National survey of children's homes highlights staffing challenges and rising costs as providers struggle to meet increasing demand

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The Children’s Homes Association publishes 2023 ‘State of the Sector’ survey of children’s homes organisations – Comments and key insights

The Children’s Homes Association’s 9th
State of the Sector survey of children’s homes highlights staffing pressures and rising costs amongst the key challenges facing residential childcare providers as they struggle to meet rising demand and increasingly complex needs of vulnerable children and young people.

Commissioned by The Children's Homes Association (CHA) but carried out independently by Andrew Rome of Revolution Consulting, this year’s State of the Sector survey also gave providers a ‘voice’ and opportunity to share their perspectives on matters that would help the sector overall to better deal with these pressures.

Andrew Rome summarises key messages from the survey, the results of which are reported in detail in the official survey report which also contains a range of comments and suggestions from operators of children’s homes:

“Pressures on staffing in labour-intensive children’s homes services combine with inflation driven cost of living increases to add new levels of challenge to a sector already facing multiple issues. Record levels of demand for children’s homes places for increasingly complex needs are meeting a provider sector that is at times struggling to keep pace. The challenges in recruitment and retention of staff act as a particular inhibitor to additional investment and growth of capacity for smaller providers.

“With local authority budgets often overspent there are also concerns over the ability of purchasers to meet the rising costs being incurred. We also see evidence of the further deteriorating impact of outdated local authority procurement arrangements.”

“Respondents have thoughtfully shared their thinking on a range of matters from how the often-chaotic referral streams they experience could be improved, through to some non-partisan strategic analysis of the merits of all the participants in a mixed economy (public, private and voluntary sector).

“Of relevance for policy makers and commissioners are the descriptions within the report of the challenges providers face in dealing with purchasing bodies and areas where providers suggest that alternative methods and systems be developed.

“There are clear indications that the provider sector desires a move away from damaging rhetoric and towards a more positive and collaborative future.”

Peter Sandiford, CEO of The Children’s Homes Association said,

“We’d like to again thank all CHA members who took the time to share their detailed information and experiences as part of this important annual survey and provide such vital learnings for the sector and all its stakeholders.

“While highlighting the challenges to our sector we are also fortunate to be able to share our members’ considered comments and suggestions on how things can be improved and how we can as a sector work more closely together in the interests of the children and young people we serve.

“This year’s survey report demonstrates the genuine desire for shared learning and positive, child-centred collaboration between members across the public, private and voluntary sectors and throughout the wider sector as a whole. We are proud to give our members a voice in this way - their dedication to working together to improve outcomes for children and young people is inspiring and should be valued, recognised and embraced by local authorities, commissioners and stakeholders who must take time to learn from their expertise and insights.“

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Key insights from 2023's 'State of the Sector' survey:

The survey is most representative of smaller providers (those operating 65% of children's homes according to Ofsted) and as well as highlighting key challenges and issues in the sector, the detailed report also shares providers' own perspectives and suggestions to improve ways of working in the sector.

Some key insights from the survey:

- 67% of respondents reported increases in referrals demonstrating the rising demand for residential childcare placements. Providers also reported increasing acuity and complexity of needs and associated behaviours in referrals.
- 73% of providers surveyed are experiencing significant staff recruitment and retention challenges, with 19% experiencing annual staff turnover rates over 30%. These staffing challenges are described as a key factor in rising costs as well as the sector's ability to expand to meet rising demand.
- Increasing staffing costs are also highlighted as a key driver of the need for placement fee increases. Factors driving these increased staffing costs include the increasingly complex needs of children and young people, National Living Wage rate increases and an increasingly competitive labour marketplace that is driving up employment and agency costs.
- Matching of the needs of children referred, assessment of risks presented by the referral against the needs of existing residents, and the registration boundaries set by a home's statement of purpose are again, as in previous years, the clearly dominant factors in decisions to accept referrals.
- The level of growth of capacity among providers is far below what was expected, with only 45% of providers reporting some addition of new capacity (despite the fact that last year, 75% of providers reported intentions to grow their organisation). Workforce issues, uncertainty around Government plans, lack of confidence that local authorities will recognise and reimburse cost increases, and negativity amongst media and senior sector figures are some factors driving caution. In Wales, new openings by providers have almost entirely stopped.
- 75% of providers surveyed reported improved or stable Ofsted inspection outcomes over the last year.

The full report and survey results can be viewed via this link >

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