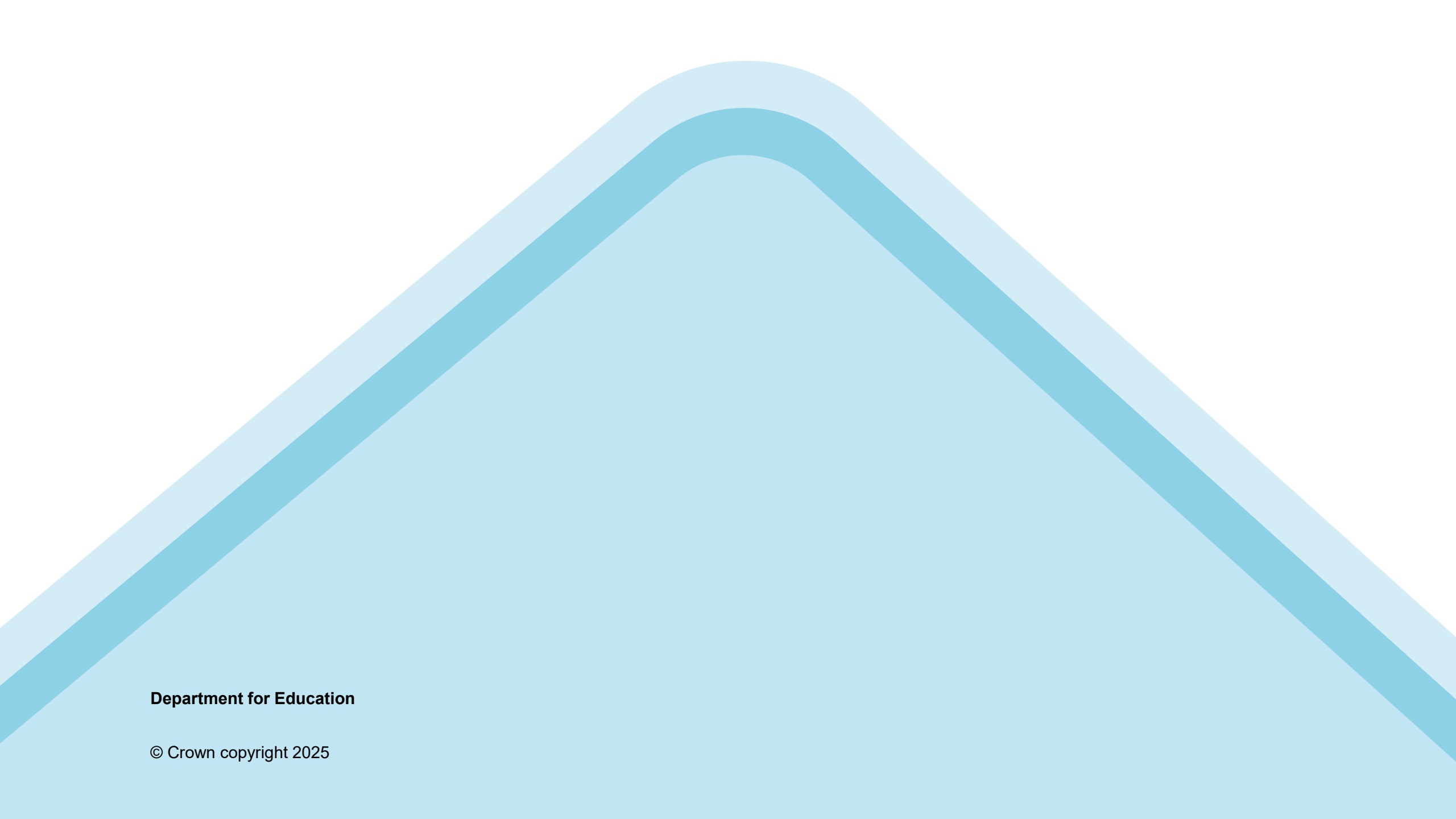
We are amending **section 25 of the Children Act 1989** to provide a statutory framework to authorise the deprivation of liberty of children in provision other than a secure children's home. The **same criteria as placements within Secure Children's Homes** will apply. When applying to the court for an authorisation, **we expect Local Authorities to set out a list of appropriate restrictions**, required to keep that child safe which will set out a **maximum level of court-authorised restrictions which can be used**.

How will this improve things?

Children deprived of their liberty under this measure **will benefit from enhanced safeguards and protections**. This measure will underpin the **growth in placements for children in registered accommodation** which meets their needs.

What will this provision look like?

This new provision will **have to register with Ofsted as a Children's Home**. We want this provision to **look and feel like a family home** in the community which offers specific care and treatment. The flexible nature of the provision will mean **children are able to continue to stay in this provision when they no longer need to be deprived of their liberty**.



Department for Education

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