RETHINKING RESIDENTIAL

**A feasibility study of
VCSE-led children's homes
in Greater Manchester**

Final Report
October 2022

CAPACITY

What's inside?

In partnership with

SOCIAL ADVENTURES
TRADING FOR CHANGE

The Health & Wellbeing Partnership

NAViGO

Bevan
Inclusive Health and Wellbeing

A bit of background...

With nearly 2,000 children brought into care each year across Greater Manchester, it is the responsibility of the state to provide a growing number of young people with a home environment and nurturing relationships that significantly improve their life chances and support their journey into adulthood. However, particularly when it comes to residential children's homes, there's a growing awareness that the sector is in trouble and we need radical change in order to improve the life chances of our most vulnerable young people.

This report brings together insights shared by children and young people with lived experience of the care system, alongside commissioners and voluntary, community and social enterprises (VCSEs) across Greater Manchester, to describe what needs to change in residential care and how we can collectively make it happen.

We discover that more children are coming into care every year, and that there is an increase in the number who need a children's home with caring staff to look after them. But we also found that local provision is not always available - or ready to meet our children's needs - and children are regularly placed far from home, and away from their community and support network; with the negative impact of this being felt through to adulthood.

We learn that the children's home market is dominated by 'for profit' providers; that prices being charged are rising exponentially, and already stretched public funding is leaving the system as profit - rather than being recycled into social care, children's wellbeing, workforce development, and prevention work. And so, the cycle continues.

Most importantly, we hear from young people that their experiences aren't always positive, yet what could make the biggest difference is well within our reach.

It's time to listen and respond to this call to action, and we hope that this report offers clear options for how Greater Manchester VCSEs can support this change, together.

In this report, Greater Manchester will sometimes be written as GM. And non-GM may also be used to describe children, young people, and services from outside of Greater Manchester.

A way forward in Greater Manchester

In Greater Manchester, a network of like-minded voluntary, community and social enterprise sector organisations have come together as the 'Children in Care Social Enterprise Taskforce' (CICSET) - to explore and understand ways of tackling this systemic problem.

The Taskforce has a focus on stimulating the development of social sector provision in the region's children's residential market, but doing this collaboratively and with innovative ideas to make real and lasting change.

Capacity has been commissioned by the Taskforce - with funding provided jointly by CICSET members Social **adVentures**, **the Health & Wellbeing Partnership**, **NAViGO**, and **Bevan Healthcare** - to conduct a Feasibility Study that provides the group with an in-depth understanding of the local picture of children's residential care.

The brief was to set out a plan for what a new, sustainable local model could look like - one that makes Jodie's experience the norm, rather than the exception.

The study conducted by Capacity took a deep dive into the insights of care-experienced young people and the needs of key stakeholders across Greater Manchester - including local authorities, the social sector, and social investors.

The approach taken is based on Capacity's previous work in this field in Liverpool City Region (LCR) - working with young people, practitioners, and the local authorities across LCR - to create a new ethical market for children's residential care.

> ## "It was like an oasis compared to where I'd come from."
>
> *Jodie, 18*
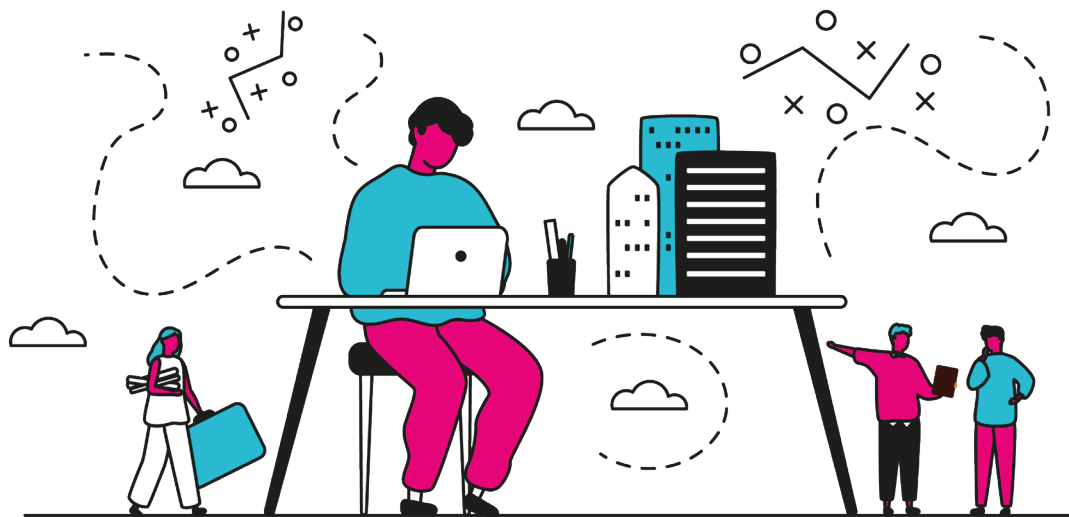
Hang on a tick, who are Capacity?

So, before you hear this story, you probably want to know who Capacity are, here's a quick introduction to us…

It's no secret that the public and third sectors are facing some tough internal and external challenges, and we need big ideas and brave leaders to tackle them. That's where Capacity comes in. We provide the know-how, big-picture thinking, and hands-on time to get moving on the projects that really matter: the ones that make the biggest impact on the lives of everyday people. In other words, you might call us a 'do-tank'. Unlike a think-tank, we also go on to do the stuff we've thought about.

We want the North West to be the best place to grow up, grow wise and grow old. **If we do this well, public services will work for every person, every time. And as for us? Well, we'll be out of a job.**

What we did

**We've listened to the experiences of 25 Greater Manchester children and young people** who are currently living in care or have experienced care earlier in their lives. We've spent time understanding their experiences of growing up in residential care and their perspectives on where change is needed.

We've delved deeper into both national research and local data about children's residential care, uncovering what it tells us about the demand, supply, needs, and outcomes of residential care.

We've gathered insights from Local Authorities on anticipated future needs and the potential for third sector involvement in plugging the gaps.
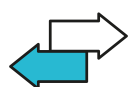
We've developed a transformational 'theory of change' describing the potential impact of great quality residential care.

We've mapped out thinking on the required infrastructure including care practice, staffing, property, and financial/social investment models. To support this, we've developed an options appraisal on delivery models (including various governance structures that take a collaborative approach).

Hearing the stories of children's residential care for young people in Greater Manchester

During the summer of 2022, we engaged participation leads from the ten Greater Manchester local authorities. With thanks to the young people from Tameside, Trafford, Wigan, Greater Manchester Youth Network and Greater Manchester Participation Network who gave their thoughts, we can now collectively share their experiences and insights.

Many of the young people were motivated by the opportunity to change experiences for future generations and generously shared their insights and hopes for the future.

Each session was adjusted according to the group dynamic, preferred communication styles, and the ability and willingness to share in a group or one-to-one setting. Young people who participated understood how their information was to be used, and that it would be shared anonymously for the purpose of this report.

Activities included:

Sharing experiences
general, guided conversations to safely share experiences

Gingerbread people
to describe the qualities of residential staff

Start, Stop, Continue
identifying what children's homes should stop doing, what they should do more of, and what elements a new model of care should include

Dream Big
if money were no object, what would the best home look and feel like?

Towards the end of the project, the collective insights of all the young people who spoke to us were shared with the Greater Manchester Participation Network, checking that it reflected their own experiences and that nothing had been missed that should be included.

What we discovered: Young people

The thoughts of children and young people with care experience fit into three key themes:

- **The People** - the staff who support them every day
- **The Place** - the environment of the children's home itself
- **The Programme** - the activities, support structure, and model of care itself

The People

From listening to all the children and young people engaged in this Feasibility Study, there was one key message: *"it's the people, not the place, that matter most."*

They spoke about the need for staff who care and listen, who are there for the long haul, and who can be the best versions of themselves at work - staff who are paid well, are well trained, and are happy. They also spoke of the desire to see people in these roles who understand how the things they've been through affect their feelings and behaviours; people who can recognise when help is needed and offer timely access to quality mental health support.

When it doesn't work well...

- **High turnover of staff means relationships can't be built**
  "I have to tell the same story again and again to different people."

- **Admin tasks are prioritised over direct work**
  "Sometimes staff are too busy writing their notes up to interact with us. They seem uninterested in us."

- **A burden of expectation put upon children**
  "I wasn't able to be a child - I grew up too fast at my family home, then at the children's home, staff kept these high expectations of me."

- **Children feel like commodities**
  "I felt like just a number, one of many. We aren't numbers. You (staff) might have loads of children coming through the door and you can go home to your own families, but to us, that is our only home, our place to belong."

When it does work well...

- **Staff build meaningful, trusting relationships. Children are nurtured through opportunities to trust and be trusted**
  "This lot just get me."

- **Passions and talents are championed**
  "There were some brilliant staff. I was encouraged to be myself."

- **Adults make time for one-to-one time**
  "The manager let me sit in her office and have a cup of tea with her sometimes, just me and her. They were some of the best times. We still keep in touch now."

- **Good parenting skills are modelled**
  "Teach me how to be a good parent for my own children."

- **Staff with lived experiences are particularly valued**
  "People with care experience should work in care. You can train other people as much as you like but if you have lived in care, you really know it."

Children and young people want and need:

✓ **Stability and consistency within the staff team around them, as well as the placement itself. When this doesn't happen, it negatively impacts multiple areas of childhood development**

✓ **Truth and honesty (even when it's hard to hear)**

✓ **Kind, caring and trustworthy staff, who make time, listen and advocate**

✓ **Staff with lived experience (including of the care system and trauma)**

The Place

In summary, it was clear that young people felt it was the people inside a home, not the place itself, that mattered most. However, there were some common themes about the building and how it should feel.

When it doesn't work well...

- **Homes don't always feel safe - with violence, aggression, and personal items being stolen**
  "I'd like a safe, outside space where I can feel like a child. With the things I've been through, sometimes it helps to act younger than my age."

- **Homes that don't feel like ordinary family homes**
  "...locking cupboards so we can't eat when we want to."

When it does work well...

- **The environment is calm and welcoming**
  "It felt like an oasis compared to where I'd come from."

- **It's somewhere to feel proud of**
  "Everything an ordinary home has...comfy sofas, TV, games room" and having a "safe, outside space where I can feel like a child."

- **The whole space is considered, including shared quiet space, not just children's bedrooms**
  "If I had a magic wand I'd make a sensory room – blankets, stuffed toys, beanbags, lights - this will help people like me feel safe after we've been triggered."

- **The welcome is make or break**
  "Please put our comfort food on the menu for the first week - the more it feels like home, the better it is for us to settle in."

Children and young people want and need:

- ✓ To feel safe and secure

- ✓ A typical family home environment, with a garden, living room, and bedrooms that young people help to design (with locks for privacy)

- ✓ Ordinary access to a kitchen with food and snacks available, where young people can help cook meals with staff

- ✓ A welcome package that's tailored to them, with comfort food, blankets, toys, clothes, and toiletries

The Programme

When delving into the day-to-day rhythm of a children's home, what young people told us is there is a need for a culture of positivity, strengths and aspirations - which then informs the activities, support structure and model of care itself.

When it doesn't work well…

- **House rules are rigid and impersonal**
  "Music is really important to me - I can play the keyboard and guitar well. I couldn't put my music on loud, I was 17yrs and 9 months old. Rules either set me up to fail or not be myself."

- **Assessment and support for mental health conditions (potential and diagnosed)** *"takes ages."*

- **There is a lack of support for learning life skills**
  "The staff gave me my £52 pre-payment card for the week with no guidance on what to buy. I went and spent it on weed & booze then had nothing left for food."

- **Young people feel 'done to' and have no say**
  "Decisions were being made about me that I didn't want."

- **Paperwork and written records came up in conversation time and time again. Most viewed written notes as a negative**
  "Everything bad about me is written down, all my bad days. None of my good days."

- **Children are too easily seen as a problem and moved out of their homes prematurely**
  "I've got criminal damage on my record for breaking a fruit bowl in the home."

When it does work well...

- **One-to-one time with staff and shared experiences helps build strong bonds, whilst group activities strengthen relationships within the home**

- **Young people are supported to do creative hobbies - and these are celebrated**
  "Music is my therapy."

- **Young people are offered timely support to move toward independence**
  "When I was getting ready to leave the home, I went through an independence programme where I was taught how to use a washing machine, change a plug, lightbulb, etc."

- **Children and young people are supported, kindly, to understand themselves and their feelings and the impact that their childhood to date has had**
  "No one helped me understand my emotions, I am having to work this out for myself now I'm older."

- **Some young people felt that paperwork was helpful, validated their experiences, and there were ways it could be used positively**
  "Use our notes so we don't have to tell the same story over and over."

  "It's proof of what I went through. I own my files, staff helped me get them all before I moved out. I want to keep them to share with my children."

Children and young people want and need:

✓ Understanding and support for their mental health and the trauma they have experienced

✓ Trauma-informed staff and practice

✓ Timely and appropriate access to mental health and emotional wellbeing support (including access to seek diagnoses)

✓ Regular in-house activities like game nights, film nights, and protected time for one-to-one chats with staff

✓ Help with learning life skills and becoming more independent

✓ Age-appropriate rules, not one size fits all

✓ To be listened to and really involved in decision making

✓ Perseverance and understanding during tough times - "*sticking with us*" for the long haul
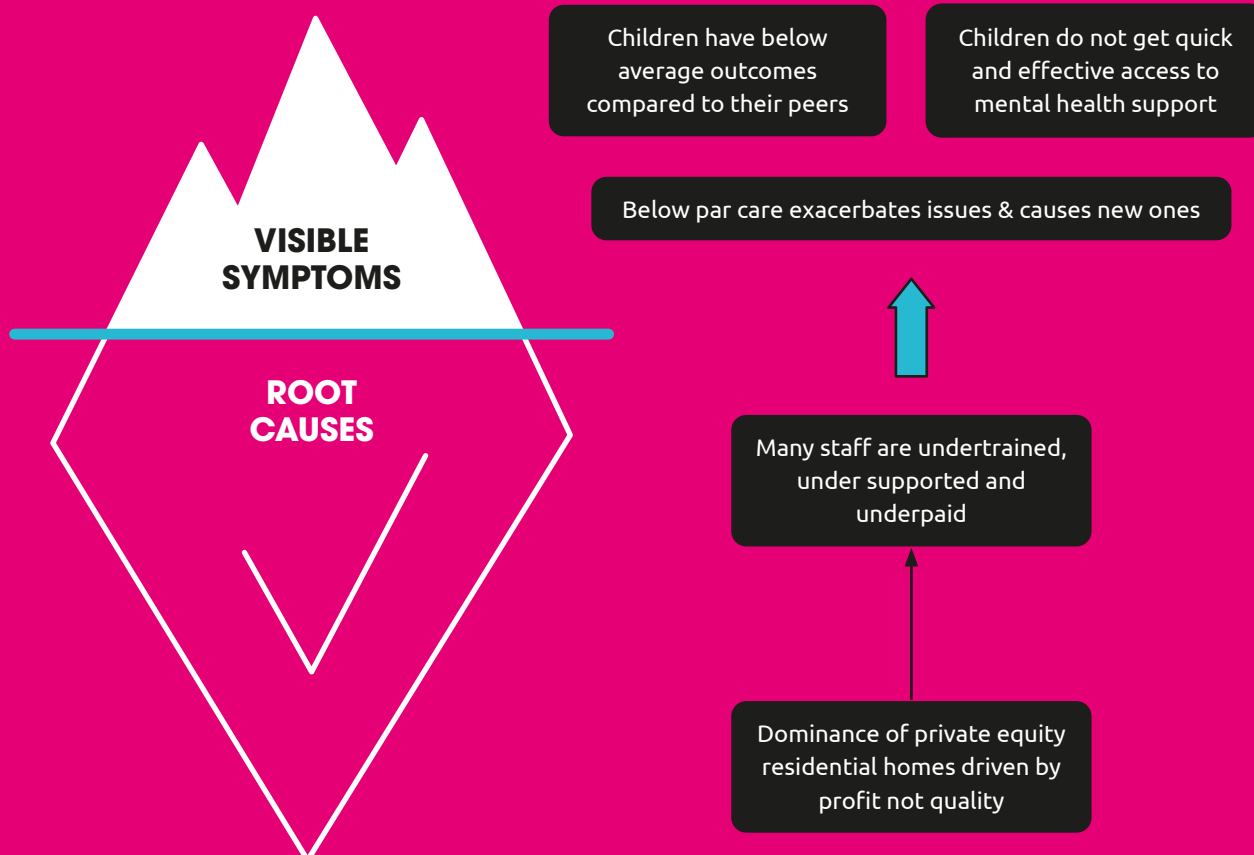
The data behind the challenge

Local and national data shows clear patterns and concerning indicators that punctuate the story of children's homes across Greater Manchester:

1. **A growing need:** More children and young people are entering the care system, and more need residential care.

2. **Profit-led:** Private sector ownership is dominating the market, particularly backed by private equity and concentrated within the group structures of the largest national providers.

3. **Out of area:** Sufficiency is being outstripped by demand and need, both locally and nationally. In Greater Manchester a lot of placements are taken up by young people from outside of the area, whilst at the same time, the majority of local young people are being placed away from their local communities - including away from Greater Manchester.

4. **Soaring costs:** Prices are increasing rapidly, particularly for the market dominated by private sector providers.

5. **Transient teams:** Staff turnover is high, and children's residential is often seen as a stepping-stone career. Where it is a career choice, people still move jobs often.

6. **Poor outcomes:** Despite the rising costs and demand, children coming from residential care continue to have worse outcomes than their peers.

A snapshot of the Greater Manchester reality - the iceberg:

VISIBLE SYMPTOMS

ROOT CAUSES

Children have below average outcomes compared to their peers

Children do not get quick and effective access to mental health support

Below par care exacerbates issues & causes new ones

Many staff are undertrained, under supported and underpaid

Dominance of private equity residential homes driven by profit not quality

1. Growing Need

More children and young people are entering the care system, and more need residential care.

Across Greater Manchester, there were 6,083 children in care (as of March 2021), a rise of 7% in the last three years.

Young teenagers make up the majority of our children in the residential care population; this has been the case for many years, however, there has been a shift towards older teenagers entering care more recently.

Residential care demand is growing, whilst the availability of foster care is shrinking.

+17% into Residential Care in the last three years.

-7% into Foster Care in the last three years.
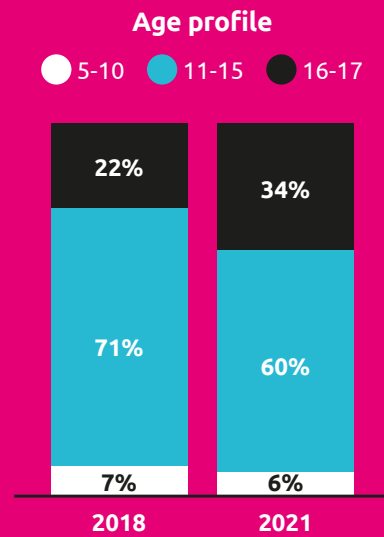
Age profile

● 5-10 ● 11-15 ● 16-17

|	2018	2021
16-17	22%	34%
11-15	71%	60%
5-10	7%	6%

2. Profit-led

Private sector ownership is dominating the market, particularly backed by private equity, and concentrated within the largest 'top 20' private group structures.

Greater Manchester has 237 children's homes in total, of which 158 are for children experiencing emotional & behavioural difficulties or other needs (EBD), and 79 for children with learning disabilities (LD).

Overall, ownership is skewed towards the private, 'for profit' sector:

GM Residential Market - by ownership

- 77% Private
- 14% Voluntary
- 9% LA

● Private ● Voluntary ● LA
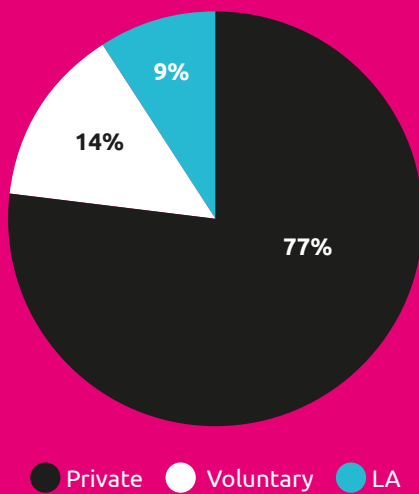
The private sector particularly dominates the EBD market, owning 137 (87%) of these homes. And 'for profit' ownership is becoming more concentrated, with over half of these (70 of the 137, or 51%) owned by the largest national providers (i.e. one of the "national top 20" residential companies). In contrast, under 1% of homes are run by the voluntary sector.

158 children's homes (registered for 'emotional & behavioural difficulties', EBD, or other needs),

of which only 1% owned by the voluntary sector.

Over 50% of our private sector homes are owned by the "top 20" largest national residential companies.

The **Competition and Markets Authority** has found that the largest private providers were making **higher profits (average of 23%)** than would be expected in a well-functioning market; in addition, **very high debt** is being carried by some of the largest private providers, particularly those financed by private equity - this means there's a growing risk of disorderly failure, with providers going bust and leaving local authorities to pick up the pieces (CMA, March 2022).

With over 80% of all children's homes nationally being for-profit, **Oxford University** carried out the first longitudinal analysis on the associations between outsourcing and quality of service provision. In looking at 13,000 children's homes inspections by Ofsted over a seven-year period (2014-21), they found that **for-profit providers are statistically significantly more likely to be rated of lower quality than both public and third sector services. For-profit children's homes also violate a greater number of requirements and receive more recommendations compared to other ownership types**. There was also provisional evidence suggesting that local authorities which outsource a greater amount of their children in care placements perform less well than those which do not (as judged by the Ofsted ratings of local authorities themselves).

The national 'top 20'

These companies account for over 45% of all growth in the private sector in 2021/22, and 7 in every 8 children's homes is part of one of these groups. The big providers in Greater Manchester include Care-Tech, Keys, Care Today and Aspiris (all these providers operate under a variety of brand names).

3. Out of area

Sufficiency is being outstripped by demand and need, both locally and nationally. In Greater Manchester a lot of placements are taken up by young people from outside of the area, whilst at the same time, the majority of local young people are being placed away from their local communities - including away from Greater Manchester.

Just 19% of GM children needing residential care are placed in their own local authority area.

Across the ten local authority areas, an average of just 19% of children are placed within their own local authority area. This, however, is an improvement in the last few years. Naturally, some children will need to move away from their own area for safeguarding and other reasons, but there is a wide variance in the ability of local authority areas to keep their Looked After Children within their own communities.

With a market dominated by a few key players, it is unsurprising that local authorities are restricted in their ability to place children in or near their original communities. When you consider the impact on a child of moving from one local authority to another, especially when they are already experiencing a tumultuous time - with the move making it more difficult to maintain contact with friends and family, along with an upheaval of changing schools and health services; it understandably must impact outcomes for the child. The GM Sufficiency Strategy 2020-22 recognises this as a priority area, stating that *"Remedying the displacement of children and young people from their home area simply because there is an insufficient market of good quality provision available locally for them is a priority."*

There are some clear distinctions in residential demand and supply across the ten Greater Manchester local authority areas, with many appearing to have 'on paper' a sufficient number of local placements for their cohort of children needing residential care. This is an area we explored with commissioners and heard that there are real challenges in keeping children close to home - alongside the movement of non-GM children into GM placements, and staffing challenges that render homes unable to operate at full capacity, the lack of a balanced or mixed market in almost all areas is a contributing factor.

This is particularly the case when honing in on the provision of Emotional & Behavioural Difficulties (EBD) homes, where the private sector dominates and the voluntary sector has little footing.

It is worth noting that the market provision for children with Emotional & Behavioural Difficulties is the one that most aligns with residential demand for Looked After Children - and comparing local authorities' residential numbers with EBD placements locally is a decent barometer. The Learning Difficulties (LD) market is not as good as a comparative measure due to it including provisions like Residential Schools and Short Breaks units that cater (and have a high volume of placements) for non-Looked After Children.

| LA Area (Dec 2021)	Resi No.	% placed locally	Beds (EBD + LD)	Homes (EBD + LD)	% Vol Sector homes	Beds (EBD)	Homes (EBD)	% Vol Sector homes
Bolton	36	28%	93	26	38%	26	9	0%
Bury	23	4%	42	14	0%	35	12	0%
Manchester	78	21%	96	29	0%	54	17	0%
Oldham	42	5%	81	20	0%	70	18	0%
Rochdale	32	19%	97	39	0%	92	37	0%
Salford	30	17%	65	17	6%	32	10	0%
Stockport	27	37%	138	34	32%	71	16	6%
Tameside	74	14%	90	21	0%	54	13	0%
Trafford	16	0%	23	5	0%	13	3	0%
Wigan	64	34%	96	32	0%	65	23	0%
GM	422	19%	821	237	9%	512	158	1%

The **Children's Commissioner** published a policy plan of action for reforming children's homes in July 2022. Grounded in the experiences of children within the system, the plan sets out minimum expectations for every child living in a children's home, with the importance of **keeping children local** and **providing mental health support** the recurring headlines. As the Commissioner says: *"We need a transformative approach to children's social care in this country, which raises the basic expectations we have of homes, and is more innovative in blurring the lines between institutions and homes, so children can be cared for in an environment which feels like home while maintaining links with friends, family, and school wherever possible."*

4. Soaring costs

Prices are increasing rapidly, particularly for the market dominated by private sector providers.

The average cost of a residential placement has risen 12% in the last three years (to just over £4k per week). This means that approximately £90m is being spent per year by the ten Greater Manchester local authorities on residential care for their children and young people.

Median Residential Cost (per week) - GM
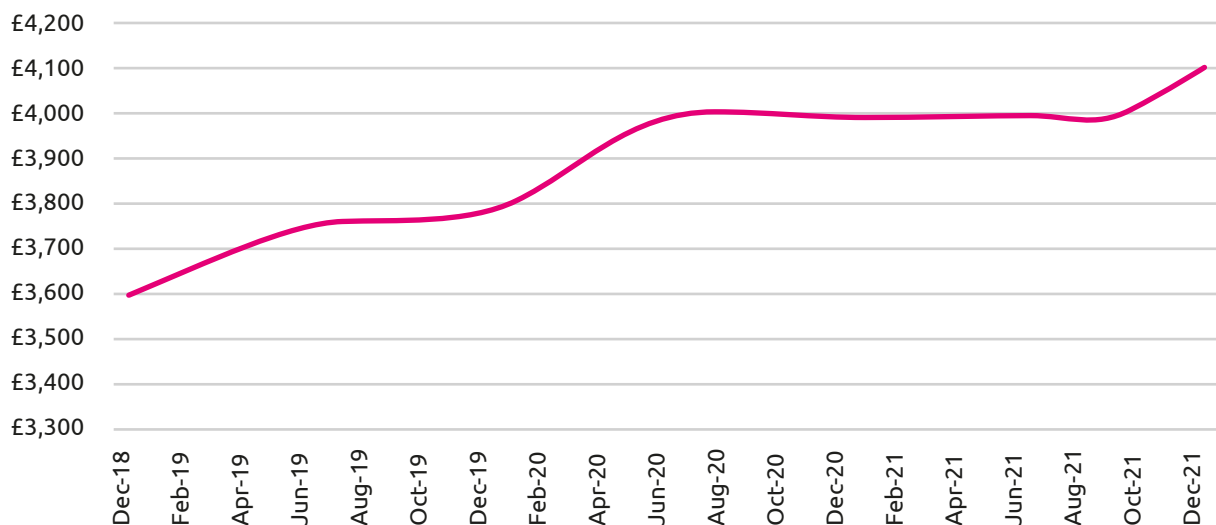
5. Transient teams

Staff turnover is high, and children's residential is often seen as a stepping-stone career. Where it is a career choice, people still move jobs often.

"I was in 1 residential home for 9 years which was good, but it had over 50 different staff come and go."

River, 16

A census of the English residential children's home workforce showed that **54% of managers found it difficult to recruit staff with the appropriate level of skills and training**. Potential candidates did not have the required experience (91%) and did not have the necessary qualifications (52%).

In Wales, more recent workforce data suggests that staff turnover is an issue, with just over **40% of workers leaving their jobs within two years**.

To get to the heart of this, Unison conducted detailed research on professional development in the sector and found that **fewer than half (44%) of children's residential care staff surveyed felt the training they received was always relevant to meeting young people's needs**. Many felt their training was too basic or generic, but some warned there was a lack of training in key areas such as self-harm and sexual exploitation.

6. Outcomes are poor

Children coming from residential care have worse outcomes than their peers. National longitudinal research has shown that:

- **Only 7% of children in residential care achieve an Attainment 8 score of at least 30, compared to 33% of all children who had been in care.**
- **Nearly a quarter (24%) have been convicted while in care.**
- **Over half of all care leavers with experience of residential care (51%) were NEET (Not in Education, Employment, or Training) at age 18.**
- **24% of those who had experienced residential care were reported as having a substance misuse problem while in care.**

The **Education Select Committee** published its report on the educational outcomes of children in residential care in June 2022. It highlights the systemic failures regarding lack of access to mental health support, and also the poor educational outcomes for children in care - for instance, **children in residential care at age 16 scored over six grades less at GCSE than those in kinship or foster care**. They also urge the Government to *"take a wider look at the market, and consider whether it would be more appropriate for children's homes to be run by organisations such as not-for-profit community interest companies."*

The **Independent Care Review** published its final recommendations report in May 2022. It highlights many of the challenges mentioned above, and talks about fixing a broken care market, so that ***"when finding a home for a child in care, our obsession must be putting relationships around them that are loving and lasting. Providing care for children should not be based on profit."*** As well as a windfall tax on the largest providers, a key recommendation is the creation of Regional Care Cooperatives, who will run, create, and commission services across multiple local authority areas, and work closely with not-for-profit providers on this front to reduce profiteering and rebalance the market.

What we discovered: Commissioners

Insights from Greater Manchester commissioners also followed three key themes:

- **Keep young people local.** It's a significant challenge, due to the provision currently available and rising demand, but there's a real desire for more children to stay local and close to the communities they care about.

- **Trauma-informed practice needs to be at the heart of care.** This is consistently needed in any provision for Children in Care.

- **The third sector could lead and reshape the future.** Local Authorities want to support the growth of a more diverse, balanced market in collaboration with the VCSE sector, for social value and quality reasons - it's not about saving money or simply replacing the private sector.

To build a fuller picture, and support the data and research reports analysed, we conducted one-to-one structured interviews with commissioners (and/or service leads) in nine of the ten Greater Manchester local authorities. Whilst there was naturally some variation across the region, the common insights on challenges, gaps, and opportunities were:

What are the challenges?

- **Local sufficiency** - it's increasingly challenging to keep children local, and too many children are being placed further afield due to local provision not being available, or able, to support their young people. There is a real struggle when it comes to finding both 'standard' and 'specialist' placements needed locally, leading to resource-intensive activity to find appropriate homes for children with relatively low-level needs, up to the most complex and acute needs.

- **Complexity of needs** - anecdotally, the complexity of children's needs seems to be increasing, with provision locally not set up to look after young people with higher support needs.

- **Recruitment and retention** - the sector faces a real challenge in finding (and keeping) good staff, and in growing the pool of talent, particularly when it comes to Registered Managers.

- **Occupancy** - recruitment problems are leading to homes operating a reduced staffing structure and therefore having to reduce their service (e.g. shutting a bed) to remain safe and viable. There's a knock-on effect on local sufficiency.

- **Importing** - despite what appears to be sufficient capacity locally for Greater Manchester's children, in reality a large proportion of placements are being taken local authorities outside of the region. Indeed, there are several local authorities where there is an abundance of children's homes (e.g. Stockport, Oldham), so there is a wariness of any new provision that doesn't meet local needs and simply brings more children from other local authorities into Greater Manchester - with a knock-on effect on local health, education, youth justice services, etc.

- **Distance placements and packages** - there are private providers across Greater Manchester who have set up without consultation and deliberately take children from outside of the region; using cheap, large properties, with rigid, high-cost packages that are set up for those 'at distance' children and don't flex to meet local needs at all. This is something local authorities are mindful of when it comes to any new provision and don't want to see replicated.

- **Risk management** - it was felt that some providers gave notice too quickly on a placement when it became challenging, rather than positively managing the risk and sticking by children for the long haul.

Where are the gaps?

✓ **Demand** - most Greater Manchester areas are seeing a rise in demand for residential placements, and this is projected to continue for the foreseeable future.

✓ **Age profile** - due to a general lack of foster carers, there is an increase in the number of younger children (i.e. those aged 10-12, who were originally assessed as needing foster care) now being placed in residential care. The broad age need for residential care is 10-17.

✓ **Demographics** - generally more boys than girls need residential care, although this is becoming more balanced over recent years.

✓ **Needs** - support for mental health (across a wide spectrum) is the predominant need for children in residential care and regularly links to challenging behaviour and (undiagnosed) additional needs.

✓ **Acute mental health needs** - there is a small but clear gap for specialist, acute mental health provision within Greater Manchester, which can act as a 'step down' for those young people who either end up placed far from home (in residential care) or in hospital for mental health care.

✓ **Practice** - to align to the direction of travel for local authority practice, residential care needs to be underpinned by trauma-informed practice at every level.

✓ **Size** - homes should be four-beds or smaller (three-bedded homes are seen as the most ideal to support children's needs, the matching process, and have fuller occupancy). Larger homes (five beds or more) are not required as they are not seen as appropriate for meeting children's needs.

What are the opportunities?

✓ **Maintaining locality** - all local authorities wish to keep more of their children in the communities they care about, or at least within surrounding areas. The vast majority of children could be placed locally, if the right provision existed (only a very small minority need to placed 'at distance' for safeguarding reasons).

✓ **Wraparound support** - as well as maintaining family, friends, school and health services (GP, dentist, etc.) if a child is placed in the local area, local authorities can also provide targeted support via specialist and place-based commissioning.

✓ **Voluntary sector** - for those who have worked with voluntary sector providers, there was generally nothing but praise, and a desire for more values-led, ethical, responsive provision in the Greater Manchester residential market.

✓ **Community wealth building** - local authorities wish to use their spending power more strategically and see the creation of more VCSE-led, ethical provisions as supporting the drive to recycle money within the local economy and increase social value opportunities (e.g. local employment, supply chain spending, etc.). This overrides any talk of VCSE-led homes being primarily a cost-saving exercise. Local authorities want value and quality, not necessarily 'low-cost' placements.

✓ **Local collaboration** - any new provision should be designed in consultation with the host local authority, with priority also given on placement opportunities.

✓ **Market shaping** - local authorities are keen to see the market positively disrupted and have more balance, with many looking to open their own provision, whilst also encouraging more not-for-profit providers to grow (or be established). So there is a desire to work in partnership with the VCSE sector in very practical ways and share some of the risks (e.g. support on planning applications, Ofsted registration, mock inspections, bringing CAMHS around the table, time-limited soft block funding of voids, etc.).

✓ **Properties** - local authorities acknowledge that the barriers to entry for new providers can be high, but feel that by working with Registered Providers for social housing, assets (i.e. property or land) can be unlocked to support VCSEs in running children's homes. Planning permission should not be a significant issue, as local authorities are supportive of the right provision in the right locations.

✓ **Meeting needs** - any new provision needs to be trauma-informed, have a solid therapeutic model, and cater for mental health needs and behaviour that challenges. This should also lead to more stability and fewer placements ending unexpectedly by providers.

What we discovered:
The Third Sector

Insights from the Greater Manchester third sector also followed three key themes:

- **Join things up:** There's real will and power in working together as a sector.
- **Economies of scale:** Partnering and pooling resources makes sense and would provide a strong collective lever for tackling key challenges (particularly around recruitment, property, funding, etc).
- **Designing together:** Co-production with care-experienced young people needs to remain at the heart of whatever comes next in Greater Manchester's residential care.

There's real strength in the diversity of VCSE organisations represented across the Taskforce, particularly when it comes to size and specialisms: from large national organisations already operating children's homes; to smaller locally-rooted groups that want to expand into residential provision. Complementing this are those that might provide some core support elements but not open homes directly (e.g., Registered Providers for properties; mental health charities for therapeutic services; user-led organisations for facilitating ongoing co-production with young people). Some of the common insights and ideas from the third sector are outlined below.

What are the challenges?

- **Implementation costs** - There are significant start-up costs that need to be accounted for, as well as contingency requirements during early operational phases. Access to patient finance can be an issue for the VCSE sector.
- **Culture in the lead** - Although there is an immediate need to address the problems in the residential market and individual organisations (and local authorities) are keen for rapid action, it's important to spend time on values and behaviours at the outset between partners, to get it right for the long run - collaboration is an outcome, not an input, and creating a nurturing ecosystem across VCSE partners will take time.
- **Recruitment and retention** - There is a real challenge to expanding or starting new provision when it comes to finding and keeping great staff.
- **Commissioning behaviours** - Current procurement frameworks are not felt to be outcome-focused nor encourage a supportive, collaborative environment with local authorities. Contracts put the burden of responsibility and risk on the provider, rather than sharing risk and trust.
- **Best practice first** - Sharing learning and policies/systems/services across organisations needs to not risk commercial sensitivity and liability, and should maintain an organisation's independence.
- **Transformation not duplication** - There's a danger of simply trying to replace private with VCSE-led provision, and otherwise exacerbating the systemic problems - what comes next needs to be different from what already exists.

What are the opportunities?

✓ **Operational experience** - This is key when creating new services, and there are VCSEs who have well-established policies and systems for residential care - could these be shared with new entrants under a transparent, collaborative governance structure?

✓ **Shared resources** - The potential of VCSEs to pool resources - including 'know-how' for funding and properties - and leverage financial support to those VCSEs starting in residential care.

✓ **Collaborative blueprints** - All have experience from working in multi-organisation partnership arrangements (e.g., consortiums, lead and sub-contracting, alliance, etc.) and will bring learning on what makes for an effective collaborative structure.

✓ **Purpose-led** - With values and vision aligned at outset, a shared services model with a central support function allied to flexible, local delivery by individual organisations is something to consider. This could also be attractive to charitable funders and social investors.

✓ **Experts by experience-led** - Using the Taskforce's network, could Greater Manchester care-experienced people be supported to form a social enterprise to deliver particular functions (either shared services or operating children's homes)?

✓ **Property stock** - There is an opportunity to work collaboratively with Registered Housing Providers and give assurance for long-term investment into new builds and/or adapting existing stock as co-designed children's homes.

✓ **Clinical mental health support** - This is important not only for young people but also for residential staff; there are organisations in the network that could be partnered with to provide this as a shared service across VCSEs.

✓ **Workplace attractiveness** - To address workforce challenges, there needs to be a really good career pathway offer - could VCSEs band together to offer more opportunities (e.g. secondments, shadowing, mentoring, etc.) to retain staff within the sector?

What is possible?

With what we've heard, what is possible?

> **"Everyone deserves an opportunity to reinvent themselves, to shake off the past."**
>
> *Johnny, 17*

There's some clear, powerful alignment across what we heard - from care-experienced young people, commissioners, and the VCSE stakeholders - which provides important guiding principles and building blocks for a new model. However, the aim here is to steer, not prescribe, and the CICSET will undoubtedly want to refine this over time.

The guiding principles for a new model...

A fundamental message from all stakeholders is this can't be about simply replacing the private sector with 'as is' VCSE-led homes - for real impact and transformative change, it needs to be different on several fronts and be guided by some key principles:

- **Local collaboration between local authorities and VCSEs to design provisions around the needs of Greater Manchester's children**
- **Have co-production with Greater Manchester's care-experienced children and young people embedded on a day-to-day basis at operational and governance levels**
- **Quality rather than cost is the central focus, with any financial surplus staying local and reinvested into children, staff, and their communities**

The guiding outcomes for a new model are...

Taking account of all the insights and drivers for change, the outcomes and impact to strive for that should tie any new model together are:

- ✓ **Children feel loved and supported**

- ✓ **Children are more likely to lead satisfying and meaningful lives - with improved emotional health and wellbeing**

- ✓ **Children's needs are met more locally, with children supported by local provision and people that are close to their schools, communities, family and friends**

- ✓ **Great people are attracted to, and stay in, the care sector**

- ✓ **Growth of a more diverse, ethical system that sustains itself and reinvests into children and local communities**

The importance of collaboration

Whilst individual VCSE organisations could strive to achieve change in the Greater Manchester residential market themselves, from what we've found, there is a real desire to take a more strategic and collective approach by the social sector to achieve a long-term impact. As well as simply strength in numbers, working collaboratively to grow VCSE-led children's homes would:

(a) Enable better coordination and consistency;

(b) Avoid duplication and wasteful competition;

(c) Give the potential for economies of scale and growth;

(d) Provide assurance, confidence and a strong track record to other stakeholders (local authorities, social investors, housing providers, etc.);

(e) Allow for a louder, joined-up voice and advocacy for systems change;

(f) Create a nurturing, learning ecosystem to raise standards in the sector.

Our recommended model

Our Theory of Change

To meet the challenges, gaps and opportunities identified in this project, we have developed a Theory of Change model. It articulates how a proposed new model for residential care in Greater Manchester (blue boxes) connects the main challenges (white boxes) that we identified in this study with the impact outcomes (black boxes) that we want to achieve.

Children's needs met locally: children feel supported by people and provision close to their community

Children feel loved and supported

More diverse, ethical system that self-sustains itself

Great people are attracted to, and stay in, the care system

Children are more likely to lead satisfying and meaningful lives

Re-investing any surplus back into children and communities

Better pay, great training, clear career pathways and wrap-around support

Wide ranging therapeutic offer linked to trauma informed practice

A new model of care that centres around relationships and collaboration across the VCSE sector

Co-produce in all areas (governance, staffing and activities) and constantly listen to care-experienced young people

Dominance of private equity residential homes driven by profit not quality

Many staff are undertrained, under supported and underpaid

Below par care exacerbates issues & causes new ones

Children have below average outcomes compared to their peers

Children do not get quick and effective access to mental health support

● Desired impact outcome　　● Activities　　○ Challenge identified

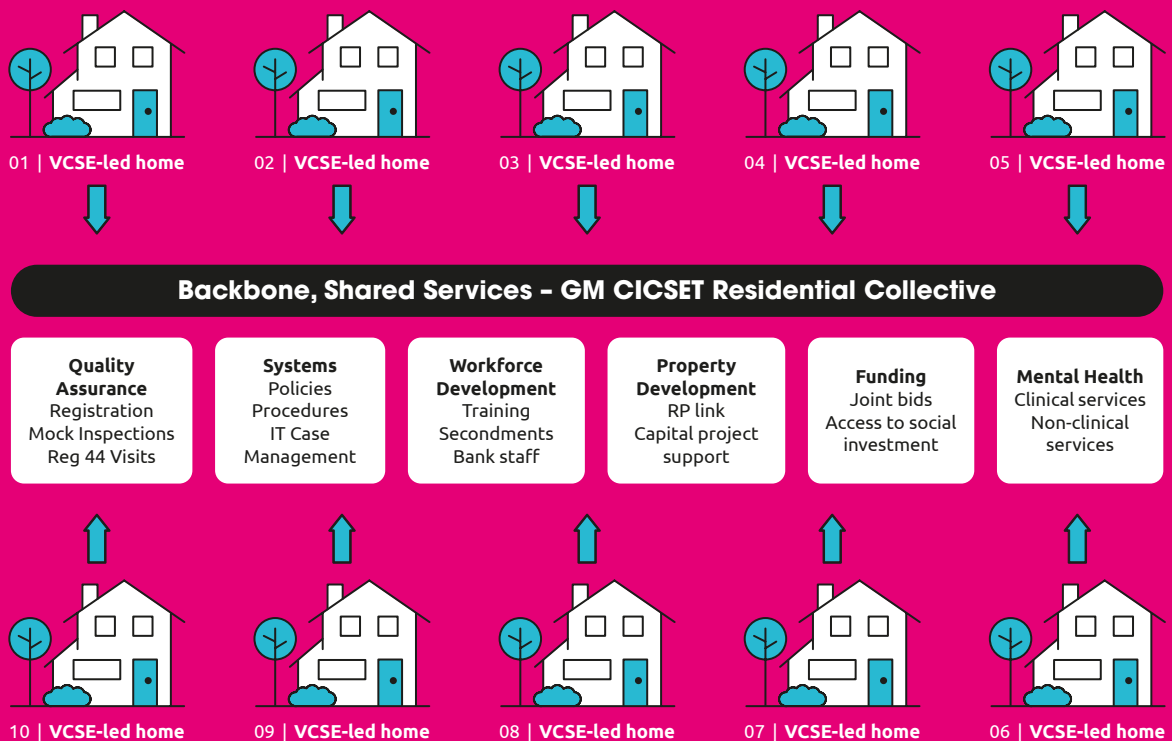## The key components of this new model

- A framework approach
- Supported by a backbone of shared services
- Integrating a solid model of care at the core
- Strengthened by a robust property strategy
- With values-led staff recruitment and retention prioritised
- Underpinned by a sustainable financial model
- Good understanding of regulation
- Fit-for-purpose procurement

A framework approach

What emerges is a mix of a framework and model: a model of a shared, backbone entity that provides a range of central services to homes run by individual CICSET members, with a common framework that sets out key fidelity elements that marks it out, yet allowing for a flexible delivery approach to each home according to local need.

Rather than a single, large entity running all elements of provision, this would facilitate a more diverse market, with individual organisations setting up homes based on their local roots, specialist skill set (e.g. mental health, youth work, etc.), and building on existing relationships with local authorities and other community assets. It would also allow for individual organisations to move at different speeds - yet remain tied into a common way of positively disrupting the residential market.

Model:

| 01 | **VCSE-led home** | 02 | **VCSE-led home** | 03 | **VCSE-led home** | 04 | **VCSE-led home** | 05 | **VCSE-led home** |

Backbone, Shared Services – GM CICSET Residential Collective

| **Quality Assurance** Registration Mock Inspections Reg 44 Visits | **Systems** Policies Procedures IT Case Management | **Workforce Development** Training Secondments Bank staff | **Property Development** RP link Capital project support | **Funding** Joint bids Access to social investment | **Mental Health** Clinical services Non-clinical services |

| 10 | **VCSE-led home** | 09 | **VCSE-led home** | 08 | **VCSE-led home** | 07 | **VCSE-led home** | 06 | **VCSE-led home** |

Framework:

Re-investing any surplus back into children and communities

Wide ranging therapeutic offer linked to trauma informed practice

Individually run home(s) 4 beds or less Ages 10-17, mixed gender Property in safe areas

Better pay, great training, clear career pathways and wrap-around support

A new model of care that centres around relationships and collaboration across the VCSE sector

Co-produce in all areas (governance, staffing and activities) and constantly listen to care-experienced young people

Supported by a backbone of shared services

To support both the setup and running of individual VCSE-led homes, there are lots of functions that could be brought together by CICSET members to create efficiencies of scale and ensure a coordinated approach to reshaping residential care in Greater Manchester.

The platform for this is discussed in the next chapter. However, a key dynamic is facilitating new homes being run by a mix of VCSE organisations across Greater Manchester, who retain their individual identities, but who act in a coordinated fashion, and contribute into a central support service, and align in values and practice.

Some functions would lend themselves to being delivered by an existing CICSET member (e.g. Quality Assurance by those already operating residential care), whilst others will require like-minded partners to be brought in or commissioned.

This model will require a transparent and proportionate approach to funding the backbone - the shared services - including 'in kind' contributions alongside start-up social investment and grants. Based on the provisional shared functions outlined above and learning from Juno CIC in Liverpool City Region, a base staffing structure might be:

- **Project Director**
- **Quality Manager**
- **Workforce Development Coordinator**
- **Property Development Officer**
- **Business Development Officer**

£250k would be a starting point for annual operating backbone costs, but could be scaled up or down depending on the number of partner organisations involved and the number of homes set to be developed. Once CICSET members have decided on the next steps – including which organisations are signed up for this way of working - a fully costed business plan will need to be developed for the shared, backbone service.

Integrating a solid model of care at the core

The challenge: from what we heard from young people and the Commissioners, it's clear that not enough children's homes operate with a strong therapeutic model of care, and staff don't have the tools and resources to fully meet the needs of our children.

How this can be overcome: what runs throughout this Feasibility Study is the need for homes to have a clear therapeutic model that embeds trauma-informed practice at every level. This would be augmented by a mental health offer from the shared service, bringing access to a Clinical Psychologist and non-clinical services (e.g. Art Therapy) - who work directly with children and support staff to develop effective strategies for their work with children.

Examples
- **Action for Children's HOMES model**
- **Lighthouse's Social Pedagogy framework**

Strengthened by a robust property strategy

The challenge: many homes are too big and in high-crime neighbourhoods where the property is cheap. Access to quality, family-sized properties is limited by the significant finance needed when competing with commercial property developers in the open market.

How this can be overcome: Three- or four-bedded children's homes seem to fit demand most appropriately and offer the best model for both matching considerations and financial sustainability. Children's homes should be high-quality properties in communities that are safe and with good local amenities, great schools, and green spaces, as well as cultural and youth activities that empower young people to build strong, lasting networks. Practical considerations like off-road parking, not being overlooked by neighbours, and having staff rooms/bedrooms mean that in effect the scope is narrowed to 5/6 bedroom semi or detached houses, typically valued around £500k.

Securing suitable properties via a partnership model with local authorities and Registered Providers (some of whom are represented on the CICSET) seems like a sensible approach, given the alignment of values for social purpose and access to properties, land and funding that local authorities and Registered Providers have. This also shares risk and minimises the initial outlay a VCSE would need to secure a property, whilst Registered Providers/local authorities are given security and assurance over asset investments.

Based on a clear specification, the shared service would have a dedicated property development team to look at options including:

1. **Take a long lease on an appropriate local authority or Registered Provider property** that becomes available within the existing stock;
2. **Work with Registered Providers/local authorities on any proposed housing developments** - or smaller plots of land - that could incorporate a brand-new children's home;
3. **Partner with a socially-minded property investor** (including a Registered Provider or local authority) to purchase suitable properties from the open market.

Examples

In LCR, Juno CIC has agreed on a property partnership with Regenda, whereby the Registered Provider is purchasing jointly-identified properties from the open market, and Juno will take a 30-year lease (with an option to purchase the property at a later date). Risks are minimised for the Registered Provider in having rental income and an asset that both appreciates in value and can be easily repurposed for general needs housing; whilst Juno benefits from the Registered Provider's significant capital commitment and wraparound support services (property maintenance, adaptations, move-on accommodation, etc.). Manchester Resettlement has taken a similar approach with a Greater Manchester Registered Provider for securing supported accommodation properties for care leavers.

With values-led staff recruitment and retention prioritised

"Lots of people start their careers in care homes - I did - it's an entry-level job. Age doesn't matter, young carers can be brilliant. But when people use it as a stepping stone on their career ladder, it means people move on quickly and don't put the time in." Jen, Personal Assistant

"Agency workers are the worst." Kayleigh, 17

The challenge: recruitment and retention of care staff is the predominant issue in the sector. We heard too many stories of staff not being paid, trained, or supported adequately, with high turnover and a lack of time to build relationships with children.

"Hug us when we need it - like my key worker does."

Remi, 14

How this can be overcome: it was clear from listening to those with experience of care, that the people they had around them in a children's home made the biggest difference to their experience. Staff with love, care and skill - and who are there for the long term - are key to achieving positive outcomes for children in residential care. So to see a step-change in the workforce and make roles that are desirable and long-term careers as a collective, the CICSET should commit to a shared approach to:

- Improve the pay at all levels;
- Provide great training and learning opportunities;
- Ensure there's wraparound support, particularly for staff wellbeing, that's easily accessible (e.g. a clinical psychologist);
- Have clear career pathways available, including growing the next generation of Registered Managers.

"If I had a magic wand, I'd...pay staff lots of money and make them happy...then they wouldn't leave."

Ahmed, 15

Whilst values-based recruitment is already a key tenet of many CICSET members, the ability to tap into shared training and development support (including mentoring, secondments, shadowing, apprenticeships, etc.) will continuously upskill staff and create a self-sustaining workforce across the network of organisations, including a pipeline of Registered Managers.

Partnerships can be brokered with local colleges and universities, giving staff access to continuous professional development, whilst also offering a career pathway for local students. With a broad alignment of values, training and systems shared across homes, the ability to build up a bank of staff will be invaluable, helping all partners to avoid the use of agency staff. A workforce development shared function will also create regular opportunities to share learning across the network, ensuring consistent practice and reflection.

Examples

- **St Christopher's Career Development Academy**
- **Juno CIC's staff ownership approach**

Underpinned by a sustainable financial model

The challenge: the planning, setup, and operational costs of running a children's home are significant, whilst access to flexible, patient finance can be a barrier. Market research on broad-brush costings indicates the following (for a four-bed home plus overheads):

- **Development and setup costs = circa £250k (£60k capital refurb/fit out of property + £190k preparation/ operating costs for approximately six months before opening)**
- **Annual operating costs = circa £550k**

How this can be overcome: pricing will be driven by the quality and value provided, rather than profit, albeit a sustainable surplus is required to allow for contingency and reinvestment in children and staff. As such, open book accounting is recommended, and an assumption that occupancy levels will be 85% should be built into any financial model - to account for natural void periods between children moving in and out. For example, using the current regional average price for a residential placement (£4k per week, 2022 prices), a four-bed home could project trading income of circa £700k per year - meaning it could take up to three years to break even and offset the set-up costs.

A function of the shared service would be for members to pool their business development acumen and build collective long-term relationships with charitable funders and social investors who are interested in new models of public services. Big Issue Invest, Social & Sustainable Capital (SASC), and Resonance are already linked to the CICSET and are supportive of VCSE partners with track records coming together to positively disrupt the residential market.

Examples

Lighthouse Social Pedagogy Trust in London have been incubated by Catch22 and received a range of grant funding to support its development. Juno CIC has secured long-term, flexible loans (10 years+) from a local authority and the Liverpool City Region Combined Authority which allow for repayment only once break-even is projected to be reached (after three years).

Good understanding of regulation

The challenge: significant time and resources are needed to navigate the (understandable) bureaucracy to set up a children's home, and then to adhere to regulations once operational.

All children's homes must go through the registration process with Ofsted and adhere to the Children's Homes Regulations 2015. Registration can take up to 17 weeks and requires significant preparation and investment of time and resources - for example, as well as having secured a property, an initial staff team, including the manager, must be employed, and key policies developed before the application can be submitted. Similarly, ongoing independent quality assurance is a statutory requirement of monthly 'Regulation 44' reports (to be commissioned by the provider to an independent visitor with skills in audit and inspection), alongside regular Ofsted inspections or monitoring visits.

How this can be overcome: in developing any children's home, the timescales (and cost) for any necessary adaptations and planning permission need to be factored in. As a minimum, there will be a need to have a 'change of use' granted (to become a Class C2 Residential Institution), although there are some exceptions when 'permitted development' can speed this process up. Early engagement with local authority Planning Officers is highly recommended.

A shared quality assurance function of the backbone service would facilitate learning for new entrants to the market, navigate the registration process, develop policies and systems, and then provide ongoing support to ensure high standards of compliance with statutory requirements and encourage a common framework of best practice across the network.

Fit for purpose procurement

The challenge: there are existing commissioning approaches used by Greater Manchester local authorities to procure children's residential care - namely the North West Flexible Purchasing System for Children's Residential Care. Yet this doesn't necessarily encourage localised collaboration and relational commissioning between and across local authorities and providers.
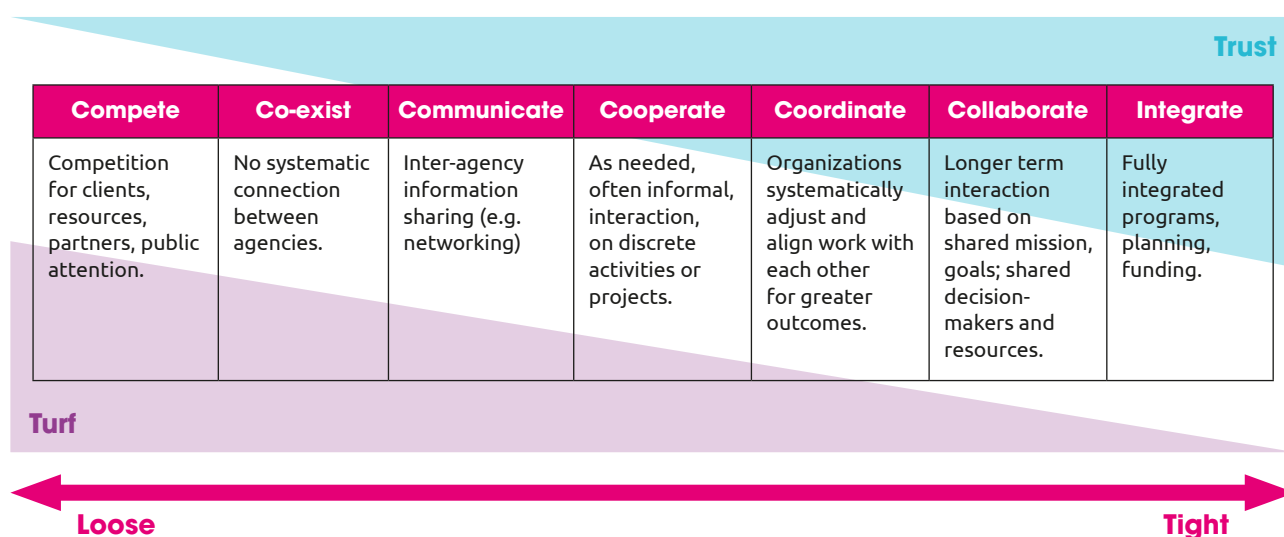
How this can be overcome: whilst the existing regional approaches would be the expected vehicle through which new providers would become a supplier to Greater Manchester local authorities, the insights from this feasibility study have posed questions about whether a more GM-specific and collaborative mechanism is needed. A framework that shares risk, facilitates more ethical, VCSE-led development, and encourages true partnership and relational commissioning.

Linking to this question is how the development of 'soft block' arrangements across Greater Manchester could be flexed to support the early stage development of VCSE-led homes - the ringfencing of placements for Greater Manchester's children aligns well, and financial support by Greater Manchester local authorities to cover void costs would give breathing space for the VCSE sector to grow and help rebalance the market.

How might a collaborative CICSET structure work?

Making collaboration real

There is an emerging consensus on working together as a VCSE network and collaborative partnership, but with a structure to be defined and coproduced by the Taskforce - spending time at the outset on getting values and behaviours aligned and agreed upon across partners is fundamental to the long-term success of any VCSE collaboration. This section intends to help this process, as the Taskforce looks to move along the continuum towards collaboration outlined below:

Trust

Compete	Co-exist	Communicate	Cooperate	Coordinate	Collaborate	Integrate
Competition for clients, resources, partners, public attention.	No systematic connection between agencies.	Inter-agency information sharing (e.g. networking)	As needed, often informal, interaction, on discrete activities or projects.	Organizations systematically adjust and align work with each other for greater outcomes.	Longer term interaction based on shared mission, goals; shared decision-makers and resources.	Fully integrated programs, planning, funding.

Turf

Loose ⟷ **Tight**

(Tamarack Institute)

Context

The CICSET is made up of VCSE organisations with a footing in Greater Manchester, who all want to make a difference when it comes to children in care services. The Taskforce has been set up to help members connect with each other, share learning, and engage with the local children's social care landscape.

The Taskforce is currently an unincorporated network of organisations, and over the coming months will be putting a lot of thought into what it wants to achieve. Moving forward, it is essential that the Taskforce structures itself in a way that supports its strategic objectives for children's residential care. This appraisal considers the organisational structure options to look at what the Taskforce is, what it could be in the future, and how it might build a solution to enable VCSE-led children's homes to thrive.

Why have a structure?

Whether formal or informal, structures are intended to support, not restrict, reaching a common goal.

Incorporated organisations:

- Have clear objectives articulated in their governing document and recognised by their regulating body (e.g., Companies House);
- Mean that the liability of those involved is legally limited;
- Can hold contracts;
- Can employ staff;
- Can take loans;
- Can apply for funding (e.g. grants);
- Have autonomy and power to act in the furtherance of their objectives.

The correct organisational structure would:

- Support the achievement of CICSET's objectives (as well as not making those objectives more difficult to attain, e.g. charity vs trading);
- Provide credibility (internally and externally);
- Provide a regulatory framework (Companies Act, Charities Act);
- Allow the CICSET to achieve things they couldn't with their current structure (employing staff, holding contracts, if required);
- Provide clarity about key roles and responsibilities (e.g. Directors/Trustees);
- Provide clarity about how decisions are made (democracy or not);
- Clarify what the CICSET can and cannot do (powers).

An organisational structure is the foundation of organisational governance but is not a substitute for:

- Good communication/feedback mechanisms;
- Clear lines of accountability;
- Clear delegation of power/authority;
- Robust Terms of Reference (including for sub-groups).

Guiding questions

It can be a natural instinct to jump to a preferred structure straight away, but it is worth remembering the famous axiom that "form follows function". When the correct form is chosen it becomes an enabler. Thinking through the questions below collectively will help to identify a structure that will help, not hinder the aims and objectives of CICSET.

Questions to be answered to help choose the correct structure:

- What will the CICSET be doing? What are its objectives?
- Is the intention for the CICSET to be an independent organisation or remain a collection of individual entities?
- Does the CICSET expect to be funded? If so, how?
- Who will receive any funding/enter contracts?
- Does the CICSET intend to employ staff?
- Who will employ any staff?
- Independence - who will 'own' the organisation?
- How might care-experienced young people be involved?
- Who will the Members be?
- Profit or not for profit?
- Will it have a social purpose?
- Does the CICSET intend to trade?
- What sort of trade - primary charitable purpose?
- Does the CICSET intend to own property?

Options: Long list

With this in mind, there is a multitude of governance structures that could be considered:

- Unincorporated organisation
- Registered charity
- Charitable Incorporated Organisation (CIO)
- Community Interest Company (CIC)
- Company Limited by Shares
- Company Limited by Guarantee
- Partnership
- Limited Liability Partnership (LLP)

Options: Short list

Based on the learning and reflection undertaken as part of this feasibility study - and keeping in mind the set of questions posed above - there appear some appropriate governance options for the CICSET to consider in more detail to take forward its strategic objectives:

(A) Unincorporated organisation

• Run by a voluntary committee

• Governed by a Constitution

• No regulation

• Most commonly used by small scale voluntary organisations

✓ Pros:	✗ Cons:
• Easy and cheap to set up • Governed by a simple Constitution • No regulation • Flexible	• No legal identity - can only enter contracts through its Members • May be seen as less professional by funders and partners • Members are individually liable

This would be the natural first step as the CICSET starts up and begins to sketch out an approach to working together in children's residential care. Developing a constitution and committee system would be strong indicators of formal collaboration. Individual members would have to take responsibility for any shared, backbone functions that are developed (e.g., acting as 'banker' for any collective funding or employing staff for shared services), so trust and common values would be fundamental. Member's identities would be retained, and it would allow for the important principle of a common framework to be developed alongside more local, flexible delivery.

B. Charitable Incorporated Organisation (CIO)

• Board of Trustees

• Governed by a Constitution

• An incorporated registered charity

• Corporate structure designed specifically for charities

• Regulated by the Charity Commission

• A CIO has the advantages of limited liability and a separate legal identity but without the burden of having to register with Companies House as well as the Charity Commission

✓ Pros:	✗ Cons:
• Specially developed for charities • Asset locked • Distinct identity that can hold property and contracts • Template governing documents available reducing set up legal costs • Can benefit from tax exemptions and reliefs	• Restrictions on trading

To move at a quicker initial pace - or as a further step as it evolves - the CICSET might naturally want to consider a more structured, joint entity like CIO status that gives it more freedom to develop provision with a distinct legal personality (e.g. employ staff, receive funding, etc.), whilst retaining the common charitable goals of CICSET members.

(C) Limited Liability Partnership

- Run by Partners or Members
- Governed by a Members' Agreement
- Is a separate legal entity distinct from its Members
- A hybrid entity, adopting many characteristics of the company and the partnership
- A partner does not have to be an actual person. For example, a limited company counts as a 'legal person' and can also be a partner

Pros:	Cons:
• Partners can be paid and have limited liability • Distinct identity that can hold property and contracts	• As a private sector structure, it is ineligible for charitable funding and may be less attractive to commissioners • The Members' Agreement will need to be tailor made and will incur legal costs for this

If the CICSET wanted to move to a more integrated partnership platform that shared risk and control between partners, then an LLP might be the appropriate vehicle. It would take the CICSET beyond the purely charitable funding space, allowing for a mix of private, public, and charitable finance, with investors potentially taking a stake in the new organisation.

Continuing coproduction

During our conversations with young people, we only touched lightly on how they might like to be involved going forwards, so as not to raise expectations at this early spark of the idea. When the Taskforce is clear on who and how a new model will be taken forwards, this is an area to be explored further with young people with lived experience of the children's residential system.
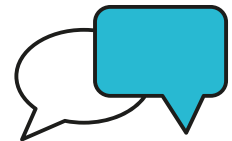
Where do we go from here?

A key consideration - let's get the timing right

The call to create new supply across Greater Manchester is clear, particularly in the 'emotional and behavioural difficulties' (EBD) market, but the questions around how much and where need careful consideration.

From a GM-wide perspective, the addition of 15-20 new EBD homes run by the voluntary sector via this framework approach would not only take the sector's market share from 1% to around 10% (allowing for continued private sector growth at the same time), but would undoubtedly enhance the proportion of Greater Manchester children able to be placed within their own locality.

Doing this in waves

Taking a phased approach to any growth would prioritise local authority areas which have clear sufficiency challenges in terms of residential demand outstripping supply, as follows:

1   Wave 1 (immediate need): Bolton, Manchester, Tameside, Trafford

2   Wave 2 (emerging need): Salford, Wigan

3   Wave 3 (careful consideration needed): Bury, Oldham, Rochdale, Stockport

Our proposed next steps...

1. **Who's up for it?** Finalise levels of engagement across CICSET members and gain formal approval from individual CICSET members that want to be part of a collaborative approach to children's residential care in Greater Manchester - naturally, there will be some organisations who fall away or want to go down their own path.

2. **Who has what skills?** For those wanting to push forward as a collective, undertake a skills audit to identify strengths, experience, commonalities, and any gaps that might need to be plugged (e.g. by inviting others in).

3. **Start slow.** Test out relationships and consider what can be done informally first, before moving to a more formal platform - taking time to build relationships and identify the core shared values, vision, behaviours, and purpose of the group.

4. **Ask the experts.** Engage and agree with those with lived experience on how they want to be involved in governance.

5. **Get the governance right.** Get around the table to agree on the structure that is the best fit for the group to mobilise towards initially, acknowledging that this may evolve over time (e.g. it might begin as an unincorporated organisation, and mature into an incorporated structure in time).

6. **Do the due diligence.** Undertake light-touch checks on those organisations wanting to be part of the governance platform, to ensure sustainability and compatibility in terms of finance, resource, legal setup, risk management, and culture.

7. **Geographical waves.** Keep talking to the commissioners and, based upon the insights highlighted in this report, we suggest three waves: starting with Wave 1 in Bolton, Manchester, Tameside, and Trafford.

8. **Realistic planning.** Set out a project plan to turn ideas into reality, including timescales and resources needed - for example, as a basic starting position, what would it take to bring one new not-for-profit children's home to life in a Wave 1 area, acting as a collective over the next 12 months?

9. **Create a full business plan.** Get into the detail of the precise structure and costs of a shared, backbone service.

10. **Think early on funding.** Engage with grant funders and social investors for development support towards the shared, backbone service, along with capital and revenue startup funding for new homes. The emerging 'Greater Manchester Care' venture for children's residential property investment being spearheaded by Greater Manchester Combined Authority is a great example of how the CICSET could help to shape social investment.

A final thought

Here in Greater Manchester, with the 7% rise in numbers of Looked After Children since 2018 and an increase of 17% being supported in residential care, it's more timely than ever that we take action so that all of our children can look back on their time in care as a positive childhood experience, where they receive the love, kindness, education and understanding they deserve.

Let us consider what we can do, individually and collectively, so that we create an environment where more of our Greater Manchester care leavers can look back like Sam and say…

> **"I wouldn't be the person I am today if it wasn't for my time in the home. I only have good things to say about it."**
>
> *Sam, 19*

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