



**Title of meeting:** CFE Cabinet Member Decision Meeting

**Date of meeting:** 9 January 2025

**Subject:** South East Regional Care Cooperative (RCC) - Invest to Save proposal

**Report by:** Mark Jowett, Head of Children We Care For

**Cabinet Member:** Councillor Suzy Horton, Cabinet Member for Children, Families and Education

**Wards affected:** All

**Key decision:** Yes/No

**Full Council decision:** Yes/No

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## 1. Purpose of report

1.1 The South East Regional Care Cooperative (RCC) is seeking a contribution of £250,000 from Portsmouth City Council over a three year period. This would be £50,000 in 2025/26, and £100,000 in the two subsequent years. This money will be invested in the operation of the RCC to save money and improve outcomes for all Local Authorities participating in the RCC. The RCC will be formed of 18 local authorities. The overarching purpose of the RCC is to increase the number and quality of placements available for children in the region, develop a regional view of sufficiency through data sharing and shape the market to provide more appropriate placements locally, thus improving children's outcomes and experiences of care.

## 2. Recommendations

- 2.1 That the Cabinet Member agrees with the proposed scope and purpose of the RCC.
- 2.2 That the Cabinet Member agrees with Portsmouth City Council making contributions of £250,000 over the next three financial years.

## 3. Background

3.1 In early 2024, the South East's bid was selected as one of the two pathfinder areas for the Department for Education's (DfE) Regional Care Cooperative (RCC) programme. Portsmouth City Council supported this bid at the time and continues to support the initiative. Portsmouth City Council is able to continue to influence the development of the RCC through Sarah Daly's (Director of Children, Families & Education) role on the project board.

- 3.2 The current system for delivering children's social care is not functioning effectively, with many Local Authorities experiencing heavy year-on-year increases in the cost of delivering services. This is the landscape for Portsmouth City Council where we are experiencing an increase in the number of children we care for, with a diminishing pool of our own foster carers, and a growing reliance on the external market and accelerating costs.
- 3.3 In 2023/24, there were 18 children placed in high-cost external provisions<sup>1</sup>, with a total expenditure of £3.2m. For 2024/25, the projected cost for high-cost external provisions in August had risen to £4.5m, a 41% increase from the previous year.. The RCC's annual cost of £100,000 equates to just 10 weeks of a single high-cost placement at £10,000 per week. It is expected that these RCC costs will be offset by the ability to access beds from 40 newly created places in the RCC, funded by capital grant, at cost price. Additional savings are anticipated through enhanced market influence and improved commissioning arrangements with providers.
- 3.4 The RCC represents an opportunity to work together to bring down these escalating costs while delivering better outcomes for children and young people. The DfE has provided funding of £1.95m for the setup of the South East RCC (running from April 2024 to June 2025) and £5m for the creation of new regional residential/foster provision through a capital grant (to be used by 31 March 2025).
- 3.5 There will be a service level agreement with targets for monitoring performance. If Portsmouth City Council decided that the RCC was not meeting our objectives, then there would be a legal agreement with a notice period. This has not yet been written.

#### **4. Proposal details**

4.1 The RCC's strategic priorities are:

- Carry out regional data analysis and future sufficiency forecasting.
- Improve Local Authorities' ability to access care places for children and young people across the region at better value for money.
- Influence the market to ensure South East provision is available and better meets the needs of South East children and young people.
- Commission care places for those with the most complex lives.
- Develop a high-quality workforce to care for children and young people.

4.2 The RCC will start delivering benefits from June 2025, operating as a start-up where activity and impact grow year on year. The RCC will focus on two key objectives: improving outcomes for children and young people and reducing costs for Local Authorities.

4.3 The benefits of the RCC are as follows:

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<sup>1</sup> Placement costs over £7,000 per week

At go live:

- 40+ new beds for the region, enabled via the capital grant fund.
- Stronger relationships with providers.
- Stronger relationships with the Voluntary, Community, and Social Enterprise (VCSE).
- Stronger relationships with ICBs and youth justice.
- Opportunities for the workforce to develop through discrete training courses.
- Improved ability for Local Authorities to jointly commission and trade care places.
- Improved understanding of the landscape and challenges within the South East through targeted data analysis.
- A strong relationship developed with the South East foster hub.

Years 1 – 2:

- A reduction in the number of unregistered care places used.
- A regional data analysis capability providing evidence-based insight into where provision should be commissioned which is available to all stakeholders in the region.
- A reduction in the cost of care places as risk to providers reduces.
- Improvements in the quality of the workforce.
- More children and young people placed locally, enabled through placement trading and joint commissioning.
- Aligning foster parent recruitment and retention with sufficiency by bringing the foster hub under the umbrella of the RCC.

Year 3 onwards:

- Continuing reduction of unregistered care placements.
- Strong provider relationships, meaning that the RCC can work hand in hand with providers to create a stable placement landscape which is beneficial to all parties.
- Potential for in-region secure accommodation that meets the needs of our young people.
- A further reduction in the cost of care placements.
- New entrants to the market who do not rely on a venture capital backed business model.
- A high quality and continuously improving workforce.
- Sufficient care places available so that South East children and young people stay in the region unless there is a good reason not to.

- 4.4 These benefits will be achieved by working with providers to ensure provision better meets children's needs, improving the quality and size of the workforce, and collating, analysing and sharing regional data to ensure that decisions are evidence-based.
- 4.5 Costs will be reduced by commissioning placements regionally for those with the most complex lives, using data to improve transparency over provider pricing, improving relationships with providers, and enabling Local Authorities to commission collaboratively where appropriate. High-cost, complex placements are a particular focus.
- 4.6 Beyond the setup costs covered by the DfE, the RCC can only function if funded by annual contribution from all 18 Local Authority members. The proposal is for a 50% contribution in year 1, moving to a 100% contribution in years 2 and 3.
- 4.7 A decision on the delivery vehicle for the RCC will be formalised in December 2024. Currently, the three options under review are: a shared service hosted by one of the 18 LAs; a Local Authority Trading Company or an independent entity, likely in the form of a Public Sector Mutual.
- 4.8 The RCC scope will focus exclusively on the availability of placements for looked after children (residential, supportive lodging and fostering, and will provide the South East with new tools and insights to shape the market based on the needs of children. The project team has begun exploring the possibility of the RCC becoming a provider of placements in the future, in addition to a commissioner.
- 4.9 Without the RCC, Local Authorities will continue to face rising costs and insufficient placements, leading to poorer outcomes for children and young people. Between 2015/16 and 2021/22, the amount spent on children's residential care increased by 66.2% in real terms nationally. There is currently no centrally coordinated data collection which describes the situation. Without this, efforts to address the lack of sufficiency will not be fully informed and cannot succeed. Working on our own individual authorities have very limited ability to influence and change the way the placement market operate, working with 17 other authorities will give the scale and volume to make significant changes.
- 4.10 The RCC offers a coordinated, data-driven approach to address these challenges and ensure sustainable, high-quality care for the region's children. The programme has the support of the Department for Education and, as a pathfinder, the South East has benefited from enhanced delivery partner support to accelerate our progress.

## **5. Integrated impact assessment**

- 5.1 An integrated impact assessment is not required.



**6. Legal implications**

6.1 There is a legal responsibility on all Local Authorities to provide accommodation to children who require it under the Children Act 1989. The availability of these placements has been reducing over the past few years and therefore a wider resource to look at provision would be sensible. It would be advisable to have the contract in place and carefully considered in order to ensure that PCC is protected from liability if performance and outcomes are not being met.

**7. Director of Finance's comments**

7.1 The RCC offers the ability to access 40 additional residential beds, which along with the additional benefits outlined in the report, offers the ability to reduce costs in partnership with other Local Authorities. The funding of the arrangement should be able to be made from in year savings.

7.2 The signed agreement should cover any usual break clauses, but the benefits of the agreement might only be assessed at the end of the three years.

7.3 The performance of the agreement should be monitored and fed into contract performance reviews and should be reviewed as part of the normal budget monitoring process.

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Signed by:

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

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Signed by: