

Demand and Capacity of Homes for Children in Care

Challenges and opportunities in the provision of supported accommodation for young people aged 16+





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EXECUTIVE SUMMARY

The provision of high-quality, affordable homes to accommodate children in the care of local authorities, and those leaving care, has received significant attention in recent years. Notable publications include the Independent Review of Children's Social Care, (May 2022)¹; the subsequent government response, "Stable Homes, Built on Love" (February 2023)²; and the Competition and Markets Authority study of the sector (March 2022)³. The County Councils Network (CCN), in collaboration with Newton, published its own, evidence-based research on the topic in 2022⁴.

Much of the attention and focus of the publications listed above has been on 'traditional' accommodation options for children and young people, such as fostering and residential children's homes. These continue to house most children in care and care leavers but are not the only options available to local authorities. Semi-independent living is intended as a bridge between traditional home types and fully independent living, helping young people on their journey from being in the care of their local authority to life as an adult. Research conducted through this study shows that semi-independent living is the fastest growing home type in England for children and young people whom local authorities are providing accommodation for (a 21.3% rise between March 2019 and March 2022), with 1 in 5 children in care and care leavers now housed in this way. It is also subject to new regulation and inspection by Ofsted.

The factors driving the rapid rise in use of semi-independent living; the challenges this growth presents (alongside the impacts of a new regulatory regime); and the scope of opportunities that exist to improve this type of provision have not previously been investigated on a national scale. Given its increasing importance, CCN have collaborated with the London Innovation and Improvement Alliance (LIIA) to commission Newton to undertake an evidence-led review of the area. The brief included making recommendations as to what should be done to improve outcomes for young people, as well as the financial sustainability of the local authorities commissioning semi-independent living homes. The project has drawn upon an extensive evidence base including: conversations with young people who have lived experience of semi-independent living; analysis of data from 16 local authorities (10 county councils and six London boroughs); and provider surveys covering 1,885 semi-independent living beds across England.

¹ "Independent review of children's social care", Department for Education, 2022, www.gov.uk/government/groups/independent-review-of-childrens-social-care

² "Stable Homes, Built on Love: Implementation Strategy and Consultation, Children's Social Care Reform 2023", Department for Education, 2023, www.gov.uk/government/consultations/childrens-social-care-stable-homes-built-on-love

³ "Children's social care market study final report", Competition and Markets Authority, 2022, www.gov.uk/government/publications/childrens-social-care-market-study-final-report

⁴ "The Future of Children's Social Care. An optimised model for supporting children in care and on the edges of care: national enablers, local delivery", 2022, www.futureesc.com

KEY FINDINGS

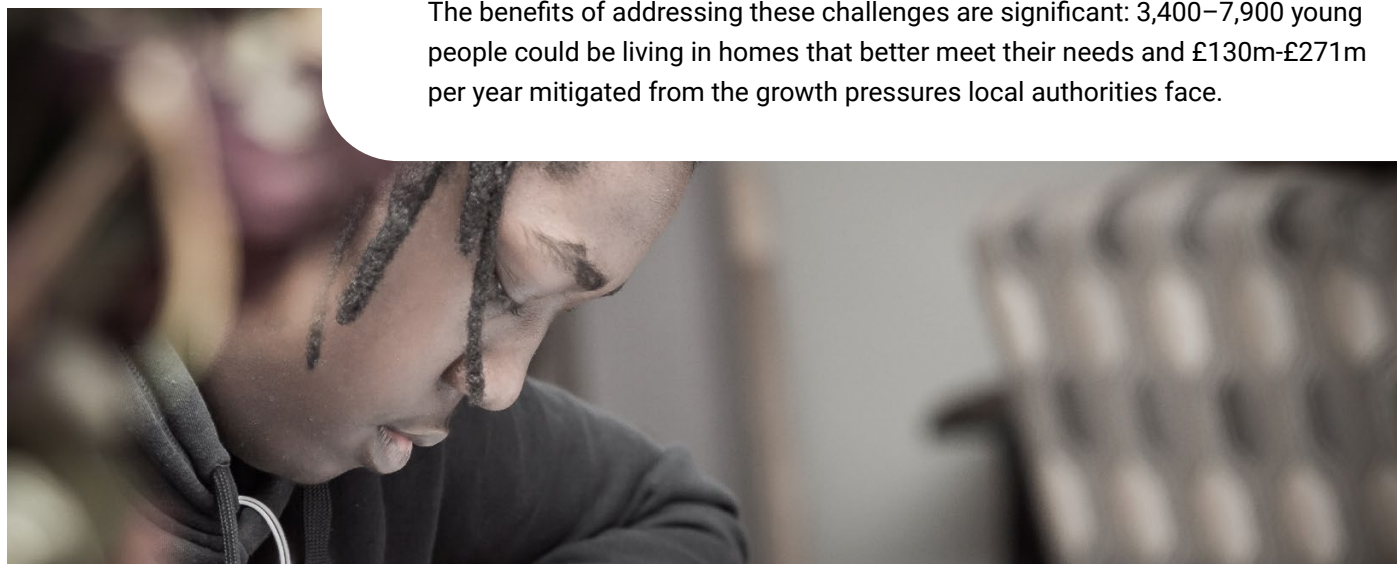
Potential financial impact could total **£368m** across England per year by 2026/27

- Growth in the use of semi-independent living to house children and young people has outstripped broader demand trends: between 2019 and 2022 the number of children in care rose by 8%; but over the same period the numbers accommodated in semi-independent living homes increased by 21.3%.
- The impact of demand growth, inflation and administrative burdens from the new regulations could together add £368m to local authority spend on semi-independent accommodation by 2026/27. There may be further, unintended financial impacts of regulation on the provider market, which would be in addition to this figure. This is compared to £41m per year of additional funding from DfE over the next three years, which is proposed to meet process costs associated with regulatory changes and not any wider market pressures that might occur.
- A survey of providers suggests that 81% of current semi-independent living placements are expected to be registered under new regulations. Whilst this would be sufficient to meet the national demand for 16–17-year-olds, there are likely to be significant mismatches between demand and capacity at a local level. This outcome would also not solve the demand for over-18 accommodation that is currently being met by semi-independent living provision.
- Providers of the 19% of semi-independent accommodation placements that are not intending to register have cited cost and reputational risks associated with new regulations as their main reasons. This would result in a fall in capacity of 3,676 beds across England based on the last national reported data.
- Studies with authorities shows that in up to 63% of situations where semi-independent living is being used to house young people, it is not the best home for their needs. However, challenges in securing sufficient alternatives (including affordable, independent accommodation for post-18s and maintaining family settings for those aged 16–17), is meaning they are placed in semi-independent living; often beyond the age of 18.
- Analysis shows that 3,400 to 7,900 of the young people forecast to be in semi-independent homes by 2026/27 could be supported appropriately in alternative accommodation (mostly fully independent housing, foster care or living with family). Whilst there are substantial current challenges to delivering this, such as housing availability and access, this could both positively add to the experience for young people and potentially mitigate £130m–£271m per year of the forecast growth in spend facing local authorities.
- There are different cohorts of children and young people living in semi-independent living, with growth being driven by different cohorts in different authorities. Aggregated across the 16 authorities in this project, the greatest demand is from young adults aged 18–22 who have migrated to this country and are awaiting a Home Office decision on their right to remain. This is followed in size by growth in separated migrant children aged 16–17, then growth in non-migrant 16–17-year-olds.
- Children and young people who have lived in semi-independent living homes report a mixed picture of the quality of provision and experiences they had, although the majority reflected that it did help prepare them for adulthood.

RECOMMENDATIONS

- This research shows that the cost of semi-independent accommodation is modelled to increase by up to nine times more than the currently proposed additional funding by 2025. It is recommended that a new burdens assessment should be conducted to understand the financial impact to local services of this new policy. Alongside this, this research has brought additional understanding and evidence to the relative impact of inflation, regulation and other market forces on the cost to authorities. As a result, it is recommended that local authorities conduct further monitoring of changes in the unit cost of homes in order to support future funding reviews.
- Ofsted, the Department for Education, regional teams and local authorities should work collaboratively to monitor the uptake and completion of registration by semi-independent living providers as regulatory changes come into force. This will provide notice of (a) any situations where young people aged 16–17 may be required to move home (due to their provider not registering) and (b) any localised shortfalls in overall capacity of registered semi-independent living homes.
- Local authorities would benefit from understanding what is driving their local trends and demand for semi-independent living homes across the four main cohorts of young people living there: (1) former separated migrant children⁵ who are now aged 18–22 and awaiting a Home Office decision on their right to remain in the country; (2) separated migrant children aged 16–17; (3) non-migrant children in care aged 16–17; and (4) non-migrant care leavers aged 18–22. This will enable accurate decision-making regarding strategic planning and delivery of sufficient housing capacity to best meet the needs of young people in their area, as well as the evidence and insight to support greater focus on mitigating the risks of young homelessness.
- Local authorities should recognise the variation in use of semi-independent living versus independent accommodation to house young people and understand the picture in their area. Evidence from this project shows that semi-independent living is often being used when independent housing would be better suited to the young person's needs. However, a complex range of factors (including the availability of affordable independent housing) is currently preventing that from happening. The benefits of addressing these challenges are significant: 3,400–7,900 young people could be living in homes that better meet their needs and £130m–£271m per year mitigated from the growth pressures local authorities face.

⁵ Separated migrant children, often referred to elsewhere as Unaccompanied Asylum-Seeking Children (UASC)





CONTEXT AND BACKGROUND OF WORK

In previous work commissioned by CCN and delivered by Newton, analysis highlighted the issues facing local authority children's services as a result of growing demand and increased numbers of children being in care⁶. The number of children in care rose from 69,470 in 2015 to 80,080 in 2020, with forecasts indicating this number could increase to 95,000 by 2025. Finding sufficient quality and quantity of appropriate homes for these young people (both whilst in care and after they leave, given the statutory responsibility authorities have for care leavers) presents a significant challenge nationally.

This challenge is reflected in key reports and publications released in recent years:

- The "Independent review of children's social care – Final report" (May 2022) noted: "The need to fundamentally change the way children's homes, foster care and secure accommodation are commissioned, recruited to, managed and run, goes beyond addressing the immediate challenges of a shortage of homes, weak market oversight and high profit making and costs. Changes need to transform the care that is available for children when they need it."
- The Competition and Markets Authority (CMA) report "Children's Social Care Market Study" (March 2022) found: "A lack of placements of the right kind, in the right places, means that children are not consistently getting access to care and accommodation that meets their needs."
- The Association of Directors of Children's Services (ADCS) President, Steve Crocker, in June 2022⁷ commented: "There are several longstanding barriers we face in meeting our statutory duties, not least because demand for placements far outstrips supply and we do not have the right homes, in the right places, at the right time."

⁶ "The Future of Children's Social Care. An optimised model for supporting children in care and on the edges of care: national enablers, local delivery", 2022, www.futurecsc.com

⁷ "Commissioning Care: Policy context", Children & Young People Now, 2022 www.cypnow.co.uk/other/article/commissioning-care-policy-context-1



The Government's response to the Independent Care Review, "Stable Homes, Built on Love" (February 2023)⁸ put forward a plan for Regional Care Cooperatives (RCCs), which would see a radical shift to regional provision of homes for children. The Government view is that the greater economies of scale RCCs would provide, and the ability to link with health partners at ICB level, will address the challenges that individual local authorities find in commissioning homes for children at sustainable, affordable rates. At the time of writing Government is exploring the development of two pathfinders. ADCS has expressed a range of concerns about the proposed model and has published responses regarding the prerequisites for success.

Much of the attention and focus of the publications listed above has been on fostering and residential children's homes, which have traditionally been where children in care have been housed. However, these are not the only options for accommodating young people; the rise in older children and adolescents in care has seen an increase in the use of semi-independent living, (sometimes referred to as 'supported accommodation'). This is intended as a bridge between traditional accommodation options (fostering and residential homes) and fully independent living, helping young people on their journey from being in the care of their local authority to life as an adult. These homes are often shared accommodation facilities, occupied by multiple young people. By living in one of these homes, it is intended that children in care and care leavers are supported to develop independent skills such as budgeting, cleaning and cooking, whilst receiving guidance and assistance from staff.

Historically, these homes did not need to be registered or regulated with external bodies, although local authorities have often carried out their own quality assurance work. Following concerns about some standards of provision, government banned the use of semi-independent homes for those under the age of 16 from September 2021, and introduced regulation and inspection of semi-independent living homes for 16–17-year-olds from April 2023.

Whilst open to exploring options for improving the quality of provision, Directors of Children's Services have expressed concern with the impact these changes will have on commissioning authorities⁹. This includes concerns about the lack of suitable alternatives, the rising use of Deprivation of Liberty Orders¹⁰, and potential cost impacts. With the already existing cost pressures on spend on children in care, at 50% of children's services budgets in 2020 and projected to reach nearer 60% by 2025¹¹, any additional cost increases to semi-independent living would stretch this further. With this growing pressure in provision of statutory services, local authorities would likely be required to explore further reductions to their non-statutory services within Early Help provision.

⁸ "Stable Homes, Built on Love: Implementation Strategy and Consultation, Children's Social Care Reform 2023", Department for Education, 2023, www.gov.uk/government/consultations/childrens-social-care-stable-homes-built-on-love

⁹ "ADCS response to the Department for Education's consultation on regulating supported accommodation for children in care and care experienced young people aged 16 and 17 years old", January 2023, https://adcs.org.uk/assets/documentation/ADCS_supported_accom_standards_FINAL.pdf

¹⁰ "ADCS comment on the High Court ruling on deprivation of liberty orders for under 16s", September 2021, <https://adcs.org.uk/care/article/comment-high-court-judgment-on-deprivation-of-liberty-orders-for-under-16s>

¹¹ "The Future of Children's Social Care. An optimised model for supporting children in care and on the edges of care: national enablers, local delivery", 2022, www.futurecsc.com

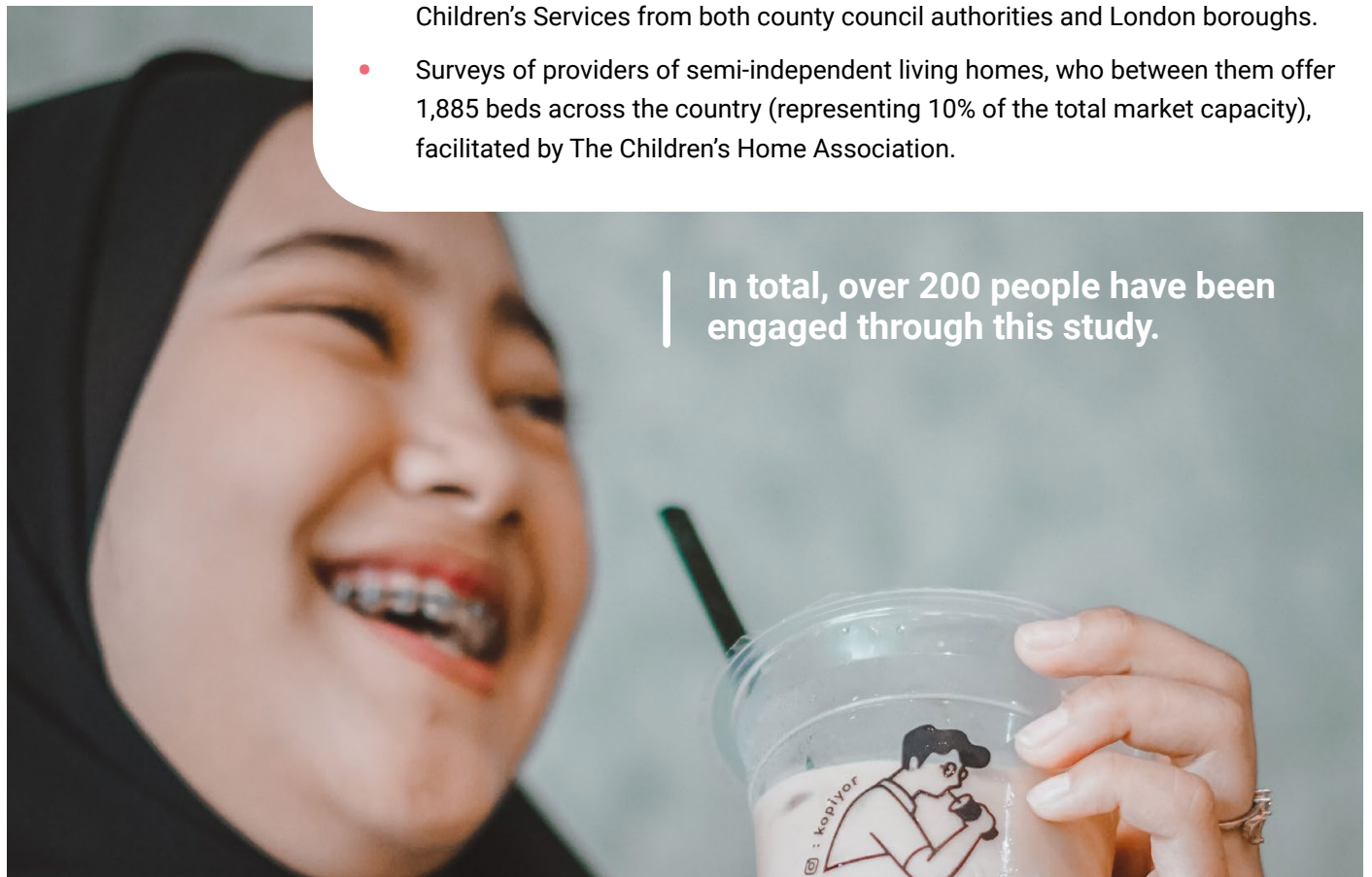
Within that context, the aims of this project have been to:

1. Establish the current and forecast trends of demand for semi-independent living to support children in care and care leavers aged 16+, including migrant children.
2. Evidence the likely impacts of upcoming regulatory changes to post-16 accommodation.
3. Identify challenges and opportunities in the semi-independent living market, and make local, regional and national level recommendations to address these.

METHODOLOGY

The study has been built on an extensive, bottom-up evidence base:

- Discussions with 15 young people who have lived experience of semi-independent homes, facilitated by Coram Voice.
- Case review workshops involving social care practitioners, looking at the processes, decisions, support and journeys of 27 children and young people housed in semi-independent living.
- Collection and analysis of operational and financial data from 16 local authorities, including 10 county councils and six London boroughs. These represent a range of geographies, demographics and sizes (referred to through this report as 'participating authorities').
- Extensive interviews and conversations with sector leaders, including Directors of Children's Services from both county council authorities and London boroughs.
- Surveys of providers of semi-independent living homes, who between them offer 1,885 beds across the country (representing 10% of the total market capacity), facilitated by The Children's Home Association.



In total, over 200 people have been engaged through this study.

Growing demand trends



HEADLINES

There are approximately 20,000 semi-independent living beds across England at present, which are occupied as follows:

 **17%**

of beds are occupied by 16 and 17-year-old separated migrant children.

 **24%**

of beds are occupied by separated migrant children aged between 18–22-years-old.

 **21%**

of beds are occupied by 16 and 17-year-old non-migrant children.

 **38%**

of beds are occupied by non-migrant children aged between 18–22-years-old.

Semi-independent living is an increasingly common home type used by local authorities to accommodate children and young people:

1 in 5

1 in 5 of all children accommodated in a local authority sourced home live in semi-independent living.

Over one third

Over one third of 16–22-year-olds accommodated in a local authority sourced home live in semi-independent living.

From March 2019 to March 2022, the number of all children in care and care leavers has risen by 8%; whilst the number of semi-independent living beds has grown by 21.3%. The growth in semi-independent living is driven by:

↑ 18.5%

An 18.5% increase in the use of semi-independent living to house separated migrant children.

↑ 4.3%

A 4.3% increase in the use of semi-independent living to house 16- and 17-year-old non-migrant children.

↓ 1.5%

A 1.5% decrease in the use of semi-independent living to house under-16-year-olds and 18 to 22-year-old non-migrants.

ABOUT SEMI-INDEPENDENT LIVING

Semi-independent living is predominantly used as an option to house children over the age of 16 (with under 16s making up less than 1% of those placed in the 16 authorities represented in this study). Those aged 16 and 17 in semi-independent living typically come through one of two routes:

Entering care at an older age, when alternative home types (fostering or residential) are either deemed inappropriate or unavailable. This includes separated migrant children aged 16 and 17, who are a specific cohort of children in care that authorities have responsibility for.

Having been in care from a younger age and experienced a breakdown in their previous housing placement, or it no longer being suitable for their needs.

Young people over the age of 18 may be living in semi-independent accommodation as a continuation of a previous placement; to provide stability at key moments in the young person’s life; or in the absence of an independent home having been identified (or being available). With the statutory responsibilities of local authorities for over-18s being different to those under-18, there is variation in how local authorities make choices around provision of suitable homes.

THE GROWTH OF SEMI-INDEPENDENT LIVING

The use of semi-independent living has grown in recent years. Analysis from this study shows there are approximately 20,000 semi-independent beds across England at present, up 21.3% since 2019. This rate of growth is significantly higher than the overall growth in the number of children in care, which grew 8% over the same period. From analysing data from the participating authorities, over a third of 16–22-year-olds and 1 in 5 of all children in local authority-sourced accommodation live in semi-independent homes. It is now the most common home setting for anyone over 16-years-old accommodated by local authority children’s services. Estimated annual spend on semi-independent living across England is currently £1.2bn, almost exclusively with private providers.

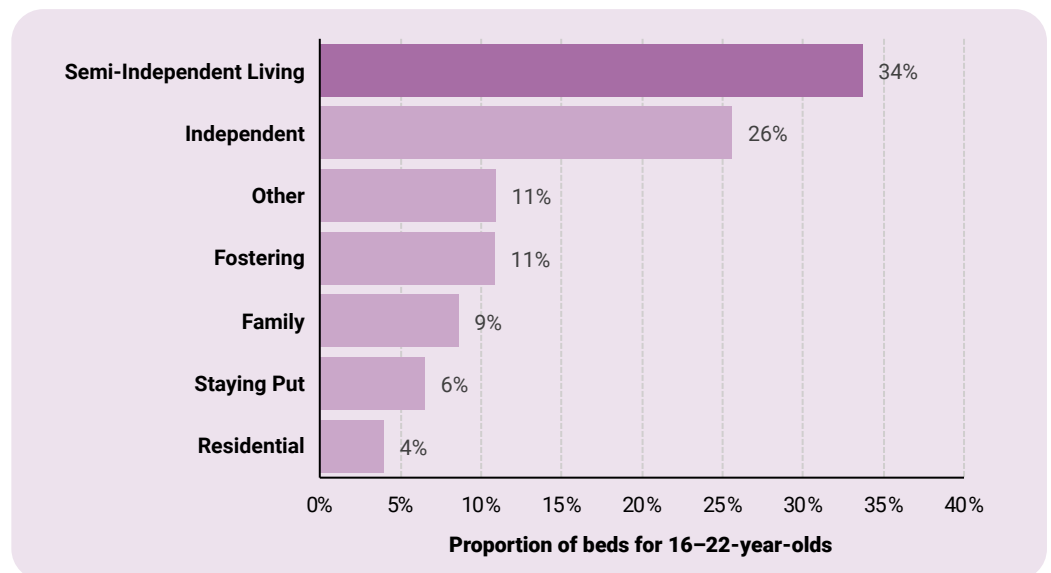


Figure 1 – Type of home setting of all 16–22-year-olds in local authority-sourced accommodation (data from 16 participating local authorities)



DRIVERS OF GROWTH

Overview

Each individual child or young person will have their own unique situation and circumstances that need to be understood when sourcing a home that will support their journey to adulthood. However, to understand macro-level trends, it is helpful to understand the key cohorts of young people in semi-independent homes:

1. Separated migrant children aged 16-17, and those who have turned 18 but are awaiting a Home Office decision on their right to remain in the country.
2. Children in care aged 16-17 (who are not migrants).
3. Care leavers aged 18-22 (who are not migrants).

The trends in how the proportions of these groups have changed over time are shown in Figure 2 and explored in more detail in the rest of this section. With the data available to this study, it has not been possible to look at any relationship in growth trends by ethnicity or gender of the young person, and therefore it is not possible to conclude whether this has any relationship with the changing use of semi-independent living.

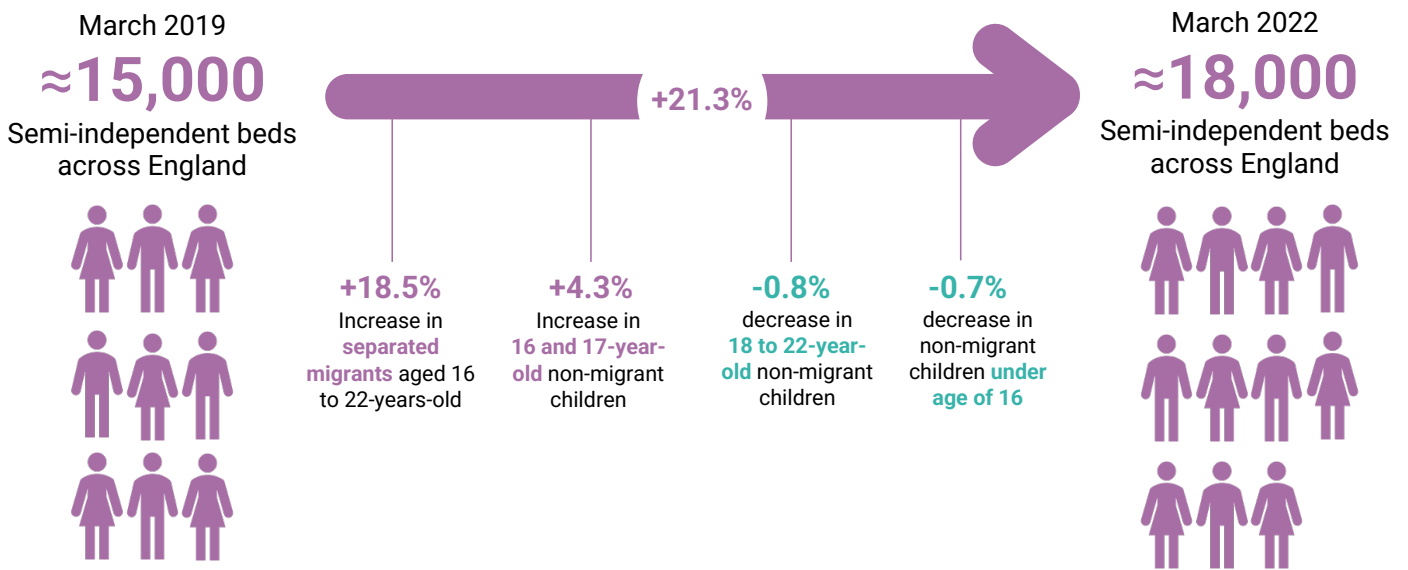


Figure 2 – Growth in semi-independent living across the different cohorts of young people between March 2019 and March 2022 (growth figures based on data from 16 participating local authorities, national figures are estimates for England based on extrapolation)

Growth in semi-independent living for housing current and former separated migrant children

Semi-independent living is commonly used to accommodate separated migrant children, often because they come into care at an older age. Once they reach the age of 18, many are then staying in the local authority-sourced semi-independent living accommodation whilst they are awaiting a decision from the Home Office on whether they have a legal right to remain in the country.

84%

of the growth between 2019 and 2022 was from separated migrant children

In the 16 participating authorities, separated migrant children represented 84% of the overall growth in semi-independent living usage between March 2019 and March 2022. They now represent 41% of all semi-independent living places in these authorities. Whilst both age groups of migrant young people are growing, the 18–22 cohort make up the majority of placements.

Demand trends for non-migrant children in care and care leavers

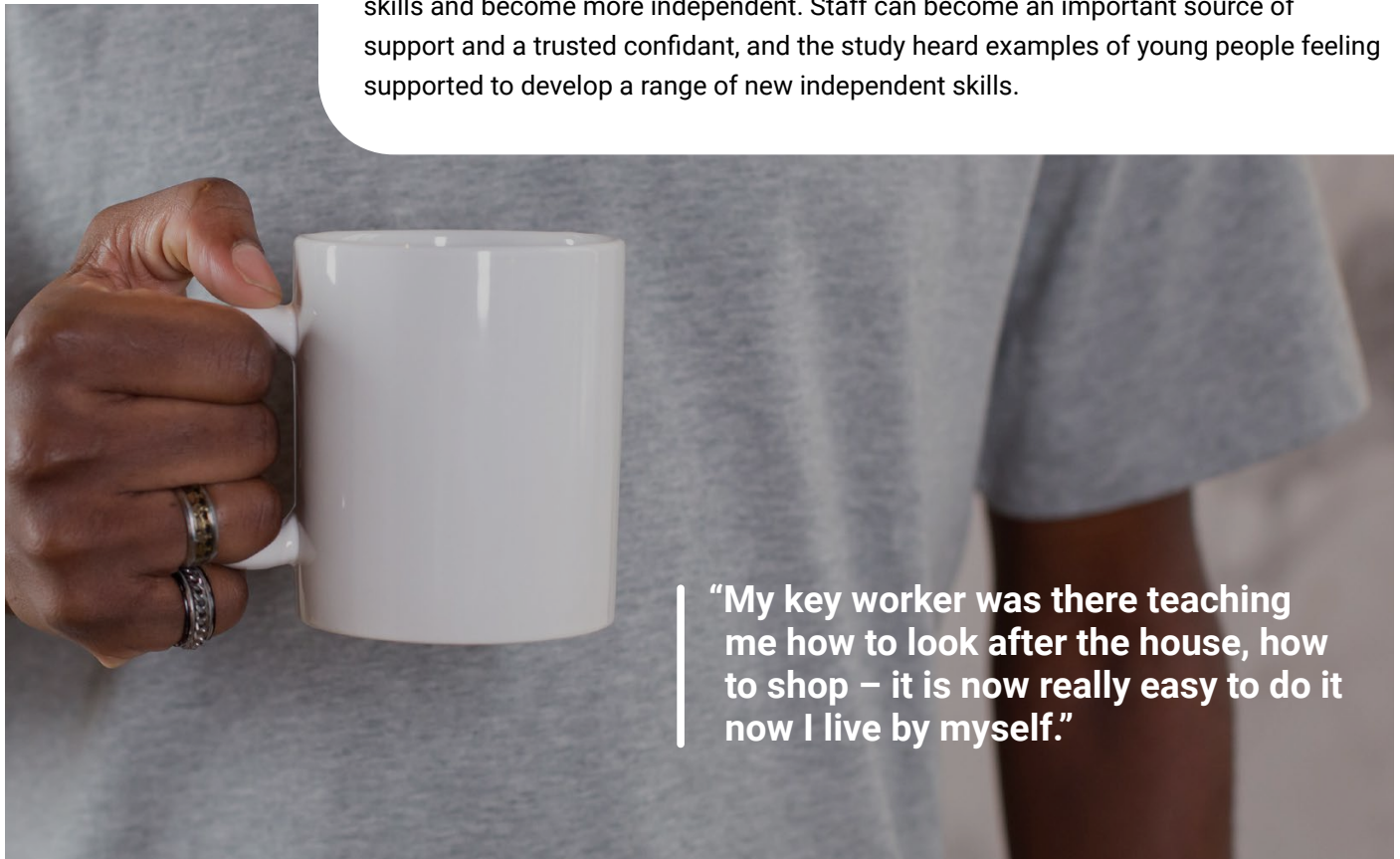
The use of semi-independent housing for non-migrant children aged 16 and 17 has risen by 4.3% between March 2019 and March 2022. This growth means that they now make up 21% of all young people in semi-independent accommodation.

As of March 2022, 38% of all semi-independent living beds were occupied by non-migrant children aged between 18 and 22-years-old. The numbers of these young people in semi-independent accommodation have fallen slightly (-0.8%) since March 2019 across the 16 authorities that provided data for the study.

THE EXPERIENCES OF CHILDREN AND YOUNG PEOPLE IN SEMI-INDEPENDENT LIVING

To better understand the lived experience of young people in semi-independent homes, interviews were conducted with 15 care experienced young people, in partnership with advocacy charity Coram Voice. The young people were aged 16 or 17 and were either living in a semi-independent home at present, or had done so recently.

When done well, semi-independent living is where young people can learn important skills and become more independent. Staff can become an important source of support and a trusted confidant, and the study heard examples of young people feeling supported to develop a range of new independent skills.



“My key worker was there teaching me how to look after the house, how to shop – it is now really easy to do it now I live by myself.”



However, all of those interviewed highlighted poor experiences that had caused them to feel unsafe and unsupported at times whilst living in a semi-independent home. Common issues identified included exposure to drugs and alcohol in the shared property, as well as violent escalations between residents or towards staff. Experiences were found to differ between homes, however, with those who had lived in multiple semi-independent living homes commenting on the significant variation in quality and support between them.

70% of those interviewed recognised that, despite some negative experiences, living in a semi-independent home as a 16–17-year-old did prepare them for life as an independent adult. Some, however, commented on this being, “more through shock than support”. Some also felt a significant difference in expectation (compared to peers they knew who were not in the care system) in having to cook, budget and navigate public services independently.

RECOMMENDATION

Local authorities would benefit from understanding what is driving their local trends and demand for semi-independent living homes across the four main cohorts of young people living there: (1) former separated migrant children who are now aged 18–22 and awaiting a Home Office decision on their right to remain in the country; (2) separated migrant children aged 16–17; (3) non-migrant children in care aged 16–17; and (4) non-migrant care leavers aged 18–22. This will enable accurate decision-making regarding strategic planning and delivery of sufficient placement capacity to best meet the needs of young people in their area.

Potential impact of regulation



HEADLINES

- Analysis suggests that there will be sufficient registered capacity to meet the numbers of children aged 16–17 in semi-independent living at a national level, but variation may exist at a local level. It is likely some 16–17-year-olds will need to move home as a result of their housing provider not registering with Ofsted.
- A survey conducted with 65 semi-independent living providers across England found:
 - › 80% intend to register all their beds, 14% intend to register some of their beds, and 6% intend to register none of their beds.
 - › Taking into account different provider sizes, this means 81% of existing semi-independent living beds are forecast to become registered for accommodating 16–17-year-olds.
 - › Children aged 16–17 currently make up 38% of placements in semi-independent living.

EXPECTED NUMBER OF REGISTERING PROVIDERS

April 2023 saw the introduction of a new regulatory regime for semi-independent living providers housing those aged 16 and 17¹². Providers will need to become registered with Ofsted by October 2023, with inspections starting in April 2024. Local authority children's leaders have accepted the intention to improve the quality of provision, but ADCS have expressed concerns over how the regulations will achieve this, and how it may impact the market¹³.

A survey of 65 semi-independent living providers across England (representing 1,885 beds, or 8-10% of the total semi-independent living market) was conducted as part of this programme to quantify what might happen in terms of market capacity and pricing. The survey was shared with providers through the Children's Home Association, as well as with support from the 16 local authorities who participated in this work.

¹² "Guide to the Supported Accommodation Regulations including Quality Standards", Department for Education, March 2023

¹³ "ADCS response to the Department for Education's consultation on regulating supported accommodation for children in care and care experienced young people aged 16 and 17-years-old", January 2023



Of the 65 providers:

- 80% intend to register all their beds
- 14% intend to register some of their beds
- 6% intend to register none.

Taking into account the different size of providers, and assuming that all providers who intend to register successfully complete the process, analysis suggests that 81% of existing semi-independent living beds will become registered for accommodating 16–17-year-olds (Figure 5).

Based on data from the 16 participating local authorities, children aged 16–17 currently make up 38% of placements in semi-independent living. Assuming this is representative of the national demand from children aged 16–17, and that the 81% of beds intended to be registered is representative of all provider intentions, this suggests that there will be sufficient registered capacity to meet the demand of children aged 16–17 currently in semi-independent living across England. A 19% reduction in semi-independent living capacity would result in a fall

of 3,676 beds across England based on the last national reported data.

This does not mean that there will not be local capacity challenges caused by this 19% loss of capacity for housing 16 and 17-year-olds in registered accommodation. Semi-independent living is a particularly localised market, and it is therefore possible that there will be significant variation in registration by region or different local authorities. Furthermore, there is no guarantee that all homes currently housing 16 and 17-year-olds will be within the 81% of beds registered, meaning that some young people are likely to face the disruption of having to move from their current homes.

Data from participating local authorities also shows that usage of semi-independent living for 16–17-year-olds has grown by 28% since 2019. This trend looks likely to continue, meaning that whilst sufficient capacity might exist in the short-term, further semi-independent places will need to be opened in future to keep up with demand.

Provider intentions, as submitted through the survey, may not manifest into action to register with Ofsted.

What proportion of providers and beds are expected to become registered?

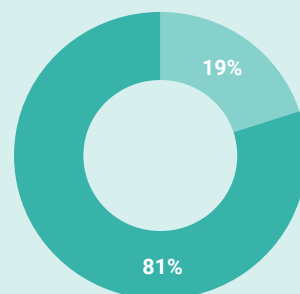
Providers



- Intend to register all placements
- Intend to register some placements
- Intend to register no placements

Figure 4 – Provider survey response on intention to register 16–17-year-old semi-independent living beds. Sample size: 65 providers representing 1,885 semi-independent living beds.

Beds



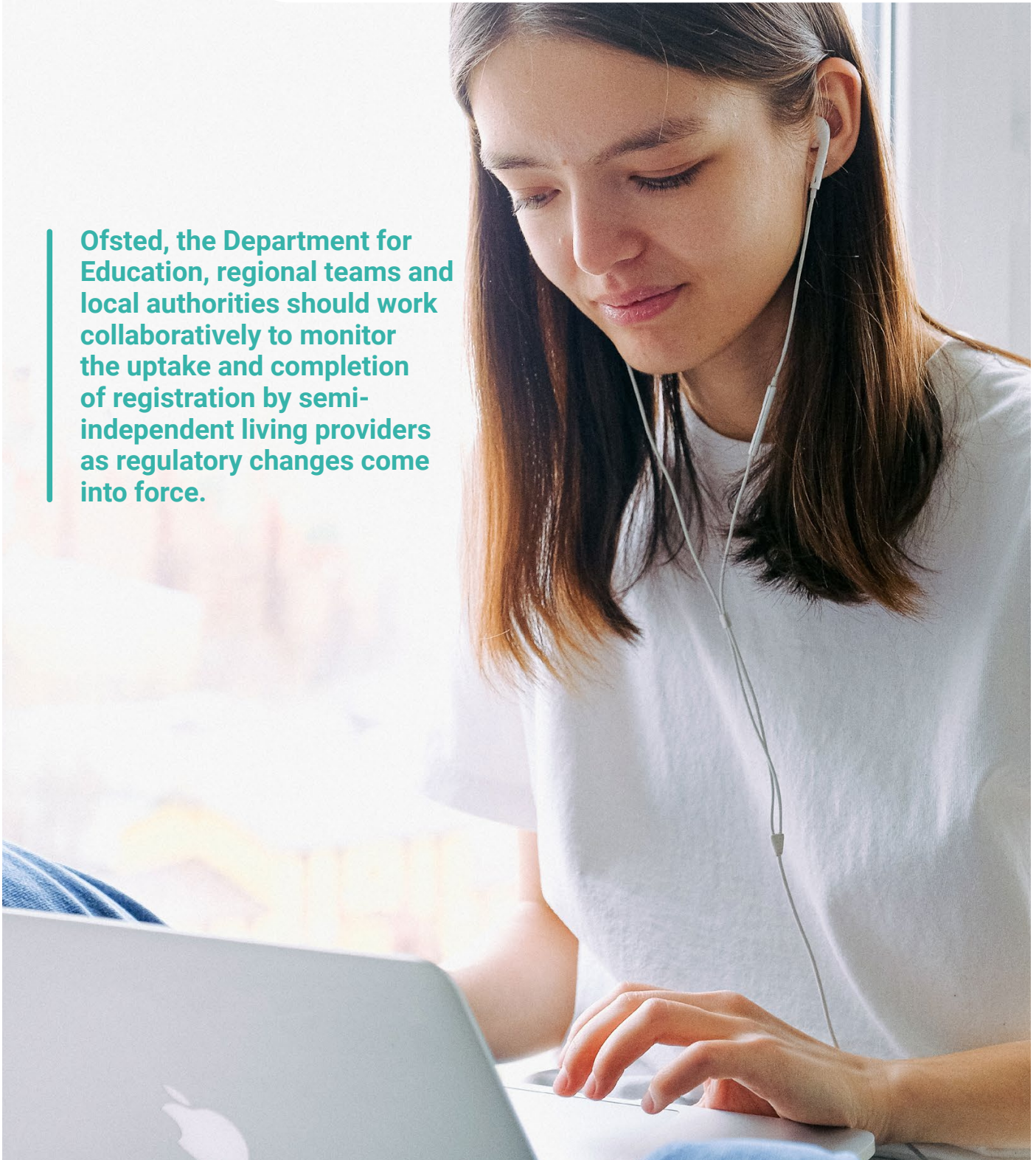
- Total beds expected to become registered
- Total beds not expected to become registered

Figure 5 – Forecast percentage of total semi-independent living beds expected to become registered with Ofsted.

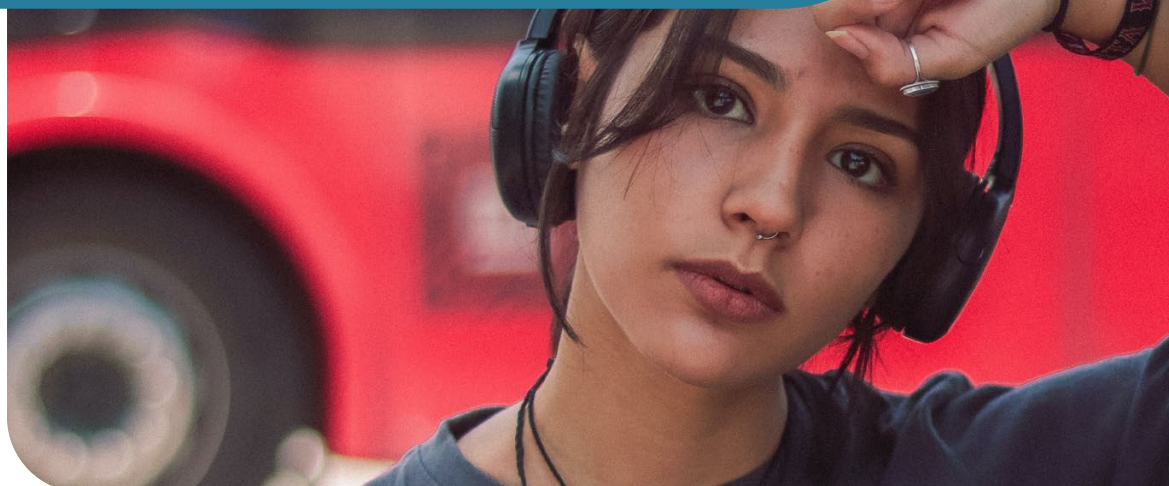
RECOMMENDATION

Ofsted, the Department for Education, regional teams and local authorities should work collaboratively to monitor the uptake and completion of registration by semi-independent living providers as regulatory changes come into force. This will provide advanced notice of (a) any situations where young people aged 16–17 may be required to move home (due to their provider not registering) and (b) any localised shortfalls in overall capacity of registered semi-independent living homes.

Ofsted, the Department for Education, regional teams and local authorities should work collaboratively to monitor the uptake and completion of registration by semi-independent living providers as regulatory changes come into force.



Semi-independent living price changes for commissioning authorities



HEADLINES

- Of the 65 providers who responded to the survey, 93% of those registering said they were also intending to raise the price they charge local authorities.
- Local authorities participating in the project are anticipating a 15-30% rise in prices over the next three years, equivalent to an additional £183m-£366m of spend per year across England.
- The DfE has allocated £123m of funding over the next three years to cover what it has assessed as the cost impact of the regulatory changes.
- Forecasting what will happen to prices in the market is challenging to do with an acceptable degree of accuracy. However, continued demand growth and inflationary pressures could add up to £368m in additional, net annual spend pressure on English authorities by 2026/27.
- The gap between forecast cost rises (from demand and inflation) and additional funding (from the DfE) would be £327m in 2026/27 without steps to mitigate the growth.

FORECASTING THE QUANTUM OF PRICE CHANGES

15-30%

increase in the unit price local authorities pay providers of over the next three years

Of the 65 providers who responded to the survey, 93% of those registering are also intending to raise the price they charge local authorities for semi-independent homes.

Providers were not willing to share details of how much they are intending to increase their prices by, with many in the process of deciding themselves or waiting for information from their local authorities. However, data gathered through this programme suggests that local authorities are anticipating an increase in the unit price they pay providers of between 15-30% over the next three years.

Forecasting the quantum of any price changes with any reasonable degree of accuracy is challenging. However, insights can be gained by considering the different factors that might impact costs to providers and the prices local authorities pay for semi-independent living. The approach taken here has been to quantify the impacts of:



1. Additional costs directly associated with providers adapting to the regulatory changes.
2. Inflationary cost pressures (independent of regulatory changes).
3. Demand trends for semi-independent living.
4. Indirect costs because of regulatory impacts on the overall shape of the semi-independent living market.

Additional costs directly associated with providers adapting to the regulatory changes

The DfE has allocated £123m over the next three years, equating to £41m per year, across all local authorities. This is to support with the additional costs it has assessed will result from providers and commissioners adapting to the new regulatory framework¹⁴. An additional £17.2m has been allocated to Ofsted to support their preparations, and £750K has been awarded to the National Children's Bureau to provide support, information and good practice resources to both providers and local authority commissioners¹⁵.

Inflationary cost pressures

Inflationary pressures are likely to impact many of the underlying costs that providers incur in the delivery of semi-independent living accommodation, such as borrowing rates, staffing costs and utilities. These would occur regardless of regulatory changes but are likely to compound the cost implications for commissioning authorities over the next three years. Using latest Consumer Price Index (CPI) forecasts it is estimated that inflation could add a further 12% to local authority costs of commissioning semi-independent living in 2026/27, or £145m across all authorities in England.

Demand trends for semi-independent living

Forecasts indicate that the growth in the number of children and young people housed in semi-independent living in recent years is set to continue. In three years' time this could add a further £386m of gross spend

pressures onto local authorities. Local authorities currently receive some income from the Home Office for supporting migrant children and young adults¹⁶, and a benefits contribution from the Department for Work and Pensions for housing care leavers. If these continue at present rates it would offset £122m of spend, leaving authorities with a net increase of £223m per year by 2026/27.

Indirect costs because of regulatory impacts on the overall shape of the semi-independent living market

Local authorities who participated in this project expressed particular concern around broader market shaping impacts of the regulatory reforms and unintended, unfunded costs arising. Such impacts are challenging to quantify and forecast with accuracy. Authorities in the East region reported a threefold increase in unit costs of unregulated semi-independent living provision to under-16s following the banning of this housing option in 2021.

The additional funding available for local authorities over the next three years (totalling £123m) is intended to cover administrative requirements and the need for some providers to increase the standard of their provision. It does not appear to have factored-in any wider price impacts on the market for semi-independent homes. Given how recent the regulatory changes are, there is limited evidence on how it has influenced prices in the market. This will need to be closely tracked over the next three years to quantify how prices are moving, and how much is being driven by demand, inflation and the regulatory changes.

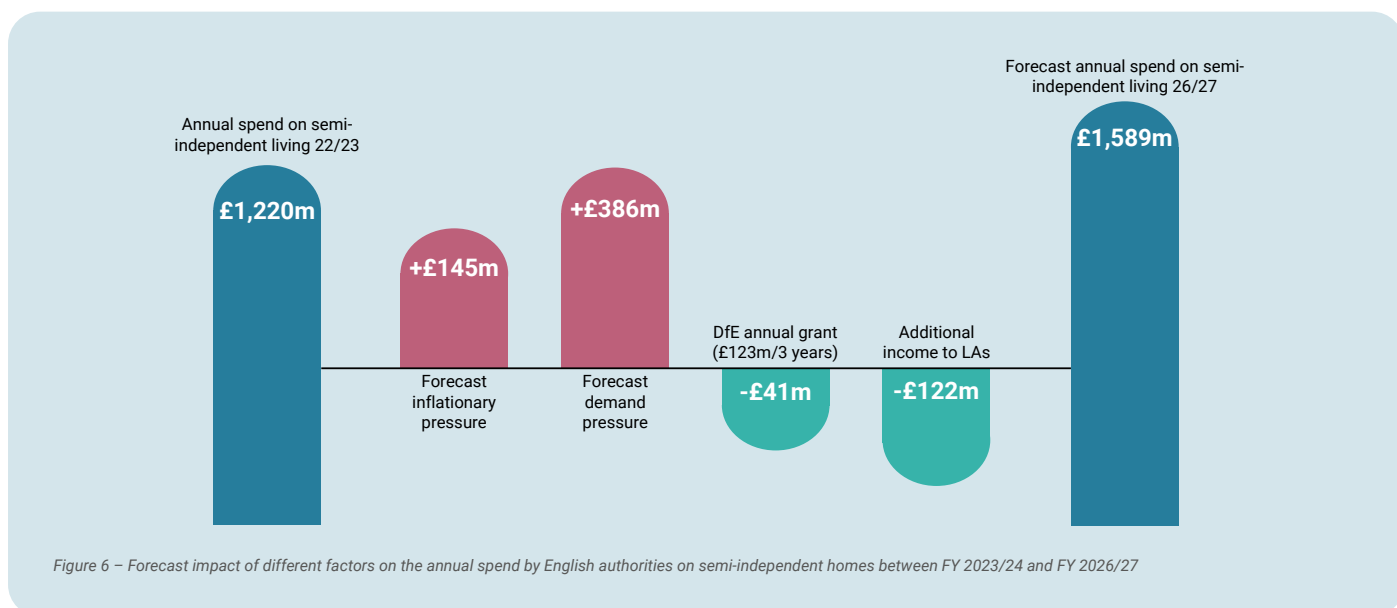
¹⁴ "Explanatory memorandum to the supported accommodation (England) regulations 2023 No. 416", Department for Education, 2023, www.legislation.gov.uk/uksi/2023/416/pdfs/uksem_20230416_en.pdf

¹⁵ "Government bans unregulated accommodation for young people in care", Department for Education and Claire Coutinho MP, March 2023, www.gov.uk/government/news/government-bans-unregulated-accommodation-for-young-people-in-care

¹⁶ "Leaving care funding instructions to local authorities 2022 to 2023", Home Office, May 2023, www.gov.uk/government/publications/unaccompanied-asylum-seeking-children-uasc-grant-instructions/leaving-care-funding-instructions-to-local-authorities-2021-to-2022-accessible-version

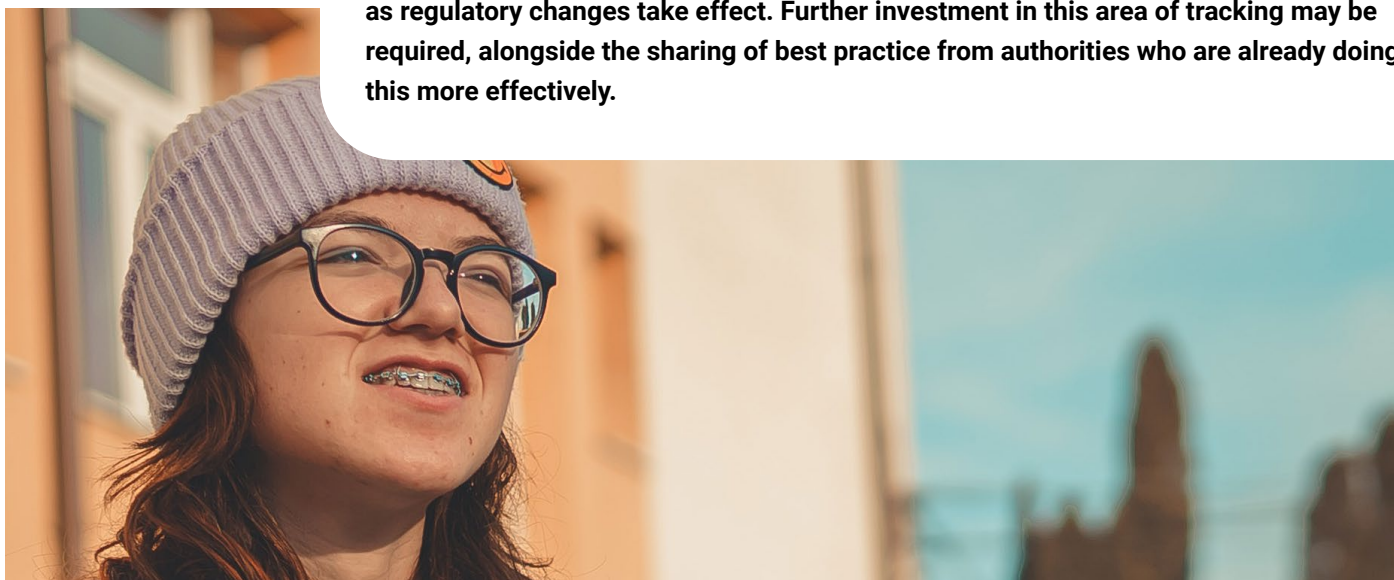
Summary of cost pressures

The combined effects of these pressures could add at least 30%, or £368m, to the total net spend on semi-independent homes each year across England by 2026/27. This does not include any indirect cost of regulatory impact, which would be in addition and would not be covered by the funding the DfE has made available to authorities. Local authorities engaged in the work expressed their concern that any cost pressures from semi-independent accommodation would likely be funded by further cuts to non-statutory, preventative services.



RECOMMENDATION

Given the levels of uncertainty and concern amongst authorities, this project recommends further investigation into the potential impact of these cost pressures to children’s services budgets. This would be enabled through closer monitoring of both negotiated framework rates for semi-independent living and spot-purchased prices as regulatory changes take effect. Further investment in this area of tracking may be required, alongside the sharing of best practice from authorities who are already doing this more effectively.



Opportunities to improve outcomes and manage growth in spend



HEADLINES

- 63% of young people currently in semi-independent homes would have their needs better met in other housing options, predominantly fully independent homes, foster care or living with family.
- The use of semi-independent homes for 16–22-year-olds ranges from 22% to 61%. Evidence suggests this variation is more due to local decision-making and a lack of availability of independent homes; rather than the underlying needs of the young people living there.
- Opportunities exist to better match young people's needs with the type of home they live in. Analysis suggests between 3,400 and 7,900 would benefit from a different type of home by 2026/27. Significant barriers to this exist but some authorities are managing to overcome these already.
- Achieving these better outcomes would also help local authorities to mitigate some of the forecast cost pressures, equivalent to £130m-£271m per year (net) across England by 2026/27.

APPROACH

The preceding analysis looked at historical trends associated with the use of semi-independent homes and forecast what might happen over the next three years without further changes to the system. It does not reveal whether the current system is providing the right homes for young people or making best use of resources in doing so. To provide insight into these questions, the study conducted reviews of casework for those living in semi-independent homes, and looked at variation in how semi-independent homes are used in different authorities.

Both approaches indicate that opportunities exist to improve the lived experience of young people and mitigate a portion of the financial pressures through increased use of independent accommodation. It is recognised, however, that significant barriers may need to be overcome to make this a reality.

FINDINGS FROM LOCAL AUTHORITY DEEP DIVES

Case reviews with local authority practitioners

To understand whether a semi-independent home is the best option for those young people currently living there, workshops were hosted with local authority practitioners. 27 cases of young people aged 16–22 housed in semi-independent living were reviewed, across three local authorities. In 63% of the cases, the practitioners judged that a different type of home would have better met the young person’s needs. The type of home that would have been better suited varies between the groups of young people:

Children in care aged 16–17-years-old (non-separated migrant children)

The two most common alternatives for 16–17-year-old, non-migrant children who would have benefitted from an alternative to semi-independent living were reunification (leaving care to live with immediate or extended family), or living with a foster family. This finding closely matches those of CCN’s ‘Future of Children’s Social Care study, which looked at how improved support at both ‘edges of care’ could support more children and young people to live in family settings¹⁷. Practitioners further reflected that fostering is often not explored because children coming into care aged 16+ are sometimes considered too old, or their needs too high. In other situations, fostering is considered but a lack of sufficiently skilled and experienced foster families means that a match cannot be found.

It is sometimes thought that semi-independent living offers a “good enough” home for the less-than-two-year duration until young people turn 18.



CASE STUDY

The impact on young people of a lack of specialist foster carers

A 16-year-old boy came into care due to domestic violence. He had had multiple residential and foster home arrangements break down, due to these homes struggling to deal with his trauma-related behaviours. There were no more foster or residential placements available in the area, so he ended up being housed in semi-independent living. He is still in school. Practitioners say: It will be hard to find other homes at this stage in his life – he needs a specialist home. There’s no specialist support available in our commissioned providers, and we need to have a strong argument to go outside of our commissioned providers, especially if they haven’t yet got a diagnosis.

¹⁷ “The Future of Children’s Social Care. An optimised model for supporting children in care and on the edges of care: national enablers, local delivery”, 2022, www.futureesc.com

Non-migrant care leavers aged over 18

Practitioners felt that for most of those care leavers for whom a semi-independent home was not the best option, they would have benefited instead from living in a fully independent home. The reviewers commented that, in their experience working within their authorities, a lack of suitable capacity in social or affordable housing was the main barrier to this happening.

Separated migrant children aged between 16 and 22-years-old

All of the migrant young people aged over 18 whose casework was reviewed by practitioners were felt to have been capable of living independently but were waiting on their immigration decision. They could therefore not access other types of housing, and were being housed in semi-independent homes due to a lack of alternative options.

Those aged under-18 for whom semi-independent living was deemed not ideal would most often have benefitted from living with foster families or supported lodgings. Many of these young people faced the same challenges as non-migrant demand in being placed in fostering; being considered too old for this type of arrangement. However, practitioners reported that separated migrant children frequently face additional challenges when placed into fostering, such as being challenged about their age.

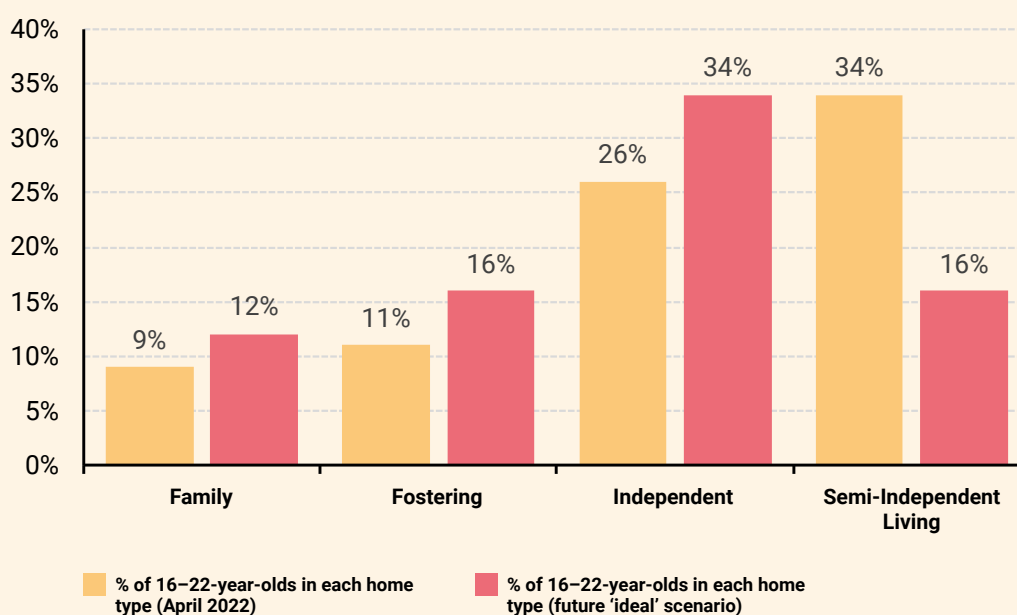


Figure 7 – Comparison of home type usage for 16-22-year-olds: April 2022 actual values vs future ideal scenario as determined through reviews

Variation analysis: Use of semi-independent homes vs fully independent accommodation

From data provided by the 16 participating authorities, the study looked at variations in the proportion of children and young people 16–22-years-old accommodated in different placement types.

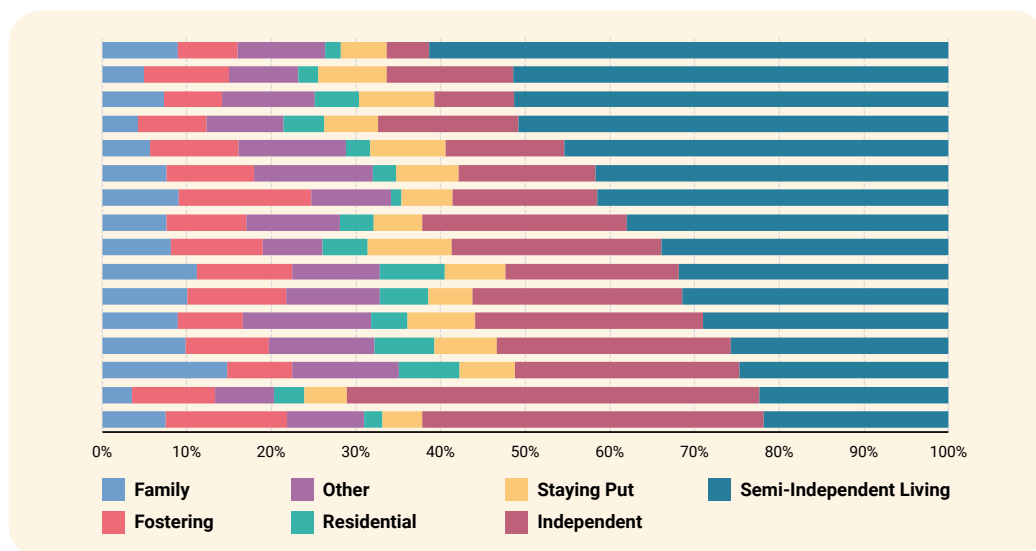


Figure 8 – Percentage of 16–22-year-olds in each type of home for 16 participating local authorities in 2021/22 (note each horizontal row denotes a different local authority)

Figure 8 shows how each of the 16 local authorities was housing children in care, care leavers and former separated migrants in 2021/22. Most authorities’ use of ‘traditional’ home options (fostering, residential, placed with family) is comparatively consistent. However, the use of semi-independent and fully independent homes (shown towards the right-hand end of the graph) varied significantly: some authorities are housing 22% of young people in semi-independent homes; others are housing 61% in this way. The 10 county councils averaged at 32%, and London councils averaged 46%. The use of fully independent homes also varied widely: from 5% all the way up to 49%. Whether an authority housed a greater or lower amount of young people in semi-independent homes did not appear to be related to demographics, the type of authority, the number of separated migrant children or other factors (such as Ofsted rating).

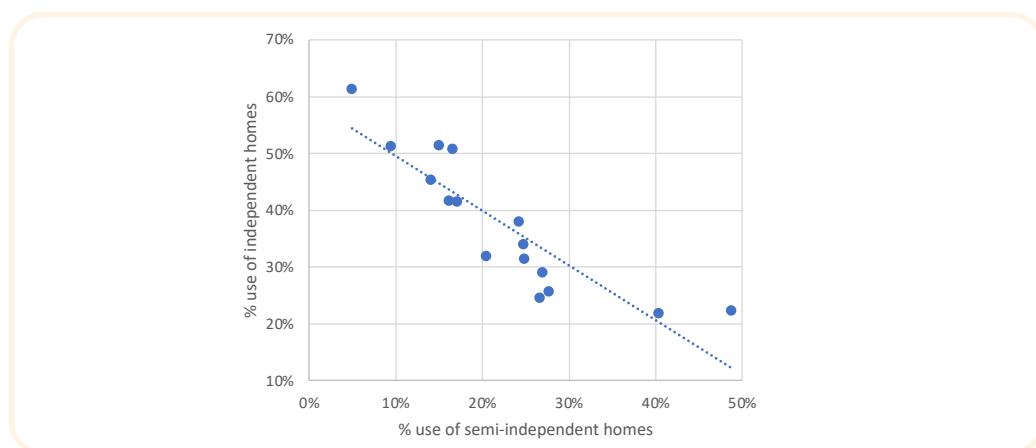


Figure 9 – The relationship between use of semi-independent homes and independent homes for 16–22-year-olds housed by local authorities (note: each marker represents one of the 16 participating local authorities)

Not only does the use of both semi-independent and independent homes vary, but it also appears that their use is related. Figure 9 plots the relationship between how authorities use the two types of home, showing a strong, negative correlation¹⁸. This suggests that the choice as to whether local authorities house these young people in semi-independent living arrangements or fully independent homes is influenced by capacity and availability, more than it is by levels of need. This fits with the findings of the case reviews described previously.

¹⁸ Correlation coefficient $r=-0.88$



CASE STUDY

One London borough has seen the number of separated migrant children double between 2019 and 2022. The authority has reduced their use of semi-independent living, and instead increased their use of independent homes. This contrasts with the trend seen across the other 15 local authorities in this study. The steps that have been taken to achieve this include:


- Focussing on how their children's services work in partnership with housing services to develop an accommodation offer that ensures options are available to young people as they move towards adulthood, as well as working proactively to mitigate the risk of young homelessness. Young people who pursue further education and study away from home are able to return to their home in the borough between teaching terms and after their studies have ended, without having to re-apply for housing.
- Having a joint housing panel focusing on children transitioning to adulthood is believed to have made a significant difference.
- The authority has worked closely with the Home Office to have Asylum Decision Makers seconded into the authority, with the aim of reducing the number of young people who experience delays awaiting an outcome on their Right to Remain.
- Developing an in-house, semi-independent home that provides an option for those who move on from fostering, and other placements, to transition in a supported way to fully independent living.
- The borough's 'leaving care service' has established a supported process by which young people can complete their housing application online at their 'leaving care centre'. This is supported by a Personal Adviser (PA) and has resulted in more timely housing nominations being completed.
- The council recognises their corporate parenting responsibility and prioritises care leavers, such as having ring fenced temporary accommodation for ex-separated migrants over the age of 18 to support their transition to independence, and readiness for their long-term, post-asylum decision.

Summary of opportunities

The combination of case reviews, data analysis and best practice examples shows that opportunity exists to better match the needs of young people to the type of home they are living in. In many cases this would involve increased use of independent housing and lower reliance on semi-independent accommodation, particularly for those over the age of 18.

RECOMMENDATION

Local authorities should recognise the wide variation in use of semi-independent living versus independent accommodation to house young people and understand the picture in their area. Evidence from this programme shows that semi-independent living is often being used when independent housing would be better suited to the young person's needs. However, a complex range of factors (including the availability of affordable independent housing) is currently preventing that from happening. The benefits of addressing these challenges are significant: 3,400–7,900 young people could be living in homes that better meet their needs and £130m–£271m per year mitigated from the growth pressures local authorities face.



3,400–7,900 young people could be living in homes that better meet their needs

SSDA903 STATUTORY RETURN ANALYSIS

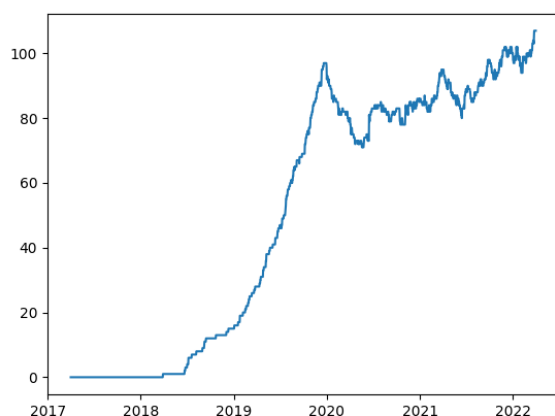
Methodology

- Demand analysis was conducted based on the SSDA903 statutory returns from FY 2018/19 to FY 2021/22. This particular dataset was chosen as it is the most standardised across local authorities and allows for the most accurate aggregations of datasets between different local authorities.
- 16 local authorities are included in samples:
 - 10 CCN: Derbyshire, Durham, Essex, Kent, Lancashire, Somerset, Staffordshire, Suffolk, Surrey, Worcestershire.
 - 6 London boroughs: Achieving for Children (Richmond and Kingston), Barnet, Brent, Wandsworth, Tower Hamlets.

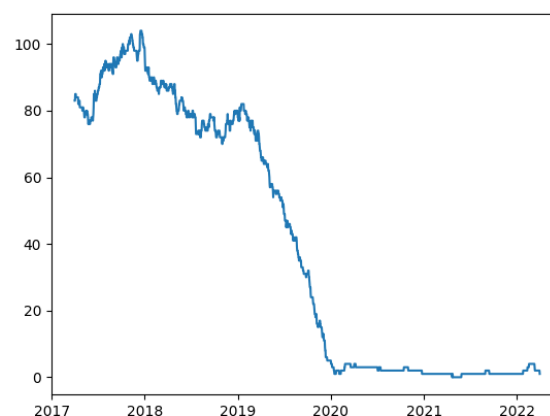
Categorisation of children in care in semi-independent accommodation

- In the data analysis, children in care in semi-independent accommodation are defined to be under the placement type 'H5'.
- Several local authorities see large, sudden increases in 'H5' due to previous categorisation errors where children in care in semi-independent placements were previously classed as independent (placement type 'P2'). An example of this is shown in the graphs below.
- As the actual number of children in care in independent placements is minimal, for the purposes of the demand analysis we have treated both 'H5' and 'P2' as semi-independent placements. This retrospective combining of these two categories already occurs internally in some local authorities.

Children in Care in 'H5'



Children in Care in 'P2'



CALCULATING FINANCIAL OPPORTUNITY

Forecast numbers of children in care and care leavers in 2026 based on:

- extrapolation based on average growth rate in these two between March 2019 and March 2022 for the 16 participating local authorities.

Forecast future spend on children in care based on:

- existing average unit costs for different age cohorts, net of relative housing or migrant status income
- CPI inflation forecasts 2023-2025.

Overall opportunity built-up based on:

- Upper Estimate:
 - › Optimised number of children in care and care leavers in semi-independent living.
 - › Optimised proportion of children and young people in each other type of home setting.
 - › Results from local authority deep dives.
- Lower Estimate based on triangulation of:
 - › Performance of each local authority relative to the average performing authority.
 - › Authority-verified operational opportunities from Newton-supported diagnostic and transformation programmes with children's services.

PROVIDER PROFILES

As part of the anonymous survey, semi-independent living providers were asked a series of questions about their size, the type of cohorts of children and young people they support (e.g., do they mostly support 18+), and other areas. Several common themes were identified across the three different categories of respondent – those fully, partly, or not intending on registering.

Intending to register all placements

- 52 of the 65 providers.
- Medium sized providers: on average each provider supported 25 semi-independent living placements.
- Primarily support 16–17-year-olds already: respondents say 70% of their current business is already 16–17-years-old, with the remaining 30% being over 18.
- More likely to provide other provision types that are already subject to Ofsted inspection: 40% of these providers also provide other accommodation, primarily children's homes, and have experience of navigating inspection.
- Are more confident about their ability to manage regulation: on average they scored themselves 9 out of 10, with 10 being 'most confident'.
- Are growing businesses: 70% of providers have introduced additional new facilities within the last two years.
- "I believe that semi supported accommodation should be regulated and I am really pleased this is happening. Young people deserve to have the right accommodation and the regulations will ensure that this is in place".

Intending to register some placements

- 9 of the 65 providers.
- Larger sized providers: on average each provider supported 57 semi-independent living placements.
- Primarily support 18+ year-olds already: respondents say over 60% of their current cohort are over 18, with the remainder aged 16–17.
- Are not as likely to operate children's residential homes: only 20% of providers also provide children's homes.
- Are somewhat confident about their ability to manage regulation: on average they scored themselves 8 out of 10, with 10 being 'most confident'.
- Are the largest growing businesses: 89% of providers have introduced additional new facilities within the last two years.
- Intend to continue their focus on those aged 18+: with their existing focus on this cohort, and the growing level of demand and potential lower running costs without the requirement to register – these providers are intending to focus further on the 18+ cohort with their semi-independent living provision.

Intending to register no placements

- 4 of the 65 providers.
- Smaller sized providers: on average each provider supported 14 semi-independent living placements.
- Have a mix of 16–22-year-olds: respondents say over half of their placements are 16–17-year-olds, and half are aged over 18.
- Are likely not to provide any children's residential homes alongside semi-independent living: no providers in this category run other types of home, and did not have experience running Ofsted-registered provision.
- Generally not growing businesses: only one of these four providers (25%) had introduced additional new provision within the last two years.
- Reasons for not registering: these providers listed the impact to 'costs'/'expenses' and the 'reputational risks' as the main reasons they intend not to register.
- Some commented that they expect the changes to put further strain on local authorities and children's home providers as they will need to use alternatives to a reduced semi-independent living market.