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Research and analysis

# How groups of children's homes work

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# Executive summary

Ofsted regulates children's social care provision in England, comprised mostly of children's homes. The legislation focuses our regulatory power on individual homes. We are required to register, inspect and take action against individual children's homes. Some children's homes are standalone settings but the majority are now part of a group that owns more than one home. Our analysis has shown that the largest groups are owned by private organisations that continue to grow the number of homes they own.

This report explores how groups of children's homes operate. It focuses on understanding the influence that social care groups have on the day-to-day running of their homes. This allows us to reflect on how well the legislative framework supports 'right-touch regulation' and what change is needed to hold different levels of leadership and management accountable for the quality of care and support for children.

This report draws on evidence from:

- interviews with 11 senior Ofsted colleagues
- interviews with senior representatives from 10 groups

- questionnaires completed by 47 children's home managers

The sample was not intended to be representative of the sector. It was selected through a mix of stratified and random sampling. Participation was voluntary. We acknowledge that we are the regulator and therefore our sample may be skewed towards those who are happy and confident to speak to us about their processes and procedures.

The models of care and policies used in children's homes were generally decided by the group and standardised across all of their homes. However, most managers stated that they are able to work flexibly within these to provide care that meets the specific needs of children in their home. Managers have specific legal responsibilities, including ensuring that children's individual needs are met. When part of a group, managers must meet these legal responsibilities while working within the model and policies determined by the group. The parent company of any group will also have wider legal responsibilities, but this is not something that we explored in this project.

Groups told us that the progress of individual children was monitored closely by staff and managers in children's homes. Senior leaders in the group have a high-level, broader overview of how children generally are doing. Our regional colleagues noted, however, that this overview does not always lead to timely change and improvement.

Groups in our sample played a role in the admissions process by performing an initial sift of referrals before they are sent to managers. The sifting process varied across groups. Some were 'light touch', passing on the majority of referrals to their children's homes managers, while others sifted out a large number of referrals before passing a select few to children's home managers. Representatives from all 10 groups said the decision to admit a child ultimately lay with the manager but it is clear that some managers will only see a small number of referrals to decide on. The vast majority of children's home managers told us they felt supported when making admissions decisions.

Sometimes, a manager will decide their home is no longer able to support the needs of a child and will give notice to the placing authority. Representatives from groups explained that they play a much bigger role in scrutinising these 'moving-on' decisions, compared with admissions.

Children's home budgets were set by the central team in the group. They were based on the number of children and staff in the home. Some groups gave their managers guidelines on how to spend the budget, but most managers said they could work flexibly within the guidelines to meet the specific needs of children in their home.

The social care sector continues to grow. Half of the groups we spoke to were looking to expand the number of children's homes they owned. Representatives from groups in our sample said they considered the need in the local area when making decisions about how and where to expand. They gathered this intelligence through conversations with placing authorities and the types of referrals they were

receiving. That being said, new children's homes continue to be opened in areas where the highest number already exist, and fewer open in areas where sufficiency is the most challenging.[footnote 1]

Groups had some influence and control over the day-to-day running of their children's homes, including by deciding on models of care, policies and staffing. They also had an influence on admissions and, to a greater extent, moving-on decisions for children.

In line with regulation, our current inspection practice reflects the legal responsibility of children's home managers. We have no regulatory powers to gain a clear picture of how a group influences the quality of care and support for children in its individual children's homes.

The sector has evolved, with the growth of groups and the consolidation of a large proportion of children's homes under a small number of companies.[footnote 2] Many of these companies also run other children's social care services, such as residential special schools and fostering agencies. Current regulations mean that no organisation has the power to oversee this provider 'market'.

We will continue to draw together intelligence, through our regulatory activity (including inspection) and the regular dialogue between regulatory inspection managers (RIMs) and groups, to build a picture of the key areas where groups impact the care of children. This intelligence will inform exactly where we will seek greater regulatory powers at group level.

# Introduction

There are around 2,400 children's homes in England. The number of children's homes has grown over the last few years, particularly in the private sector. The private sector now accounts for over 80% of all children's homes.[footnote 1]

Some children's homes operate as standalone settings. However, the majority are part of a bigger group of homes. Groups range in size, with the smallest groups owning 2 homes and the largest group owning 196 homes. Table 1 shows the number and size of groups in the sector in July 2021. Several groups also own other provision, such as fostering agencies, residential family centres and independent special schools.

**Table 1: Size and number of groups as at July 2021**

| Number of children's homes owned by group | Number of groups |
| --- | --- |
| 2–4 | 233 |
| 5–9 | 74 |

| | |
|---|---|
| 10–14 | 9 |
| 15–19 | 7 |
| 20–50 | 10 |
| 51+ | 6 |

The largest groups in the sector are owned by private companies. Earlier this year, we published data showing that there are 277 private companies that own multiple children's homes.[footnote 3] The majority (218) each own 5 or fewer homes. However, the largest 10 companies account for 33% of all private children's homes, with the largest company owning almost 10% of all private children's homes. Between 31 March 2020 and 31 March 2021, the growth in the 21 largest companies accounted for 38% of the net growth in private sector children's homes in the year.[footnote 4]

Group ownership and size is an annually changing picture. Through buying out other businesses, companies can grow quickly. This was seen in 2021, when Nutrius UK Topco Ltd appeared for the first time in the list of the largest 21 companies. This company was a completely new entry into the children's home market in 2021, having bought 2 separate companies.

Since 2018, we have released annual publications about the largest providers of children's social care. Our 2020 report details the ownership chain of the 10 companies that own the most children's homes, as shown in table 2 below.[footnote 2] Currently, if a children's home moves into the ownership of a different social care organisation, Ofsted has to be informed, as the regulator of children's social care. If a parent company buys a social care organisation, Ofsted does not have to be informed and it is sometimes only through our regular research through Companies House that we become aware of further consolidation in the market.

**Table 2: The ownership chain of the 10 parent companies that own the most children's homes**

| Parent company (total number of children's homes owned by the top company) | Social care organisations owned by the parent company (number of children's homes owned by each organisation) |
|---|---|
| CareTech Holdings Plc (191) | Cambian Childcare Ltd (156)<br>Roc Northwest Ltd (13)<br>Caretech Community Services Limited (7)<br>Cambian Autism Services Limited (4)<br>Roc Family Support Ltd (2)<br>Greenfields Adolescent Development Limited (2)<br>Branas Isaf (holdings) Limited (2)<br>Cambian Asperger Syndrome Services Limited (1)<br>Rosedale Children's Services Limited (1)<br>Delam Care Limited (1)<br>Cambian Signpost Limited (1)<br>Cambian Whinfell School Ltd (1) |

| | |
|---|---|
| Keys Group Limited (G Square Healthcare Private Equity LLP) (98) | Keys Care Ltd (19) |
| | Keys Group Progressive Care & Education Limited (12) |
| | Keys Nhcc Ltd (10) |
| | Keys Education Ltd (9) |
| | Keys Educational Services Limited (7) |
| | Keys Child Care Limited (7) |
| | Keys Direct Care Limited (7) |
| | Unique Care Homes Support Limited (5) |
| | Keys BR Limited (5) |
| | Keys ACE Limited (4) |
| | Keys Cwc Ltd (4) |
| | Keys Specialist Residential Children's Services Ltd (3) |
| | Keys Stepping Stones Limited (2) |
| | Keys KIN Ltd (2) |
| | Keys Active 8 Care Ltd (1) |
| | Keys QTC Limited (1) |
| The Priory Group (Partnerships in Care UK 1 Ltd) (62) | Priory Education Services Limited (41) |
| | Castle Homes Care Ltd (12) |
| | Priory New Education Services Limited (3) |
| | Castle Homes Limited (3) |
| | Partnerships In Care 1 Limited (2) |
| | Quantum Care UK Limited (1) |
| The Outcomes First Group (Sscp Spring Topco Limited) (52) | Hillcrest Children's Services Ltd (14) |
| | Hillcrest Children's Services (2) Ltd (13) |
| | Pathway Care Solutions Ltd (15) |
| | Hopscotch Solutions Limited (2) |
| | Options Autism (5) |
| | Limited (1) |
| | Options Autism (4) Ltd (1) |
| | Pathway Care Solutions Group Limited (1) |
| | Acorn Norfolk Limited (1) |
| | Knossington Grange School Ltd (1) |
| | Underley Schools Limited (1) |
| | Longdon Hall School Limited (1) |
| | Options Autism (1) Ltd (1) |
| Horizon Care and Education Ltd (47) | Horizon Care And Education Group Limited (38) |
| | Horizon Care and Education Ltd (4) |
| | Horizon Care Limited (3) |
| | Educare Adolescent Services Limited (2) |
| Hexagon Care Services Limited (Hcs Group Limited) (37) | Hexagon Care Services Limited (37) |
| Sandcastle Care Ltd (Sc Topco Limited) (37) | Sandcastle Care Ltd (37) |
| The Partnership of Care Today (35) | The Partnership Of Care Today (35) |
| Esland Group Holdings Ltd (30) | Esland North Limited (25) |
| | Esland South Limited (5) |
| Homes2Inspire Ltd (The Shaw Trust Limited) (27) | Homes 2 Inspire Ltd (27) |

The children's homes market is opaque and it is difficult to gain an accurate

picture of group ownership. The data we have on this, although incomplete, allows us to keep a high-level, broad track of the changing patterns of ownership.

It is also important for us to understand how groups work in practice. This report sheds light on the influence that groups have on the day-to-day running of their children's homes. We have not sought to understand the governance structures of different groups or where financial and legal responsibilities (beyond those held by children's homes managers) are held in social care organisations and their parent companies.

# Ofsted's role

Under the Care Standards Act 2000, Ofsted is responsible for regulating individual settings that provide children's social care services, including children's homes. Ofsted's regulatory role includes registering, inspecting, compliance and enforcement.

When a setting registers with Ofsted as a children's home, there are usually 3 key roles linked to the registration:

- Registered provider: an individual, partnership or organisation (including companies or local authorities) registering to provide social care.
- Responsible individual: where a registered provider is an organisation, they are required by law to nominate a responsible individual to represent their organisation. The responsible individual is not registered with Ofsted.
- Registered manager: each children's home has a manager who must personally register with Ofsted. The manager's registration is personal to them and relates to a specific provision. Registration is not portable.

Once registered, providers and managers must comply with the conditions of the registration and follow the relevant regulations and guidance. These include The Children's Homes (England) Regulations 2015 and the Guide to the Children's Homes Regulations, including the quality standards ('the Guide').

The law gives Ofsted enforcement powers to respond where we identify instances of non-compliance. This can range from outlining to the provider and/or manager what needs to be put right to restricting admissions to a home or suspending or cancelling a home's registration. It is the registered persons (the provider and manager) who are accountable, as they have a legal responsibility to deliver services that are fully compliant with legislative and regulatory requirements.

We inspect children's homes using the social care common inspection framework (SCCIF). Inspection can identify non-compliance and, in line with Care Standards Act 2000, it also encourages services to improve. Inspectors will make recommendations or requirements for the registered persons (the provider and manager) to improve practice in their home.

Legislation does not permit Ofsted to regulate, inspect or take action at a group level. Our regulatory remit is focused on the quality of care and welfare of children at an individual setting level. Registration, inspection, compliance and enforcement actions are all carried out at the individual children's home.

In response to the growing number of groups in the sector, we allocate a named RIM to the largest groups of children's homes. The RIM communicates at least annually, and more regularly as required, with senior executives in the group. This role aims to support improvement across the group's homes in multiple regions. It also gives us some insight into the group and its homes, and helps to ensure consistency in our communication with the group.

# Methodology

This study aimed to:

- explore roles and responsibilities within groups to determine how these affect the quality and standards of children's homes
- assess how well our current policy and practice can hold the key decision-makers at different levels of leadership and management accountable for the quality and standards of children's homes

Data collection took place between May and August 2021. We used a mixed-methods approach, collecting data in 3 phases:

- Phase 1: semi-structured online interviews with 11 Ofsted employees spanning each of the 8 Ofsted regions
- Phase 2: semi-structured online interviews with senior representatives from 10 groups
- Phase 3: online questionnaires completed by 47 managers in children's homes owned by the groups interviewed in phase 2

Gathering data from a range of sources allowed us to triangulate the data. We could match information from the groups and children's homes with what we already knew about the sector. Capturing the perspective of both groups and their children's homes gave us a more detailed and balanced picture of how they operate.

The sample is small and the data has been self-reported. This means the findings reflect the experiences and perceptions of a small proportion of groups in the sector today. We are the regulator and this may affect what individuals choose to share with us. Nonetheless, this project gives us useful insights into how groups in the social care sector work.

# Sample

In phase 1, we collected data from 11 senior Ofsted employees, with representation from each of the 8 Ofsted regions (East Midlands; East of England; London; North East, Yorkshire and Humber; North West; South East; South West and West Midlands). Those who were interviewed had personal experience inspecting children's homes that were part of a group and/or worked closely with social care regulatory inspectors. Over half of those interviewed were also the named RIM for a large national group.

In phase 2, the sample focused on groups that owned 5 or more children's homes. Some of the groups in our sample owned other settings, such as fostering agencies or independent special schools, but all of the groups owned a minimum of 5 homes. Groups from both the private and voluntary sector were included. Groups of local authority children's homes were excluded from the sample as the ownership structures of these groups is not opaque.

We stratified groups by their size and randomly sampled within each strata. Smaller groups (those with fewer than 10 children's homes) are most common in the sector. We included more smaller groups in our sample to reflect that. We invited 20 groups to participate in the research and half of those agreed to take part. Our sample included groups of all different sizes. The smallest group owned fewer than 10 children's homes and the largest owned more than 50.

Each group identified a representative to take part in the interview. Eight groups nominated a senior member of the central staff team. This included group directors as well as staff with responsibilities for key functions, such as operations. Some of these also held the role of responsible individual. Two groups put forward an employee in an area management role.

As with any research where participation is voluntary, participation may be skewed towards those who are confident in their processes and procedures and comfortable sharing these with the regulator. Although we acknowledge this could be a limitation of this study, we triangulated what the groups told us with insights from our regional colleagues for balance.

For phase 3, our sample was of children's homes owned by groups that participated in phase 2. For each group that took part in an interview, we invited approximately half of their children's homes to complete an online questionnaire. Invitations to participate were sent directly to the manager of the children's home. We did not send questionnaires to other types of provision the groups may own (for example, schools). We had a response rate of 46%. We received responses from children's homes for 8 out of the 10 groups that participated in phase 2.

# Findings

Our data collection focused on how decisions are made in the following key areas:

- the care and support of children
- admissions and matching decisions
- moving-on decisions
- recruiting, retaining and training staff
- financial management

## The care and support of children

Most of the senior representatives from the groups told us they used the same model of care across all of their children's homes. A few did not refer to a specific model, but they did describe a broad approach or ethos that they expected all of their children's homes to work within.

Where groups owned other provision (for example, independent special schools), the same model was also applied to ensure consistency for the children. For example, one group used the PACE (playfulness, acceptance, curiosity and empathy) approach in its children's homes, independent special school and therapy service. Most children living in its homes attended the group's school, so using the same approach ensured that the support they received was the same whether they were at school or at home.

All of the groups we spoke to said that managers were responsible for making sure the individual needs of children in their home were met.

Managers corroborated the group's perspective. Most managers said that their group played a part in deciding which model of care they used, either acting as the sole decision-maker or in collaboration with the children's home. However, all but one (out of 47 managers) said they had the flexibility to provide care and support to meet the specific needs of children in their children's home. Managers said they work with the child, the family, and staff in the children's home and wider network to develop and maintain individual care plans.

Managers told us that they monitor and review locally the progress of individual children in their homes. They did this by gathering information from different sources, including from staff teams, therapists and social workers. They also monitored progress over time by looking at changes in key indicators such as educational outcomes, engagement with social activities and substance misuse. Managers said that they were involved in deciding what indicators were used to measure the progress of children in their home.

Those who supervise the children's home manager (this was the responsible individual, who in large groups was often an area manager) told us that they also monitor the progress of individual children. They will review care plans, monitor progress data and be in regular contact with the manager. In the larger groups,

those at the top of the leadership structure were more likely to know about an individual child only if there were concerns. The section of this report on recruiting, retaining and training staff discusses how group management structures vary.

Groups told us that, if a child is not making progress, responsibility first falls to the manager and responsible individual to put an action plan into place. This tallies up with what the managers told us. Most (40) said they would talk to and seek support from the responsible individual if they were concerned that a child in their home was not making satisfactory progress. They would also escalate concerns to senior staff in the group. Some groups would put in place additional support for the manager, such as providing additional resources or facilitating meetings with placing authorities.

Senior leaders in the group reviewed the overall quality of care more broadly. Children's homes are required by law to have an independent person visit their home on a monthly basis and write a report about how well the home safeguards children and promotes their well-being.[footnote 5] Each home must also review the quality of care provided for children.[footnote 6] Many groups said that senior management used the regulation 44 and 45 reports to monitor and improve the care being provided in their children's homes. The reports can flag to senior leaders in the group where there are concerns in a particular home. The information in them was often shared across the group to inform practice across all its homes. Our regional colleagues also suggested that some groups apply learning across their children's homes, but that this is not done consistently or by all groups in the sector.

As previously mentioned, managers often measure the progress of individual children through key indicators. Many groups formally gathered this information. Some groups had electronic systems that collect and store data on key indicators for each child. These systems allowed senior management to look at trends in individual children's homes and across the entire group. A senior representative from one group told us the data they collected on key indicators had highlighted an increasing trend in self-harm among children, which resulted in them providing additional staff training in this area. In another group, the director used key indicators to flag any services that required more support. However, our regional colleagues suggested that the senior managers in some groups might not be aware of trends and issues across the group, for example rising numbers of notifications to Ofsted or changing patterns of concerns.

Other tools groups used to review the quality of care in their homes included (in no particular order):

- internal audits
- feedback from stakeholders
- quality assurance visits from local authorities
- feedback from Ofsted inspections

Although groups in our sample shared the tools that they used, at group level, to review the quality of care, we did not seek to understand how this improved the

quality of care being provided across their homes. Our regional colleagues suggested that tools and systems used for quality assurance, and the impact of quality assurance, vary across groups. Some groups have a good oversight of each home, will be tracking and tackling emerging trends across their homes and will use feedback visits and inspections to drive improvements across all their homes. Others have much less of an overview, will be unaware of trends across all their homes and are not using the feedback to drive systemic change.

**Policies**

When considering the care and support of children, there are several policies that homes implement, for example on safeguarding and the use of restraint. Groups told us they used the same policies across all of their children's homes. Policies were usually created by senior members of the group, although some groups consulted with managers, staff teams and children when developing policies. Policies were reviewed on a regular basis, but a review would happen sooner if there were changes in legislation or government guidance. For example, groups made more frequent policy changes in response to changing COVID-19 guidelines.

Groups used different methods to inform staff about policy changes, including:

- posting updates on staff web pages
- emails to individual staff
- face-to-face team meetings
- group newsletters

Nearly all (44) managers said policy changes were communicated quickly and clearly, and that their group gave the rationale for any changes to policy. This would suggest that homes across the same group could understand the rationale behind a change and could therefore implement it more consistently. Most managers (33) stated they had the flexibility to amend policies to meet the needs of children in the home. However, it is important to note that around a quarter of managers (12) did not feel they had this flexibility.

# Admissions and matching decisions

Groups receive numerous referrals from local authorities on a weekly basis. They told us they had a sifting process to narrow down the number of referrals sent to managers. The sifting processes identified appropriate referrals based on current vacancies in the groups and the referral information they have received.

In bigger groups, the sifting was often performed by a placements or referrals team. In smaller groups, it was completed by the director or responsible individual. In some groups, the sifting process was quite light-touch, with unsuitable referrals being filtered out based on a basic set of criteria. Other groups sifted in greater detail at group level, so the managers of their homes may

see very few referrals.

However, representatives from all 10 groups told us that the manager ultimately makes the decision about whether a child is admitted to their children's home. There was a common view among group representatives that placing a child with a manager who was uncertain about the placement would result in an ineffective placement. Likewise, all but one manager agreed that they were able to decline an admission to their children's home.

Overall, the vast majority (45) of managers said they felt supported by the group when making admissions decisions. Managers were most likely to discuss admissions decisions with their responsible individual. Groups told us that less experienced managers may receive more support from the group when making decisions. Managers stated that they would also discuss admissions with the staff team in their children's home or other professionals, such as education, therapy or clinical specialists.

Groups told us that if a manager decides that a referral is not a suitable match to their children's home, the manager is required to provide the rationale, to the group, for that decision. Groups can use this information to consider whether additional support would make the placement possible. If a manager declines a referral that the group believes is a suitable match, there would be more scrutiny to understand the manager's reasoning. Senior representatives from a few groups said that, in these circumstances, they would encourage the manager to visit the child before making a final decision about the referral.

There was a concern that managers may make decisions that are risk averse, under the impression that this will help them keep a good or outstanding Ofsted inspection grade for their children's home. The SCCIF focuses on the experiences and progress of children and we recognise that children have different starting points, that progress is not linear and that when children are new to a home there may be challenges. The SCCIF is not designed to penalise homes for taking a specific child. Decisions should not be made in fear of the impact they may have on any future inspection outcome.

## A home's statement of purpose

When matching a child to a children's home, placing authorities and managers will consider the home's statement of purpose. Children's homes are required by law to have a statement of purpose, which describes the ethos and objectives of the home, including who the home intends to accommodate and how care will be provided. It must also include information specified in the regulations.[footnote 7] It is a breach of the regulations if a children's home is not operating in line with its statement of purpose.

In most groups, elements of the statement of purpose were the same across all of their children's homes. For example, sections related to models of care or policies developed by the group were consistent. Managers were responsible for adding specific details to their home's statement of purpose, such as the size and layout of their home, the age ranges of children their home will accommodate and

staffing details. It was usually only these details that distinguish between the statements of purpose of each children's home owned by the same group.

Although there is no issue with commonalities in statements of purpose across homes owned by the same group, they and the defined model of care underpin how a home operates and provides care. It is essential that managers and their staff have a thorough understanding of the statement of purpose and model of care being used. Our regional colleagues suggested that there have been instances where children's home staff have been unable to clearly articulate the model of care described in the home's statement of purpose. This may be a result of managers' limited involvement in developing and defining their home's model of care and statement of purpose.

Statements of purpose must be kept under review. Common reasons given for reviewing a statement of purpose included changes in staffing, legislation and the home's ethos. Managers were involved in the review process and, in some groups, were responsible for keeping the statement under review. However, across most groups, any changes to the statement of purpose needed approval from a senior member of staff in the group.

# Moving-on decisions

We were specifically interested in understanding how decisions are made when a children's home gives notice to a local authority because it can no longer able to support the needs of a child. The groups told us that they, particularly their senior staff in the central teams, played a bigger role in moving-on decisions than they did in admissions decisions.

If there was a concern with a child's placement, it would be highlighted to the group before notice would be given to a local authority. Representatives from the groups described how giving notice to a local authority was usually a lengthy and measured decision. Our regional colleagues also stated that placements can sometimes have a rapid and unplanned ending. However, this is not unique to placements in children's homes owned by groups.

Group representatives told us that senior staff in the group would be in regular conversation with the home's manager when they were looking to end a placement. The group would support the manager to maintain the placement, for example by increasing staffing, providing additional staff training and offering support from specialist teams in the group (such as therapy or education). Senior staff in the group may also facilitate and attend meetings with the placing authority.

The majority of managers said they were supported by the group when giving notice to a local authority. Managers would discuss decisions with others in the group, most commonly seeking advice and support from the responsible individual. A few (4) managers said they did not feel they were personally able to give notice to a local authority if their home was no longer able to support a child.

Considering that groups told us they were heavily involved in this process, these managers may feel the decision to give notice is more under the control of the group, despite it legally sitting with the manager. Although the numbers are small, they are in contrast with managers feeling able to decline admissions.

Giving notice to a local authority was identified as being more of a challenge when a group had a commissioning contract with a local authority.

In our interviews with senior representatives from the groups, some of them told us that, following the breakdown of a placement, they take time to reflect on why the placement failed. They may do this through standardised evaluation forms or in discussions in team meetings. This allowed groups to recognise reasons for a placement breakdown and apply learning across homes to prevent similar situations in future.

## Recruiting, retaining and training staff

Managers are usually responsible for recruiting staff to work in their children's home, with support from the group's central HR or recruitment team. Nearly all managers told us that they carried out interviews for staff in their children's home and selected successful candidates.

Most (41) managers said that the group they worked for was somewhat or very successful in retaining staff. However, some groups and managers reflected that recruitment in the residential sector can be challenging. We asked managers why they thought someone would choose to work for their group. The most common reasons were:

- job satisfaction
- working with children
- career progression
- training opportunities
- flexible working
- the group's reputation

When a member of staff moved roles within the group, from one children's home to another, this was primarily because it provided a career development opportunity for them. This may explain why over half of the managers who completed our questionnaire had worked for their group in a previous role before their current position.

Each group provided company-wide training to staff in all of their children's homes. The training often contained both mandatory and optional elements. Most groups also provided bespoke training to meet the needs of children and/or staff in individual children's homes. Managers were able to approach the group for specific training requirements. One example mentioned by both group

representatives and managers was additional training being undertaken in preparation for a specific admission to a children's home. All (47) managers stated that training and development opportunities were flexible and responsive to meet the needs of specific children. Some managers used team meetings in their own children's home to deliver training or to take time for reflection.

Staff training and development are monitored locally by children's home managers. Managers monitor the development and skills of staff in their home through supervision and appraisals. Most groups monitor training too and will alert staff if they need to complete mandatory training.

Generally, groups used a standard staffing structure across all of their children's homes, usually based on the number of children in the home and the type of provision. Even though most groups told us that they made staffing decisions, many managers (34) said they had some involvement in deciding the number of staff and positions they held in their children's home. Some groups told us that their managers were able to use agency staff or staff from their bank of workers without needing approval from the group, which may explain why managers feel involved in staffing decisions. Managers corroborated this, with most (38) telling us they could employ additional staff on a short-term basis to provide the necessary care and support for children in their home.

There was variation in the groups' central staff teams, including in the types of roles and the structure. Smaller groups had fewer levels of central staff between the manager and the group's senior leader. For example, they were less likely than larger groups to have staff in area or regional management roles. The small sample makes it difficult to draw firm conclusions about the impact of the size of the group on organisational structure.

However, there were differences in the job role and therefore seniority of the responsible individual within the group. In smaller groups, the responsible individual was often a senior leader in the group (for example, a director). In larger groups, the responsible individual role was often held by a member of staff in an area or regional management role. The number of children's homes that were allocated to a single responsible individual varied across groups, ranging from 2 to 14. We did not find a link between the size of the group and the number of homes that each responsible individual oversaw.

Around half of the groups in our sample had staff in the central team who held quality and/or compliance roles. Some of the tasks fulfilled by quality/compliance staff included reviewing statements of purpose and policies, keeping up to date with legislation, ensuring compliance across policies and practice, and keeping records on staff training.

# Financial management

Groups set a budget for each of their children's homes, usually based on the

number of children and staff in the home. The manager is responsible for making decisions about how the budget is spent on a day-to-day basis. Some groups set guidelines as to how the budget should be managed. For example, some allocated a certain amount of money to food and travel. However, most managers (43) said they had the flexibility to move money between budget categories.

The budget allocated to managers usually covered the typical daily spending in a children's home. Most groups said additional funds were available, for example for holidays or maintenance of the home. Bigger purchases required approval from someone in the group who is senior to the home's manager. The maximum spend a manager could make varied across groups: in one, managers were authorised to spend up to £250, while another had a limit of £500.

Groups have financial oversight of their children's homes, usually supported by staff in finance roles. Children's homes regularly report financial information to the group so it could monitor spending in each home. Information can be aggregated to give a financial overview of the group, as well as for monitoring the finances in specific homes. Most managers felt that the information and feedback they shared with the group influenced future budget-setting for their children's home. However, a small number (5) of managers did not feel that was the case.

## Expanding the group

Senior leaders decide on the future plans of the group, including whether to open a new children's home or close an existing home. Half of the groups said they were looking to increase the number of children's homes they owned. Leaders said that they consider the need in the sector and local area when deciding where to open a new children's home and whether the home will provide specialist care. They explained that they gather this information through conversations with commissioners and monitoring the types of referrals they receive. For example, one group moved towards opening smaller children's homes, which were preferred by placing authorities.

Although groups said that this decision-making was based on local need, our data shows that more homes are opening in the regions where there is already the greatest supply, such as the North West and North East, Yorkshire and Humber. Other regions, such as London and the East of England, while seeing some growth in homes, continue to have low numbers of children's homes and children's home places.[footnote 3]

The location of a new children's home was very important to groups. Common considerations around this included the ability to recruit staff and the access to resources in the local area (for example, schools and recreational activities for children). Some groups said they liaised with police to understand risks in the local area.

The decision to open a new children's home was primarily made centrally by senior leaders in the group. However, some groups had revised their provision in an existing children's home, and this was often done in consultation with the home's manager. As with opening a new children's home, an existing home may

be changed to reflect the need in the local area. For example, it may move from a mixed-sex to a single-sex home or its focus may be changed to align with the expertise of the manager.

# Implications for Ofsted's policy and practice

Ofsted's regulatory power focuses on the quality of care in individual children's homes. Our regulatory activity and inspection framework reflect this, and our inspections are carried out at the individual children's home level with the manager. This is appropriate for judging the overall experiences of children in the home.

However, our inspection and the subsequent judgement given are based on a model where managers have autonomy over the day-to-day running of their children's homes. This does not reflect how a significant proportion of children's homes now operate and how the sector has evolved, with the growth of groups under a small number of companies.

We can see from our findings that groups have a level of control and influence over the day-to-day running of their children's homes, including:

- deciding the models of care to be used
- being involved in admissions decisions
- scrutinising managers' decisions to end placements
- setting policies that their children's homes follow
- setting staffing levels and allocating budgets

As explained above and in line with the regulations, our current inspection practice does not cover group-level involvement. Having additional powers to scrutinise and evaluate a group's influence and control would help to identify systemic issues across the group, as well as driving improvement across the sector.

In our response to the Care Review's Case for Change, we stated that our regulatory powers are based on an out-of-date profile of social care providers. The sector is ever-evolving, with the largest providers of children's homes growing and consolidating.

The Care Quality Commission (CQC) oversees the 'market' for adult social care. No organisation has the power to oversee the 'market' for children's social care in the same way.

Current legislation means that managers are registered to individual homes. If a group were to open a new home and look to move one of its experienced managers to manage that home, the manager would have to resign and reapply as their registration as a manager is not portable. Given the growth of groups and

their opening of new children's homes, we believe that this legislation should be updated to allow for portability of registration. This would minimise bureaucracy and maximise accountability.

We bring together our intelligence from regulatory activity (including inspections), complaints and notifications to identify emerging issues across groups. We use this oversight, where possible, to influence systemic change and improvement, particularly in the largest groups. This is maintained through developing good working relationships with individual groups rather than through any regulatory power that we hold. Due to regulations placing legal responsibility on children's home managers and registered providers, we have no powers to hold a social care organisation (if it is not the registered provider) or parent company accountable if it does not make improvements.

Given that many groups do influence and control the care and support provided to children across their children's homes, we believe that regulations need to be updated to give regulatory oversight at group level as well as at children's home level. This would allow inspection and regulation to have the greatest impact.

We will continue to draw together intelligence and keep a regular dialogue between RIMs and groups to build a picture of the key areas where groups influence the care of children. This will inform exactly where we will seek greater regulatory powers at group level.

The composition of the boards of social care organisations and their parent companies also needs to be explored. Understanding where financial and legal responsibilities, beyond the quality of care and welfare of children, sit within these organisations and companies would determine exactly what regulation is needed at which level.

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1. 'Main findings: children's social care in England 2021', Ofsted, July 2021. ↩ ↩[2]

2. 'Inspection profiles of the largest private and voluntary providers of children's homes and independent fostering agencies March 2020', Ofsted, September 2021. ↩ ↩[2]

3. 'Largest national providers of private and voluntary social care', March 2021, Ofsted, September 2021. ↩ ↩[2]

4. 'Largest national providers of private and voluntary social care', Ofsted, March 2021. ↩

5. The Children's Homes (England) Regulations 2015, Regulation 44. ↩

6. The Children's Home (England) Regulations 2015, Regulation 45. ↩

7. The Children's Home (England) Regulations 2015, Schedule 1. ↩

# Coronavirus (COVID-19)

Coronavirus (COVID-19): guidance and support

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