



Report subject	<b>Children in Care Transformation Programme</b>
Meeting date	26 March 2026
Status	Public Report
Executive summary	<p>This report presents the Children in Care (CiC) Invest to Save Proposal, a targeted programme to deliver savings against the 2026/27 Children in Care budget of £54.84m by reducing the number of children in care and lowering the overall cost of placements, while maintaining strong outcomes and stability for children and young people.</p> <p>The programme will accelerate delivery of strategic and operational actions to safely manage demand and secure sustainable cost reductions. It provides a structured approach to delivering both immediate savings and longer-term financial resilience within Children's Services.</p> <p>Approval is sought to procure specialist support over a six-month period to support implementation of a phased delivery strategy. An investment of £0.561m is required. The programme is expected to deliver at least £2.0m savings by 2027/28 and establish a sustainable platform for the continued reduction in demand and cost.</p>
Recommendations	<p><b>It is RECOMMENDED that Cabinet:</b></p> <p>Approve the procurement of an external transformation partner to support the delivery of Phase one of the Children in Care Transformation Programme over a period of 6 months with a total cost of £0.561m, funded from Children's Services revenue budget to deliver service improvements and Children in Care savings projected at £2million by the end of 2027/28.</p>
Reason for recommendations	<p>The recommended option supports the identification and delivery of sustainable reductions in Children in Care numbers and costs, while ensuring value for money and positive outcomes for children. Commissioning specialist external support through a formal tendering process provides the Authority with the capacity and expertise required to implement a Children in Care Transformation Programme.</p>
Portfolio Holder(s):	Councillor Richard Burton, Portfolio Holder for Children & Young People, Education & Skills
Corporate Director	Cathi Hadley, Corporate Director, Children's Services

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Wards	Council-wide
Classification	For Decision

## Background

- Over recent years, the Children in Care system at BCP has experienced sustained and escalating pressure, reflected in both rising demand and significant cost growth. Between 2021/22 and 2025/26, placement expenditure increased from £29.7m to a forecast of £56.1m (Table 1), an increase of approximately 89%. This growth has been most pronounced in the last three financial years and is driven by a combination of increasing numbers of children entering care, greater complexity of need, and a placement market that is increasingly constrained and costly.
- With 624 children currently in care, BCP now has 85 children in care per 10,000. This number is higher than that of statistical neighbours and this transformation programme is targeted at helping the service achieve 75 children in care per 10,000.
- Residential care is the principal driver of this cost pressure. Spend on residential placements has more than doubled over the period, rising from £16.2m to £34.4m, and now accounts for well over half of total placement expenditure. As a result, overall costs have become highly sensitive to relatively small changes in placement numbers and unit prices. Costs associated with Independent Fostering Agencies and supported accommodation have also increased steadily, reflecting limited in-house capacity, growing demand from older children and care leavers, and rising provider costs. While in-house fostering capacity has grown, it remains insufficient in scale to offset reliance on higher cost external provision.

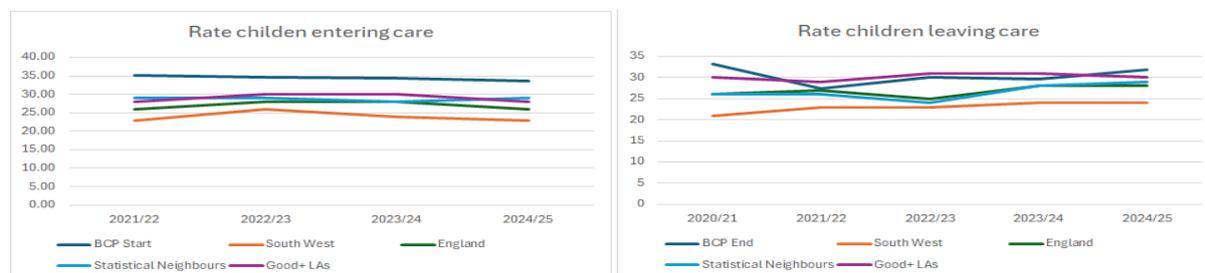
#### 4. Table 1 2025/26 Cost of Care Full Year Forecast

Placement Type	2025/26 (Forecast) £'000	2024/25 Outturn £'000	2023/24 Outturn £'000	2022/23 Outturn £'000	2021/22 Outturn £'000
IFA	6,945	6,763	5,845	4,608	3,808
Residential	34,378	22,811	20,907	14,877	16,164
Supported Accommodation	7,523	7,510	7,209	5,239	4,277
Ind Living	993	261	177	258	36
In-House Fostering	5,957	6,023	5,662	5,658	4,951
Others (Remand, Hospital)	132	68	345	328	311
Other LA Foster Placement	216	210	298	154	124
<b>Total</b>	<b>56,144</b>	<b>43,646</b>	<b>40,443</b>	<b>31,122</b>	<b>29,671</b>

- At the same time, the number of children entering and leaving care remains volatile. Although BCP sees higher than average numbers of children leaving care compared to

statistical neighbors and national averages, inflows continue to exceed outflows, resulting in steady growth in the overall care population (see table 2). This position is out of kilter with comparators and continues to place pressure on placement sufficiency, workforce capacity and financial planning.

## 6. Care Entry & Exit Benchmarking



7. Notwithstanding these pressures, Children's Services has made sustained and demonstrable progress. The service improved from an Ofsted judgement of Inadequate to Good between 2021 and 2025, supported by extensive external challenge, including sector led improvement partners and monitoring activity. This has strengthened practice, governance, and leadership, but has also placed additional demands on capacity during a period of increasing operational pressure.
8. Despite this improvement journey, significant structural challenges remain. The service continues to experience difficulty securing suitable placements, particularly for younger children, often resulting in placements being made at distance and driven by availability rather than best match. This has implications for outcomes, placement stability and cost. In addition, there is an ongoing need to better understand whether current levels of care activity reflect genuinely higher levels of need, or whether they are influenced by system dynamics, risk appetite, decision making thresholds and market constraints.
9. The service has already taken targeted action to mitigate cost pressures and improve value for money. Initiatives such as the Creative Care Panel and the "It Takes a Family" fostering scheme have delivered meaningful cost avoidance, estimated at over £1.2m combined by late 2025. In addition, Children's Commissioning have achieved an additional £1.2m MTFP savings since 1 April 2024, with an additional forecast amount of almost £0.7m for 26/27.
10. However, these initiatives alone are insufficient to address the scale of structural demand and market driven cost pressures. Residential placements are forecast to overspend by approximately £4.5m in the current year, resulting in an estimated £19m MTFP growth pressure over the next three financial years. While MTFP growth provides short term financial mitigation, it does not address the underlying drivers of cost growth or deliver long term sustainability. The service also has a clear ambition to reduce the current budget pressure.
11. In this context, the Children's Senior Leadership Team is looking to mobilise a targeted Children in Care transformation Programme. The Programme will be forward looking and build on existing strengths, rather than revisiting past structural change. Its focus will be on strengthening insight into children's needs, system flows and outcomes; improving decision making around care, placement and reunification; shaping the local market and sufficiency strategy; and developing a clear, credible long-term Children in Care strategy. This approach

is intended to support improved outcomes for children and young people, reduce reliance on high-cost placements, and place the system on a more sustainable financial footing, while maintaining the progress already achieved in service quality and regulatory performance.

12. The summary of the planned transformation strategy and delivery model is divided into two phases and multiple work streams summarised as below. It is important to note that the plan for phase 2 of the programme is still indicative and will be defined and refined, with support from IMPOWER, as part of phase 1.
  - Phase 1 Workstream 1 – Procure IMPOWER to accelerate Children’s Social Care transformation using the Valuing Care Approach. Delivers £2m savings over two years, as well as helping to address the rising budget pressures.
  - Phase 1 Workstream 2 - Define a single, joined-up full-service strategy with a clear vision and plan.
  - Phase 2 Workstream 3 – Improve Children in Care data and reporting to support better decision-making.
  - Phase 2 Workstream 4 - Expand *It Takes a Family*, supporting step-down from residential care and preventing placement breakdowns. This is generating £420,000 a year in cost avoidance, but is not currently sustainably funded.
  - Phase 2 Workstream 5 - Explore commissioning residential/supported provision for children with complex needs to improve value for money. Potential to deliver up to £1m savings.
  - Phase 2 Workstream 6 – Develop our Reunification model which supports children and families and enables children to return ‘home’ from Care. This is not currently sustainably funded, but has the potential to save up to £2m a year.
  - Phase 2 Workstream 7 – Procure the Pause model to prevent repeat care proceedings, delivering long-term, multi-million-pound cost avoidance.

A separate business case for phase 2 expenditure will come forward after the savings potential has been established during phase 1 of the programme.

## **Options Appraisal**

### **Option 1 – Maintain existing models only**

13. Utilise existing funding streams to maintain (but not grow) key models developed by the Building Stronger Foundations Programme, which are already delivering cost avoidance/savings and continue to deliver the Families First programme, which will support the goals of this work, utilising its own grant funding.
14. This includes maintaining the Creative Care Panel, our It Takes a Family Model and the Reunification Team. The cost avoidance and savings generated by these initiatives is detailed below. This includes transformation savings for Commissioning value for money activities which is included in the Medium-Term Financial Plan (MTFP).
15. Despite our work and the success of the pilots, numbers of children in care and associated costs within BCP continue to rise. We therefore can evidence that delivering the models we already have in place does not deliver the significant level of change required to materially address our rising numbers and costs.
16. It is also important to note that several of these models are not sustainably funded. The Reunification team has been funded for 26/27 by the Families First Programme and the It

Takes a Family model has been funded by both money from the Southwest Hub and remaining funding from Building Stronger Foundations (which has now been fully allocated). To maintain these models and agree sustainable solutions, we therefore need to invest in further targeted transformation, something that we are proposing to do as part of Phase 2 of Option 2.

**Table 2 - Savings generated by existing models/initiatives**

<b>Initiative</b>	<b>2025/26 £</b>
Creative Care Panel	823,553
It Takes a Family	420,376
Reunification	1,000,188
Commissioning	249,000

*\*The figures for the Creative Care Panel, It Takes a Family and Reunification are cost avoidance. The figures for Commissioning are MTFP savings.*

17. Pros of Option 1:

- No additional funding required.
- No additional direct resource required to deliver transformation (although with no targeted transformation and increasing numbers of children in care, it's expected that resource within the service would need to increase in response).

Cons of Option 1:

- Does not help to future proof the service or address the root cause of the problem. Children in care numbers will likely continue to increase, posing challenges around increasing costs, increasing pressure on the service and an increasing risk around sufficiency of placements.
- Does not provide any long-term solution for developed models which are not currently sustainably funded and does not provide us with the capacity to grow/develop these successful models.
- We can already evidence from the data in 25/26 that this approach does not resolve the problem.
- Does not provide us with all the tools we need to create a strong and robust underpinning structure (children in care strategy, enhanced data and reporting)

**Option 2 – Creation of a targeted Children in Care Programme**

**The initial investment required to begin phase 1 and establish longer term benefits for a potential phase 2**

18. Agree to tender an external provider to deliver a transformation programme over 6 months with a total cost of £0.561m, funded from Children's Services revenue budget, to deliver service improvements and children in care savings projected at £2 million by the end of 2027/28.
19. This programme will build on work already completed as part of the wider Building Stronger Foundations Programme, realigning work and capacity following the 'Good' Ofsted rating in

January 2025, to deliver more specific and specialised transformation which will balance the increasing financial demand and better support our children, young people, families, carers, partners and providers.

20. The programme will provide the tools necessary to complete a full system case review incorporating both internal and external expertise data and learning, build a targeted Children in Care Strategy and support the service to move from the current position of 85 children in care per 10,000 to the target of 75 per 10,000.
21. It is proposed that the programme is delivered in phases, with workstreams 1 and 2 forming the basis of phase 1.
22. Procure IMPOWER to deliver targeted, practical support to help enhance and accelerate transformation within Children's Social Care, including the use and application of IMPOWER's Valuing Care methodology. The investment will enable the council to implement a systematic needs-led approach to practice, placements and commissioning to improve care outcomes and identify cost savings, with savings starting to be generated from transformation activity within 6-7 months of programme kick off.
23. This review will provide strategic direction of where we can best focus resources to expand our approach and deliver further transformation savings in phase 2 and will feed into the development of a Children in Care Strategy at the end of the phase which will set the full-service intention and direction for phase 2.
24. The Children in Care Strategy will use national and local data to understand what the BCP Children in Care cohort should look like and set out how we can achieve this picture. It will set out a defined full-service approach which ties together all the relevant services, and which provides one consistent vision and plan. The Children's Governance and Improvement Manager will lead activity (resource already committed) underpinned by the work completed by IMPOWER. No additional investment is therefore required to complete workstream 2.
25. In parallel to phase 1 we will utilise other funding streams to maintain (but not grow) key models which are already delivering cost avoidance/savings, as detailed in options 1 and 2.
26. Phase 2 will then look to use the findings, foundations and recommendations of phase 1 to expand our approach and deliver further transformation savings. This will include workstreams which look to expand our successful models, further develop the market and provide additional governance, controls and data/reporting.
27. Due to the scale and complexity of the programme and transformation, it is anticipated that dedicated project management resource will be required to support phase 1 and 2. This is included in the figure of £561,000.
28. Pros of Option 2
  - Clear evidence of return on investment - ROI (4:1 or more) based on past success in other councils.
  - Rapid implementation with proven methodology - While the service have been doing what they can to transform and deliver improvement with regards to our children in care

approach (see details on Creative Care Panel, Reunification and It Takes a Family as examples), we can evidence that the progress we have been able to make with existing resource and expertise has been not been at the scale required to make a significant impact on children in care numbers. Procuring IMPOWER will support us to transform further, faster, making the transformation ultimately more effective and the impact far greater.

- Specialist expertise in needs-led placement decision-making.
- Reduction in high-cost placements.
- Optimised commissioning and provider negotiations.
- More sustainable budget management.
- Improved Placement Decision-Making.
- Strengthened Commissioning & Market Shaping.
- Embedding a culture of financial and care accountability.
- Improved Outcomes for Children & Families by ensuring children receive care that truly meets their needs, greater placement stability and continuity and long-term improvements in well-being, education, and life opportunities.
- Strong combination of both internal and external expertise - IMPOWER will provide extensive external knowledge from across the industry, bringing with them experience of working with numerous Local Authorities in this space. They will also be able to provide an objective viewpoint, something we feel will be a massive benefit when reviewing the children in care system.

#### 29. Cons of Option 2

- Requires investment.
- Full diagnostic work does not take place until after initial investment. This means that savings are based on significant evidence of benefit from similar work with other Local Authorities, rather than BCP data.
- Full potential impact of phase 2 of programme will not be known until work on phase 1 is underway. Information on potential scope of phase 2 is included in Appendix 1.
- While supported by a consultant, resource investment in the programme from the service will still be required to guarantee success (this will be mitigated by closure of Building Stronger Foundations programme).

#### **Why are we confident in the service delivered by IMPOWER?**

30. IMPOWER has a proven track record of delivering measurable impact in other local authorities, often with high return on investment (ROI) and sustainable improvements. They have provided assurances that, for the majority of their projects, there has been a clear in year cost reduction which has covered the initial investment for their services.
31. We are anticipating that in the worst-case scenario, we can expect a return on investment of 3:1 based on the work completed by IMPOWER with another Local Authority who are DfE statistical neighbours and also rated good by Ofsted. However, BCP has a higher rate of children in care compared to this other Local Authority and IMPOWER's average return on

investment is 5:1. Due to this difference, and the fact that the ROI is driven by factors such as the cohort of children who are prioritised, the ambition the local authority sets and the capacity to be able to focus on this work, we would anticipate at least a 4:1 return of investment, with some Local Authorities experiencing as much as a 8:1 return on investment. This is highlighted in Table 4.

**Table 3- IMPOWER results from similar work with other Local Authorities**

Local authority	Ofsted rating	Changes to care and support for CYP	Cashable savings delivered to date	Timescale	Duration (Months)
LA 1	Requires Improvement	153	£19.4m	Feb 23 – present	24+
LA 2	Outstanding	35	£6m	Dec 23 – Dec 25	24
LA 3	Good	28	£10m	Oct 23 – Apr 25	18
LA 4	Good	33	£2.1m	Jan 24 – Aug 24	6
LA 5	Requires Improvement	24	£2.4m	Aug 23 – Mar 24	8
LA 6	Good	30	£3.7m	Sept 23 – Feb 24	6
LA 7	Outstanding	45	£5.8m	Apr 21 - Sept 22	18

31. This is further supported by evidence from a Local Authority who we have spoken to directly, who are in the process of working with IMPOWER to trial the Valuing Care approach across Children's Services, as well as working alongside commissioning, brokerage, finance and performance to identify and test new ways of working.
32. This other Local Authority are reporting a return on initial investment within 8 months of working with IMPOWER, with an additional £300,000 cost reduction achieved in year. They are predicting an 8:1 return on investment in the longer term if all opportunities identified within the diagnostic are realised.
33. In addition, they report further annualised cost reduction from provider conversations and associated cost reductions of care packages.
34. By considering the performance data provided by IMPOWER and other Local Authorities, in conjunction with information on the methodology IMPOWER use (as included in Appendix 1) we have calculated the impact procuring the service from IMPOWER would be expected to have for BCP. We would expect IMPOWER to work with us to maximise our opportunities for reducing the numbers of children in care, helping us develop the scope and effectiveness of our existing models, while challenging the assumptions about what else is possible. We are anticipating that this would deliver annual results as detailed in the below table.

**Table 4 – Break down of anticipated annual savings**

<b>Method / Model</b>	<b>Estimated Saving £ 26/27</b>	<b>Estimated Saving £ 27/28</b>
Reunification	500,000	500,000
It takes a Family	210,000	210,000
Discharged Care Order	28,000	28,000
Supported Accommodation	93,000	93,000
Parent and child residential assessments / reverse residential	69,000	69,000
Step down from unregistered	105,000	105,000
<b>Total</b>	<b>1,005,000</b>	<b>1,005,000</b>

**Summary of Financial Implications**

35. The proposal requires upfront investment of £0.561m in 2026/27 for project management and external consultancy to deliver system changes that will reduce the currently projected increase in costs for children in care. Savings have been estimated at £1m for 2026/27 with a further £1m in 2027/28. This investment will be funded by the expected in-year budget savings for 2026/27.
36. The savings of £2m per annum from 2027/28 onwards will reduce the CiC forecast cost pressure included in the current MTFP.
37. The estimated annual savings in each year are based on an early 2026/27 starting point and the assumption that we will achieve a 4:1 return on investment with IMPOWER and maintain this financial position.

**Summary of legal implications**

38. Any changes will be delivered within the Council's statutory duties, including the Children Act 1989 and associated care planning regulations, the statutory sufficiency duty (s22G), and relevant safeguarding guidance. Procurement activity will comply with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015. Legal Services will be engaged to advise on contractual, data protection and regulatory issues, and to assess any legal risks and mitigations.

**Summary of human resources implications**

39. Children in Care Strategy Business Case Phase 1 will require dedicated programme management and analytical capacity (within the £561k envelope).
40. Any workforce changes will follow consultation requirements and consider training, practice development and leadership support. No TUPE implications are anticipated at this stage.

**Summary of sustainability impact**

41. Increasing local sufficiency reduces out-of-area placements, cutting travel, associated emissions and staff mileage. Market development and step-down to family-based care are expected to improve stability and community connections, supporting sustainable outcomes.

**Summary of public health implications**

42. Stable, local care and timely step-downs are associated with improved mental and physical health, education engagement and reduced risky behaviours. The programme aims to reduce health inequalities by enabling children to access local services and family networks.

#### **Summary of equality implications**

43. A full Equality Impact Assessment will be completed for the CiC Transformation Programme and for any significant service changes (e.g. new provision types). We will monitor outcomes across care cohorts (e.g. unaccompanied asylum-seeking children, adolescents with complex needs) to ensure equitable access and impact.

#### **Summary of risk assessment**

44. Key risks:
- Limited internal capacity to deliver change alongside business as usual.
  - Stakeholder engagement / adoption risk.
  - The expected level of savings might not be delivered as these have been based on the experience of other councils.
  - Any delay to implementation of phase 1 will delay benefits realisation.
45. Mitigations include strengthened governance, external expertise (time-limited), provider engagement and market-shaping, established engagement with IMPOWER, process agreed with strategic procurement and a phased delivery with measurable milestones.

#### **Background papers**

None

#### **Appendices**

Appendix 1 – Context and Background on IMPOWER