CHILDREN'S COMMISSIONER

Children living in illegal children's homes

January 2026

CHILDREN'S COMMISSIONER

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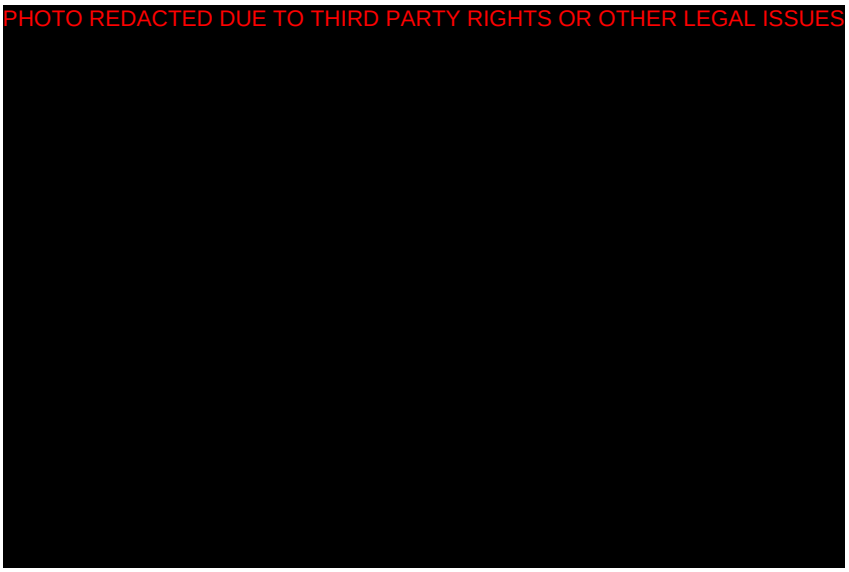
Foreword from Dame Rachel de Souza



Last year, for the first time, I shone a light on children placed in illegal homes – isolated, left without appropriate care, and often at increased risk of harm. These so-called 'homes' include caravans, holiday rentals, or AirBnBs, usually under the ownership of private companies with no formal inspection or scrutiny.

That first report showed there were hundreds of children living in these illegal homes. Now, 12 months on, too little has changed.

Data gathered by my team shows as of 1st September 2025 hundreds of children in care are still being housed illegally by local authorities. If it were simply a numbers game, this report might offer a glimmer of hope: on that day, there were 669 children in illegal homes, a decrease from 764 last year.

But the costs of these placements remain staggeringly high, with an average weekly cost of £10,500. Over the past 12 months, councils have spent an estimated £353 million putting some of the country's most vulnerable children in settings that cannot come close to meeting their needs. In some cases, they put them at increased risk of harm.

Not only does this data throw up deep concerns at the continued prevalence of these placements – despite it already being against the law, as well as a focus of the government's Children's Wellbeing and

Schools Bill, currently moving through Parliament – it also highlights some really shocking additional details.

Some of the children were also included among the data last year. That means not only were they living in deeply inappropriate, illegal settings 12 months ago, but they were still there on 1st September this year. It means that within that time, no one at the local authority responsible for their care had found a legal, safe solution for their care – either because none were available, or because no one had tried hard enough.

That is what failure looks like in children's services: when a lack of good options is what dictates the quality of care given to a child with complex needs. It is indicative of wide failings across an entire system that there are any children at all in these unregistered homes, much less hundreds. There have been attempts to fix separate parts of this system in disjointed ways: we have reduced the number of children in youth custody, moved disabled children out of institutions, and made efforts to avoid children being admitted to inpatient facilities – all important, with some measure of success, but ultimately resulting in children being shunted into different places, including these illegal homes.

There is also alarming evidence of other worrying trends in this year's data. More children this year than last year are in illegal placements that had each already cost more than £1 million by 1st September. These 'million-pound children' are not only receiving a deeply concerning form of care, but their placements represent a huge expense that could have instead been spent on earlier intervention, keeping them closer to loved ones and ensuring stability in their lives.

The use of holiday camps and activity centres to accommodate children illegally has also risen from last year, putting children in placements with minimal facilities. And unchanged from last year, the majority of placements are still outside the child's home local authority, placing them far from family and support services.

Last year, my report showed that though most children in illegal homes are older teenagers, some pre-school age children were included in the figures. Shockingly, this remains the case a year on.

Using my statutory data powers to collect this information is essential to identify the scale of the problem. But through the work of my own Help at Hand advocacy service, I am already keenly aware of the day-to-day impact this has on children, through the children my team speak to in precarious living

arrangements. Far too frequently my team are required to step in to support to a child who has been placed in an unregistered placement as an emergency or crisis measure. This report includes examples of these, as well as examples of children left in illegal placements for lengthy periods, or moved from one place to another without any improvement in their circumstances.

One girl, Summer, was moved between four different homes in six months before being placed in an illegal children's home, surrounded by staff who spoke limited English, without facilities to wash and left to support herself with meals and finances as though she were an adult.

Another, Amelia, whose increasingly destructive behaviour made it impossible for her to live at home with her parents, has lived in every kind of illegal placement: caravans, hotels and rented holiday accommodation. Unsurprisingly, none have helped her with her behaviours.

In the year since I published my first report on the use of illegal children's homes, there have been some notable opportunities for change. Primarily, the Children's Wellbeing and Schools Bill introduced to Parliament shortly after that first publication in December 2024, includes important measures that – if successful – will strengthen oversight, including new enforcement powers for Ofsted to issue civil penalties against providers operating unregistered children's homes. It also amends Section 25 of the Children Act to create new forms of accommodation where children can be deprived of liberty when necessary to keep them safe. However, these provisions are not yet in force – and there remains a need for clarity over how swiftly they will bring about change, as well as a question over whether a fine will act as sufficient deterrent to force multi-million-pound private companies to change their business practices.

Moreover, children will continue to be placed in settings that lack proper oversight and fail to meet their needs if no other options are available to local authorities. Children's social care needs robust investment in models of early intervention and therapeutic support, instead of relying on costly crisis placements. That means a plan for recruiting specialist foster carers, rapidly increasing the number of high-quality children's homes and better join-up between services including a commissioning strategy that considers children with high or complex needs who require the support of multiple services

Without these things, children will continue being failed.

The evidence set out in this set of data shows paints a stark picture - but finding long-term solutions for a group of children this size should be eminently possible. It requires ambition for their futures and a system designed to keep these children with their families, or in alternatives capable of providing genuine care and love - not simply moving them from one unacceptable form of institution to another. It will require a fundamental shift in how we think about risk – and what that means in a vulnerable child's life. We can no longer pretend that locking child in a flat under constant observation, or putting them in a caravan without proper facilities, is the 'risk averse' option. It is deeply risky, deeply harmful and cannot continue.

These 669 children must be the bellwether for the whole system. Getting it right for them will mean getting it right for all children in care.

Executive summary

No child should be placed in an illegal children's home.[i,1] To understand how many children are being placed in these wholly inappropriate settings, the Children's Commissioner's office requested data from all local authorities in England about this practice.

The office's data request to all local authorities in England found 669 children in unregistered homes on 1st September 2025, This is a slight, but welcome, decrease in the number of children placed in unregistered children's homes compared to the office's report examining this issue published a year ago – it is down 12% from 764 on the same day last year. These placements remain unlawful and unsafe, and their continued use represents a serious failure to protect vulnerable children.

Who are the children in unregistered homes?

- Over half (56%) of children in unregistered placements were boys and 43% were girls, which is similar to the gender breakdown in the overall population of looked after children.[2]
- The majority of children in unregistered placements were older teens. Over half (51%) were aged 16 or 17, 46% were aged 10 to 15, and the remaining 3.1% were aged under 10. The mean age was 15.1 years. Although younger children were uncommon, the data included some pre-school aged children in unregistered placements.
    - Children in unregistered placements were substantially older on average than other looked after children. Among all children looked after, only 27% were aged 16 or over, and 38% were aged 10 to 15.[3]

[i] The Care Standards Act 2000 says that 'an establishment is a children's home… if it provides care and accommodation wholly or mainly for children'. There are certain exemptions, for example settings that provide care for less than 28 days. Settings must register as supported accommodation if they provide a place to live for looked after 16 and 17 year olds, but should be registered as a children's home if they provide care.

- Over half of children (59%) in unregistered placements had an Education, Health and Care Plan (EHCP) and a further 9.7% had special educational needs and/or disabilities (SEND) without an EHCP. 30% had no identified SEND.
- Over a third of children in unregistered placements (36%) were in receipt of support from child and adolescent mental health services (CAMHS), and a further 7.0% were on a waiting list for these services.
- Among the 669 children in the 2025 data, 89 (13%) had been in the placement for over 365 days, meaning that they would have been present in the Children's Commissioner's 2024 data.
- Nearly a third of children (30%) had had at least one missing episode from their unregistered placement. By comparison, missing incidents were reported for 11% of all looked after children in 2025.[4]

What are the placements like?

- The vast majority of unregistered placements (89%) were supplied by private providers, and 8.4% were provided by public providers. This is a small shift from 2024, when 94% of providers were private and 3.8% were public.[ii] By comparison, 80% of registered children's homes are for-profit.[5]
- The majority of children were placed in out-of-local-authority-area accommodation (61%) while 39% of placements were within the responsible local authority's boundary. This compares to the minority of 44% of all looked after children who were in out-of-area placements on 31st March 2025.[6]
- The average weekly cost of an unregistered placement on 1st September 2025 was about £10,500. This is a small reduction of 5.7% from £11,100 on 1st September 2024.

[ii] These figures do not match the figures the office published in 2024, as one local authority has since corrected their data.

- While some placement costs were low, alarmingly 36 children were in placements that had each cost in total more than £1 million as of 1st September 2025.
- Assuming the placements on 1st September 2025 are typical of placements throughout the year, this leads to an estimated yearly cost of unregistered placements to English local authorities of £353 million in 2025, compared to £439 million in 2024.[iii]
- Most often, children (59%) were placed in an unregistered 'house': 15% in houses or apartments rented or owned by the local authority, and 44% in settings the local authority described as an unregistered children's home. The use of holiday camps and activity centres had risen since last year, from 2.0% of placements on 1st September 2024, to 3.3% in 2025.

Children on Deprivation of Liberty orders

- Around a third of the children (32%) in unregistered placements were subject to a Deprivation of Liberty (DoL) order, similar to the 31% last year.
- Children on a DoL order were more likely than other children to be female. About half (51%) of children on a DoL order were girls, compared to 39% of those not on a DoL order.
- Children on a DoL order tended to have even higher levels of need than other children in the data. For example:
    - 70% of children in unregistered placements and subject to a DoL order had an Education Health Care Plan (EHCP) compared to 55% not subject to a DoL order.
    - Around double (55% vs 27%) the proportion of children in unregistered placements and subject to a DoL order were in receipt of support from CAMHS services compared to those not subject to a DoL order.

[iii] £439 million is a minimum as two local authorities did not respond in 2024; and does not match the figure the office published last year due to the one correction received since.

- The vast majority of children (76%) subject to a DoL order were placed out of area, compared to 55% of those not subject to a DoL order.
- The mean cost of unregistered placements for children subject to DoL orders was 59% higher than other placements, at around £14,000 per week compared to £8,810 per week.

What is next for these children?

Measures in the Children's Wellbeing and Schools Bill are welcome. However, these measures are not yet in force.

The office is calling for:

- **The Department for Education, Department for Health and Social Care and Ministry of Justice should jointly fund enough homes for children with the highest level of need**. This accommodation should be commissioned by RCCs to ensure consistency across the country. RCCs should also take responsibility for matchings children to homes, in order to ensure they are in the home that best meets their needs.
- **An ambitious and fully funded plan for foster care recruitment and retention**, including central government funding for innovative approaches, specialist foster care, and adaptations for family homes to accommodate children.
- **All children placed in care should be placed in settings where they can legally receive care, not just support**. Regulating supported accommodation should be seen as an interim step, with the ultimate goal of ensuring every such setting is able to provide care.
- **The profit cap:** While the acknowledgment of the need for incremental change to avoid instability within the placement market is welcome, the office is concerned about the lack of clarity around the timeframe for the enforcement of the cap.
- **Enforcement powers for Ofsted to issue civil penalties:** While the office believes this power will improve compliance with the law, there is a risk that highly profitable providers of unregistered homes will not be deterred by fines.

- Local authorities need to be disincentivised from using unregistered homes through a **strengthened Ofsted oversight regime within the inspection of local authority children's services.**
- There should be a duty on local authorities to **notify Osted within 24 hours when a child is placed in an unregistered setting.**
- There are providers who indicate they are aiming to register a setting while in fact their application remains dormant for up to months at a time – **if applications remain dormant for months at a time they should be suspended.**

1. Background and method

1.1. Background

The Care Standards Act 2000 says that 'an establishment is a children's home … if it provides care and accommodation wholly or mainly for children'.[7] Children under the age of 16 must be placed in a setting where they can receive care.[8] The Care Standards Act 2000 sets out that it is an offence to run a children's home without the appropriate registration.[9]

The latest estimates of the scale of this challenge come from Ofsted, who identified 680 unregistered children's homes in financial year 2024-25.[10] This estimate of the number of unregistered homes captures the whole financial year, while the office's estimate of the number of children in unregistered homes measures a single point in time, yet despite this the numbers are similar: 680 from the Ofsted, against 669 from the office's data collection. The churn shown in the Children's Commissioner's office's data by the length of time spent by children in placements suggests that Ofsted's estimate is an underestimate.

1.2. The Children's Commissioner's data request

The Children's Commissioner has statutory data collection powers set out in Section 2F of the Children Act 2004. The office used these powers to collect information from all local authorities in England on looked after children placed in unregistered children's homes. This collection was a repeat of the request sent at the same time last year, and gathered child-level data on all looked after children in illegal children's homes on 1st September 2025.

Inclusion and exclusion criteria

This data includes all children in settings not registered with Ofsted that are providing care to a child. In some limited circumstances, 16- and 17-year-olds can be living in a 'supported' accommodation that provides support and not care. The office did not ask about these children as these are not illegal homes. The office did include children who are living in settings that are designed to provide 'support' but in fact are providing care.

Children in the following types of settings have also not been included in this analysis, as these do not meet the office's criteria for 'illegal children's homes':

- Placements in Scotland or Wales where the setting is registered with the Care Inspectorate or the Care Inspectorate Wales respectively.
- Placements with unregistered foster or kinship carers
- An adult care home that provides care wholly or mainly for adults, but also provides care for some children

By 13th November 2025, the office had received a data return from all 153 local authorities.

The office requested a child unique ID, and child-level data on each child's: age; gender; ethnicity; the legislation under which they were being accommodated; whether they were subject to a Deprivation of Liberty order; whether they were an unaccompanied asylum seeking child (UASC); whether they had been referred into the National Referral Mechanism; their special educational need and/or disability (SEND) provision; whether they were receiving or waiting for child and adolescent mental health services (CAMHS); whether they had had any episodes missing from their placement; the duration of their placement up to 1st September 2025; the total weekly cost of their placement; the type of their accommodation; and their accommodation's staffing, funding, location and name.

2. Findings

On 1st September 2025, 669 looked after children were living in unregistered placements in England, down 12% from 764 on 1st September 2024.[iv] 25 local authorities had no children in these placements. Across all 153 local authorities in England, the mean number of children in an unregistered placement per local authority was 4.4. And of the 128 local authorities which had at least one child in an unregistered placement, the mean number of children was 5.2. More than half of local authorities had fewer than five children in unregistered placements, and only one local authority had over 20.

2.1. Who are the children in unregistered placements?

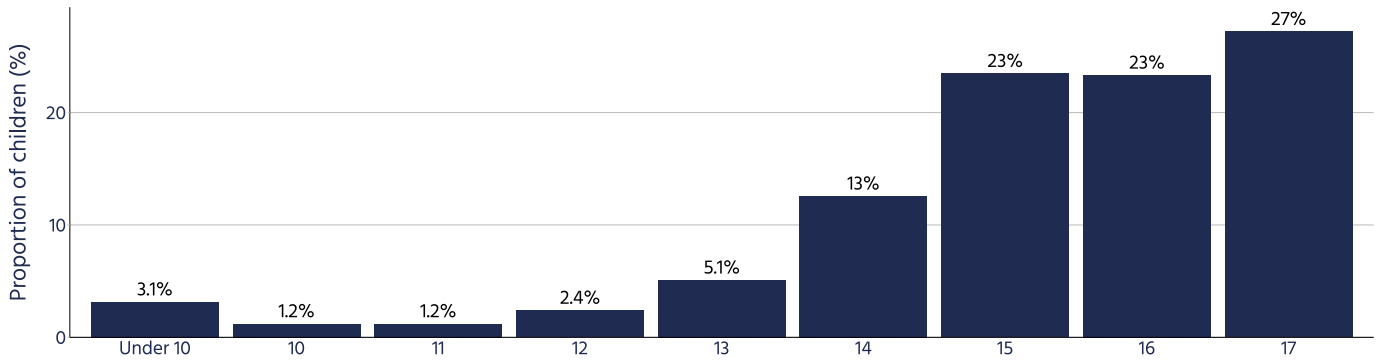
Over half (56%) of children in unregistered placements were boys and 43% were girls, which is similar to the gender breakdown in the overall population of looked after children.[11]

The majority of children in unregistered placements were older teens (Figure 1). Over half (51%) were aged 16 or 17, 46% were aged 10 to 15, and the remaining 3.1% were aged under 10. The mean age was 15.1 years. Although younger children were uncommon, the data included some pre-school aged children in unregistered placements, some of whom had been placed with their mothers in semi-independent placements.

Children in unregistered placements were substantially older on average than other children looked after. Among all children looked after, only 27% were aged 16 or over, and 38% were aged 10 to 15.[12]

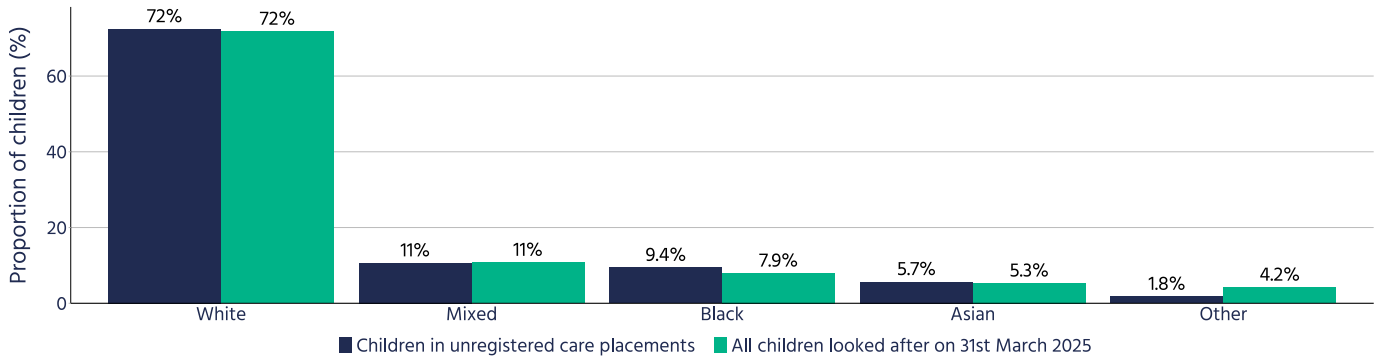
[iv] The office reported 775 children in 2024, but one local authority provided a correction to their data. 764 is a minimum, as two local authorities did not respond in 2024. All local authorities responded in 2025.

Figure 1. Children in unregistered care placements by age



Children in unregistered placements had comparable ethnic backgrounds to all looked after children, although they were slightly more likely to have black ethnic backgrounds and slightly less likely to have other ethnic backgrounds (Figure 2).

Figure 2. Children in unregistered care placements by ethnic background, compared to all children looked after on 31st March 2025[13]



The office also asked about a range of additional needs and challenges that children in unregistered placements face:

- Over half of children (59%) in unregistered placements had an Education, Health and Care Plan (EHCP) and a further 9.7% had special educational needs and/or disabilities (SEND) without an EHCP. 30% had no identified SEND.

- For comparison, of all looked after children in state-funded schools in 2023/24, 29% had an EHCP, and 43% had no identified SEN.[14]

- Over a third of children in unregistered placements (36%) were in receipt of support from child and adolescent mental health services (CAMHS), and a further 7.0% were on a waiting list for these services. Local authorities failed to provide this information for 16% of children.

- 6.6% of children in unregistered placements had been referred to the National Referral Mechanism for identifying and referring potential victims of modern slavery.

- 3.7% of children in unregistered placements were unaccompanied asylum-seeking children. This compares to 8.0% in the overall population of looked after children.[15]

- Nearly a third of children (30%) had had at least one missing episode from their unregistered placement. By comparison, missing incidents were reported for 11% of all looked after children in 2025.[16]

The majority of children (59%) were accommodated under Section 31 of the Children Act 1989, around a third (33%) under Section 20 of the Children Act 1989, and 7.2% under other legislation which includes Section 38 of the Children Act.

Around a third of children in unregistered placements (32%) had a Deprivation of Liberty order. Further details of the characteristics of these children can be found in section 2.3. and the data annex.

2.2. What are the placements like?

Unregistered placements were overwhelmingly provided by private providers and the majority were out of area, meaning children were placed far away from family and friends in placements that were often incredibly expensive.

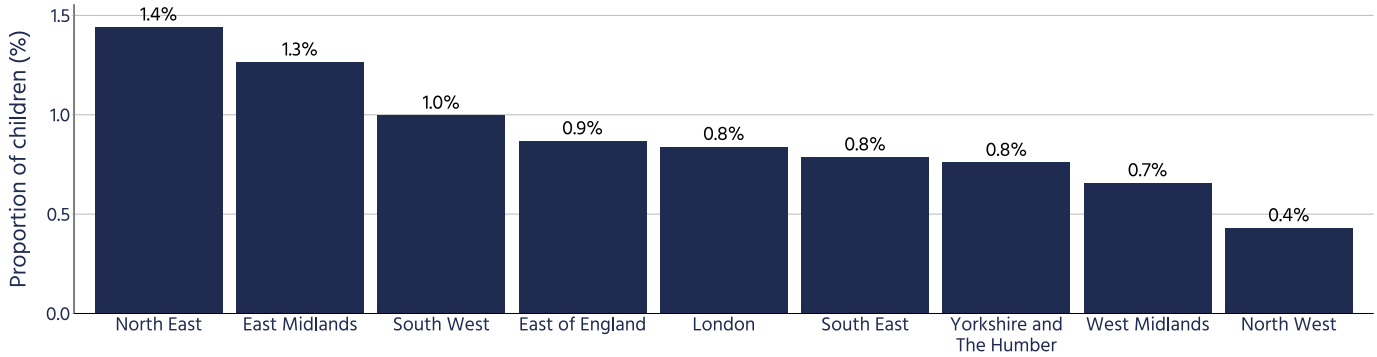
- The vast majority of unregistered placements (89%) were supplied by private providers, and 8.4% were provided by public providers. This is a small shift from 2024, when 94% of providers were

private and 3.8% were public.[v] Looking at registered provision, by comparison 80% of all children's homes are for-profit.[17]

- The majority of children were placed in out-of-local-authority-area accommodation (61%) while 39% of placements were within the responsible local authority's boundary. This compares to the minority of 44% of all looked after children who were in out-of-area placements on 31st March 2025.[18]

Unregistered placements were more common in some areas of the country than others (Figure 3). Over 1% of all looked after children in the North East and the East Midlands were in unregistered placements.

Figure 3. Proportion of all looked after children in unregistered care placements, by region[19]



2.2.1. Cost of placements

The average weekly cost of an unregistered placement on 1st September 2025 was about £10,500 (Figure 4). This is a small reduction of 5.7% from £11,100 on 1st September 2024.[vi]

While some placement costs were low, 36 children were in placements that had each cost a total of over £1 million as of 1st September 2025.

[v] These figures do not match the figures the office published in 2024, as one local authority has since corrected their data.

[vi] This figure does not match the figure the office published in 2024, as one local authority has since corrected their data.

The total amount spent by local authorities on ongoing unregistered placements on 1st September 2025 was £177 million,[vii] a small decrease of 12% from the total cost of £202 million for ongoing placements on 1st September 2024.[viii] Assuming the placements on 1st September 2025 are typical of placements throughout the year, this leads to an estimated yearly cost of unregistered placements to English local authorities of £353 million in 2025,[ix] compared to £439 million in 2024.[x]

This makes illegal children's homes a substantial part of overall spending on residential care for looked after children. In 2023-24 local authorities spent £3.1bn on residential care for these children, of which 77% (£2.4bn) was private, 19% (£593m) was their own provision, 3.6% (£112m) was other public sector provision, and the remaining 0.9% (£29m) was voluntary.[20]

Figure 4. Distribution of weekly costs of unregistered care placements

[vii] Weekly cost multiplied by the placement's duration in weeks.

[viii] £202 million is a minimum, as two local authorities did not respond to the office's data collection in 2024.

[ix] Weekly cost multiplied by 52.

[x] £439 million is a minimum as two local authorities did not respond in 2024; and does not match the figure the office published last year due to the one correction received since.

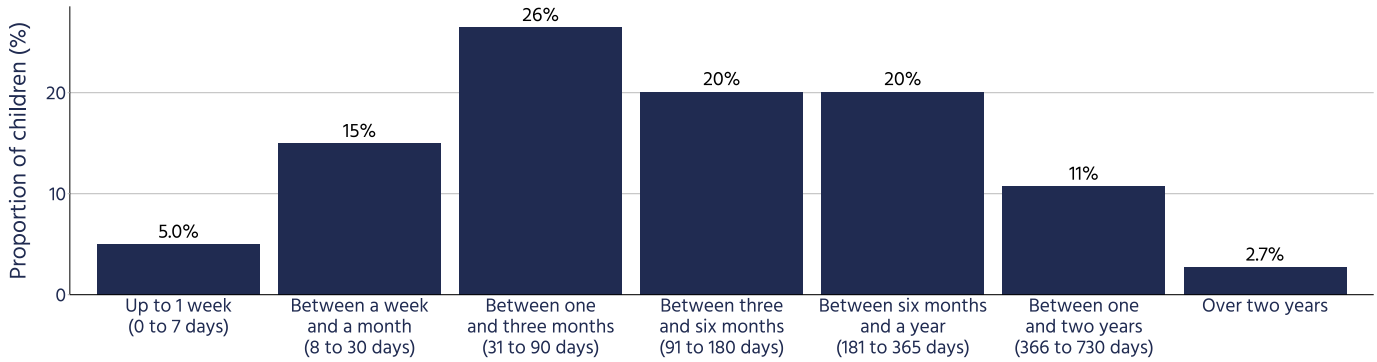
2.2.2. Duration of placements

The mean duration of placements up to 1st September 2025 was a little over six months (184 days) but there was a high level of variation (Figure 5). The median number of days was 104, and the standard deviation was 277 days. A small number of placements had lasted over three years.

Among the 669 children in the 2025 data, 89 (13%) had been in their placement for over 365 days, meaning that they would also have been present in the Children's Commissioner's 2024 data.

There were some shocking examples in the data of placements lasting longer than they should have. For example, one child placed at a 'holiday camp/activity centre' had been there for almost 9 months. Another child, on a Deprivation of Liberty order, had been living in a caravan for over 4 months.

Figure 5. Distribution of durations of ongoing unregistered care placements up to 1st September 2025



2.2.3. Type of accommodation

The data request asked local authorities about the types of accommodation they placed children in. Most often, children (59%) were placed in an unregistered house: 15% in houses or apartments rented or owned by the local authority, and 44% in settings the local authority described as an unregistered children's home (Figure 6).

A further 16% of children were placed in supported accommodation, which provides support rather than care, despite these children having been judged to be in need of care.[xi]

The use of holiday camps and activity centres had risen since last year, from 2.0% of placements on 1st September 2024, to 3.3% in 2025.

Local authorities in some cases (15%) wrote comments to explain that placements were with providers who were seeking to register with Ofsted. As this information was not systematically collected from local authorities, 15% is a minimum estimate, and implies that a notable proportion of providers are seeking to become registered. However, the office has heard anecdotal evidence of unregistered providers who start the registration process solely to appear more appealing to local authorities, and who have no intent of ever completing the process.

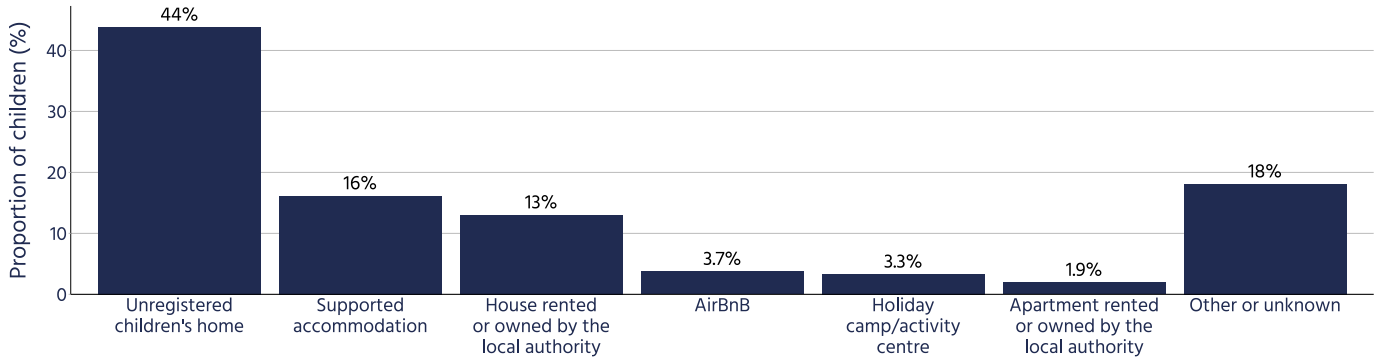
Local authorities also wrote comments to explain that a notable proportion of placements (11%) were with providers who were registered only with the Care Quality Commission (CQC). Again, as this information was not systematically collected, 11% is a minimum estimate. Except in rare circumstances (such as care homes that mainly care for adults, but also care for children – for example a 'transitional living' care home for 16 to 25 year olds[xii,21]) all settings that provide healthcare and care for looked after children should register with both CQC and Ofsted.[22] Some of the settings that were registered only with CQC were described as supported living, which is a category of provision where adults are provided with personal care in their own home.[23] Some were where the home was privately rented, but the staff are described as CQC registered. Some of the settings describe themselves as being inpatient units, or

[xi] While none of these supported accommodation providers were registered with Ofsted as children's homes, it is possible that some were registered with Ofsted as supported accommodation for 16- to 17-year-olds.

[xii] As per Ofsted's and CQC's guidance on registration for children's homes and health care: 'if the provider has informed CQC that children will be receiving care and accommodation at the location, but the service is **wholly or mainly** for adults, it only needs to register with CQC. These providers must have the correct special considerations (formerly service user bands) on their CQC registration to reflect this position. If the service then becomes **wholly or mainly** for children who are receiving regulated activity, then the home must also register with Ofsted as a children's home.' Discussions between the office and Ofsted and CQC provided an example of '16 to 25 transitional living' that might be exempt, if those children were expected to carry on living there as adults.

as secure environments for young people with mental health difficulties. These are not NHS commissioned Tier 4 CAMHS settings, but private provision providing mental health care. If these settings are providing a home for a looked after children they should legally be registered with Ofsted as well. The use of such homes remains illegal, but reveals the high level of health needs some of these children have. Some of the settings were described by local authorities as using 'CQC registered staff'; conversations with CQC have confirmed that they do not register staff, they register providers that provide regulated activity, an example of a CQC regulated activity is 'personal care'. If staff from a CQC registered care agency are employed for other roles – for example in an illegal children's home – this does not mean the setting is registered and regulated by CQC.[xiii]

Figure 6. Children in unregistered care placements by type of accommodation



2.3. Characteristics of children on Deprivation of Liberty orders

Around a third of the children (32%) in unregistered placements were subject to a Deprivation of Liberty (DoL) order.

Children on a DoL order were more likely than other children to be female. About half (51%) of children on a DoL order were girls, compared to 39% of those not on a DoL order.

[xiii] For safeguarding purposes, the office will share with CQC a list of providers identified in the dataset that appear to be acting as illegal children's homes with CQC registration.

Children on a DoL order tended to have even higher levels of need than other children in the data. For example:

- 70% of children in unregistered placements and subject to a DoL order had an EHCP compared to 55% not subject to a DoL order. Only 16% of children subject to a DoL order had no identified SEND, compared to 36% of those not subject to a DoL order.
- Around double (55% vs 27%) the proportion of children in unregistered placements and subject to a DoL order were in receipt of support from CAMHS services compared to those not subject to a DoL order.

The vast majority of children (76%) subject to a DoL order were placed out of area, compared to 55% of those not subject to a DoL order.

The mean cost of unregistered placements for children subject to DoL orders was 59% higher than other placements, at around £14,000 per week compared to £8,810 per week.

3. Case studies of children in illegal children's homes

The below case studies come from children that the office's independent advocacy team 'Help at Hand' have supported. For anonymity the names of children have been changed.

Summer

Summer was 12 when she went into care. She had significant mental health needs and professionals agreed she should live in a therapeutic children's home. She was also subject to a DoL order. Summer was moved between four different homes within 6 months as staff in the homes kept saying they could not meet her needs and would not keep her. She ended up in an illegal children's home and stayed there until the placement broke down. Many of the staff could not speak English, it did not have adequate washing facilities, and she was treated as if she were a much older child – for example left to budget and cook her own meals. This experience haunts Summer - and has made trusting future placements and staff much harder.

Neveah

Neveah was living in a children's home and was happy there. The home was inspected by Ofsted and received a poor rating, and so she was moved at short notice by her local authority to an illegal home. This was a property rented by the local authority but staffed by agency carers. Neveah did not feel safe there and raised concerns about the carers. Her behaviours began to escalate until the placement broke down.

"I do not feel safe staying here…. Social services are saying they can't find me a placement even though I am at risk ….you might think I'm just another child in care but I am not I am a human."

Amelia

Amelia had engaged and loving parents but they could not continue to care for her at home because Amelia was persistently harming herself and others. Amelia has been in every kind of illegal placement

including caravans, hotels and rented holiday accommodation. None of them were appropriate places to help her with her behaviours:

"hotels never last and you don't know how long you are going to be in them or with what staff and you don't get any privacy as you have staff staring at you all the time and it's only a small room. A caravan ... is not ideal either as walls are really thin and it's not very big."

4. The way forward

Although measures in the Children's Wellbeing and Schools Bill are welcome, including the introduction of enforcement powers for Ofsted to issue civil penalties against providers of unregistered children's homes,[24] and the introduction new forms of accommodation for children with high levels of need through amendments to Section 25 of the Children Act,[25] these measures are not yet in force.

The office is concerned about the scale and pace of change. Without swift implementation following the passing of the Children's Wellbeing and Schools Bill (subject to parliamentary procedure), children will continue to be placed in settings that lack proper oversight and fail to meet their needs.

The office sets out its vision for reform below.

4.1. Recommendations for government

4.1.1. The Department for Education, Department for Health and Social Care and Ministry of Justice must jointly fund enough homes for children with the highest level of need

Regional Care Cooperatives

While the office recognises the Department's ongoing work through two pilot Regional Care Cooperatives (RCCs) in Greater Manchester and the South East,[26] progress has been too slow. If children with complex needs (both those deprived of their liberty and those who are not) are to receive the right care, the scale and pace of reform must increase significantly.

This report highlights how the needs of the children that local authorities are failing to adequately accommodate are high, and include significant levels of health needs, as well as many children judged to need high levels of restriction on their freedom. The Department for Education, Department for Health and Social Care and Ministry of Justice must set out a clear service specification for accommodation, including accommodation which may restrict liberty, which is jointly funded by all three departments. This accommodation should be commissioned by RCCs to ensure consistency across the country in the availability of high-quality placements designed to children's needs, regardless of where they live.

RCCs should then establish mechanisms for assessing the level of need of children, and undertake matching for children to ensure they are in the home that best meets their needs, rather than relying on local authorities spot purchasing provision and 'competing' with other local authorities for places.

Drive up local authority supply

Underpinning the RCC reforms is a fundamental need to drive up the supply of high-quality placements across local authorities. This means:

- An ambitious and fully funded plan for foster care recruitment and retention, including central government funding for innovative approaches, specialist foster care, and adaptations for family homes to accommodate children. The Department for Education should create a single point of contact for those interested in becoming foster carers.
- Local authorities should receive increased Department for Education capital funding to expand in-house provision of children's homes. This should include therapeutic secure homes for the small number of children who need them, alongside alternative therapeutic settings for children with complex needs who are at risk of being deprived of their liberty.
- As shown in this report, 16% of children who are receiving care are placed in supported accommodation settings that can only legally provide them with support. This suggests the grey area that exists between care and support creates openings for poor practice. But more broadly, all children in care should be able to receive care, not just support. There must be consistent standards in place across all settings, so that children of all ages are able to receive care.

4.1.2. The cap on profit making

The office welcomes the forthcoming introduction of powers for the Secretary of State for Education to cap the level of profit which can be made from children's social care placements.[27] While the acknowledgment of the need for incremental change to avoid instability within the placement market is welcome, the office is concerned about the lack of clarity around the timeframe for the enforcement of the cap. Without a clear indication that the cap will be enforced the office is concerned that the financial oversight scheme will not act as a substantial deterrent to highly profitable private providers

of unregistered children's homes. The office would therefore like to see the government set out a timeframe for the enforcement of the cap.

4.1.3. Enforcement powers for Ofsted to issue civil penalties

The office greatly welcomes the proposed introduction of enforcement powers for Ofsted to issue civil penalties against providers of unregistered children's homes.[28] While the office believes this power will improve compliance with the law, there is a risk that highly profitable providers of unregistered homes will not be deterred by fines.

4.1.4. The need for better data

The office welcomes the addition of information to the annual looked after child census about whether a child's placement is registered as a children's home or not.[29] In addition the Department for Education must record when children are deprived of their liberty – they must include the start and end dates of any child's deprivation of liberty order as a new episode. The new information should include the reasons for restrictions.

4.1.5. Section 25 reforms

Clause 11 in the Children's Wellbeing and Schools Bill will amend Section 25 of the Children Act 1989 to allow the courts to authorise the deprivation of a child's liberty in accommodation other than a secure children's home (referred to as 'relevant accommodation').[30].

Statutory guidance must be developed following the Section 25 reforms to clearly define how and when a child may need to be deprived of their liberty, and safeguards children's rights.

As set out in recommendation 4.1.1. these reforms must be underpinned by a commitment to a cross departmental joint funding approach to commissioning these homes, and to matching children with homes that can meet their needs.

4.2. Recommendations for Ofsted and CQC

- Given that local authorities have duties to ensure there is sufficient accommodation for looked after children, local authorities need to be disincentivised from using unregistered homes through a strengthened Ofsted oversight regime within the inspection of local authority children's services (ILACS.) Ofsted ILACS inspections should consider how local authorities are using unregistered children's homes. If unregistered homes are used as a long-term measure for children, the local authority should be rated inadequate.
- Ofsted should ensure its children's home inspection framework doesn't discourage homes for providing care for children with complex needs.
- There should be a duty on local authorities to notify Osted within 24 hours when a child is placed in an unregistered setting.
- If a supported accommodation setting is providing care to a child but has only registered as a supported accommodation provider Ofsted should assess whether the provider should be able to continue to function as a registered supported accommodation provider – giving it is illegally providing care.
- The office understands that at least some unregistered provision described in this report will be in the process of registering with Ofsted. Although not all, some will ultimately become registered as a children's home by Ofsted. Providers, local authorities, and Ofsted should ensure registration happens as fast as possible so that children have the security of their home being properly registered as quickly as possible.
- The office has been made aware through conversation with Ofsted that there are providers who indicate they are aiming to register a setting while in fact they take no action to do so. If a setting has not taken action on a live application in three months the application should be suspended by Ofsted, and local authorities with children placed there should be informed.
- Ofsted and CQC should conduct a joint thematic review on settings that are caring for children within each of their scope of regulation, and whether any changes are needed to registration and inspection arrangements to better safeguard children.

4.3. Wider system changes needed

To ensure that the children highlighted in this report receive the care and support they need, wider system ambitions are essential. The office's recent report, *The Children's Plan: Vision for Care*, sets out the Children's Commissioner's vision for reform across children's social care.[31] Below, the office revisits some of these key recommendations. The reforms needed include:

- All children should have a plan, linked to their unique ID, set out on a new digital Children's Plan platform. This should set out children's needs and the support to which they are entitled and the progress they make. Alongside the introduction of a Children's Plan platform and Unique ID, a taskforce should be established to oversee the implementation of both of these, working across the relevant bodies to ensure successful multi-agency working.

- Ofsted has recently undertaken significant reforms to their model of school inspections. It is essential that a similar level of ambition is applied to reforms to children's social care inspection frameworks. This must ensure there is a single robust and trusted local area inspection framework which brings together inspections of children's social care, local SEND services, and potentially a wider range of inspections. Inspections must be based on assessment against tangible, measurable outcomes for all children in their area, including those children with additional needs and those involved with children's social care, including care leavers.

- Clear, reliable, long-term funding streams for children – lack of reliable funding, and funding that follows individual children, is a barrier to planning adequate provision, and also a barrier to joint working between different local services.

- A joint children's workforce strategy – the quality of children's interactions with the state are only as good as their worst interaction. That is starkest for those children with high needs and in touch with multiple professionals. There needs to be a workforce strategy that looks across all of the professionals that children rely on.

Data annex

This annex provides more information on the 669 children who were living in unregistered settings on 1st September 2025.

The analysis is split between children subject to a Deprivation of Liberty (DoL) order and those not. All 669 children captured in the office's data collection are present in all of these tables, such that percentages in each table add to 100%.

Percentages have been rounded to the nearest whole number in line with statistical disclosure control procedures, and all percentages below 2% have been reported as '<2%'.

Table A1. Proportion of children in unregistered placements, by age group, and whether they were subject to a Deprivation of Liberty order

Age group	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
16-17	17%	32%	<2%
10-15	16%	29%	<2%
0-9	<2%	3%	<2%
Unknown	<2%	<2%	<2%

Table A2. Proportion of children in unregistered placements, by gender, and whether they were subject to a Deprivation of Liberty order

Gender	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Male	15%	38%	3%
Female	17%	25%	<2%
Other	<2%	<2%	<2%
Unknown	<2%	<2%	<2%

Table A3. Proportion of children in unregistered placements, by ethnic background, and whether they were subject to a Deprivation of Liberty order

Ethnic background	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
White	23%	46%	3%
Mixed	4%	6%	<2%
Black	3%	6%	<2%
Asian	<2%	4%	<2%
Other	<2%	<2%	<2%
Unknown	<2%	<2%	<2%

Table A4. Proportion of children in unregistered placements, by the legislation they were accommodated under, and whether they were subject to a Deprivation of Liberty order

Legislation	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Section 20	6%	24%	2%
Section 31	23%	35%	<2%
Other	3%	4%	<2%
Unknown	<2%	<2%	<2%

Table A5. Proportion of children in unregistered placements, by whether they were an unaccompanied asylum-seeking child (UASC), and whether they were subject to a Deprivation of Liberty order

UASC	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Yes	<2%	3%	<2%
No	32%	61%	2%
Unknown	<2%	<2%	<2%

Table A6. Proportion of children in unregistered placements, by whether they had been referred into the National Referral Mechanism (NRM), and whether they were subject to a Deprivation of Liberty order

NRM referral	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Yes	2%	4%	<2%
No	30%	59%	<2%
Unknown	<2%	<2%	2%

Table A7. Proportion of children in unregistered placements, by special educational needs and/or disabilities provision, and whether they were subject to a Deprivation of Liberty order

SEND status	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Education, Health and Care Plan	23%	35%	<2%
SEND without an EHCP	4%	6%	<2%
No identified SEND	5%	23%	2%
Unknown	<2%	<2%	<2%

Table A8. Proportion of children in unregistered placements, by whether they were in contact with child and adolescent mental health services (CAMHS), and whether they were subject to a Deprivation of Liberty order

CAMHS	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
In receipt of CAMHS	18%	17%	<2%
On waiting list for CAMHS	2%	4%	<2%
No	10%	31%	<2%
Unknown	3%	11%	<2%

Table A9. Proportion of children in unregistered placements, by whether they had had any missing episodes from their placement, and whether they were subject to a Deprivation of Liberty order

Missing episode(s) during placement	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Yes	8%	21%	<2%
No	24%	42%	<2%
Unknown	<2%	<2%	<2%

Table A10. Proportion of children in unregistered placements, by whether they were placed within their home local authority, and whether they were subject to a Deprivation of Liberty order

Area	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
In area	8%	29%	2%
Out of area	25%	35%	<2%
Unknown	<2%	<2%	<2%

Table A11. Proportion of children in unregistered placements, by how the staff which look after them were employed, and whether they were subject to a Deprivation of Liberty order

Staff	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Directly employed by local authority	<2%	5%	<2%
Employed by local authority via agency	<2%	3%	<2%
Employed by provider	29%	51%	2%
Mix	<2%	<2%	<2%
Other	<2%	<2%	<2%
Unknown	<2%	3%	<2%

Table A12. Proportion of children in unregistered placements, by the type of organisation which runs the setting where they were accommodated, and whether they were subject to a Deprivation of Liberty order

Type of provider	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Private	31%	55%	2%
Public	<2%	7%	<2%
Voluntary	<2%	<2%	<2%
Other	<2%	<2%	<2%
Unknown	<2%	<2%	<2%

Table A13. Proportion of children in unregistered placements, by the type of setting where they were accommodated, and whether they were subject to a Deprivation of Liberty order

Type of accommodation	Subject to a DoL order	Not subject to a DoL order	Unknown DoL status
Children's home (not registered)	17%	27%	<2%
House (rented or owned by LA)	3%	9%	<2%
Apartment (rented or owned by LA)	<2%	<2%	<2%
Supported accommodation	2%	12%	<2%
AirBnB	<2%	2%	<2%
Holiday camp/activity centre	<2%	3%	<2%
Hospital	<2%	<2%	<2%
Caravan	<2%	<2%	<2%
Other	7%	9%	<2%
Unknown	<2%	<2%	<2%

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