

MOTION ON NOTICE



Date of Council Meeting: 29 January 2024

Title of Motion:

Excess Profits by Private Companies Providing Children's Social Care

Motion Narrative and Action Required:

This Council notes the importance of providing the best possible care for our most vulnerable looked after children. As corporate parents we know how essential it is for our children in care to be suitably provided for and looked after. It is our legal duty as corporate parents to ensure that this happens. We are all corporate parents here; be we elected members or council officers and we take this responsibility very seriously.

This Council also notes that there has been an increase in demand for places in residential care in recent years. According to the National Children's Bureau there has been a 79% increase in children entering residential care since 2010-11. This presents a major strain on local authority budgets – including our own. It also means that money is drawn away from early interventions which in the long term would ensure better outcomes for children and families as well as saving money. Although local authorities across England increased their spending on children's services by £800 million for 2021-22, a substantial 8% surge from the previous year; early intervention services were in decline, witnessing a 46% drop in the last 12 years.

Against this backdrop a report commissioned by the LGA (Local Government Association) has revealed that the largest independent providers of children's social care services in England made profits of more than £300 million last year. The report found that the 20 largest providers collectively made profits of £310 million in 2021/22. This represents a 19% profit margin on their total income of £1.63 billion.

The Council also notes that spending on privately run children's homes has more than doubled in the past six years from £736.6 million in 2015/16 to £1.5 billion in 2021/22.

As well as the costs to Councils, including our own, this Council should note that the LGA report found there have been a significant amount of mergers and acquisitions in the children's social care sector in recent years. This has led to concerns about the impact of such activity on children living in care.

This Council believes that:-

- It is fundamentally wrong that some providers are making such large profits when that money should be invested in supporting our children. This would free up more resources to finance more early intervention programmes.

- That there should be a far greater financial oversight of the largest providers. It is clear that the current system is not fit for purpose and there needs to be a major overhaul. Children and families are not being best served, local authorities are not being best served as well as council tax payers as public money is being used to boost private profits.

This Council asks the Leader to write to the Parliamentary Under-Secretary of State (Minister for Children, Families and Wellbeing) David Johnston OBE MP (with a copy to the Chair of the Education Select Committee) to make him aware of the situation and its potential impact on our children and young people in care and on the overall budget impacts on Plymouth City Council. As well as how these profiteering companies are diverting money away from early intervention and thus further disadvantaging our most vulnerable children. This Council also requests that the Leader should ask Mr Johnston that his Department investigates the largest providers so that there is a far greater financial oversight. This is the least that should be done as a matter of urgency.

Proposer: Cllr Jemima Laing

Seconder: Cllr Sally Cresswell