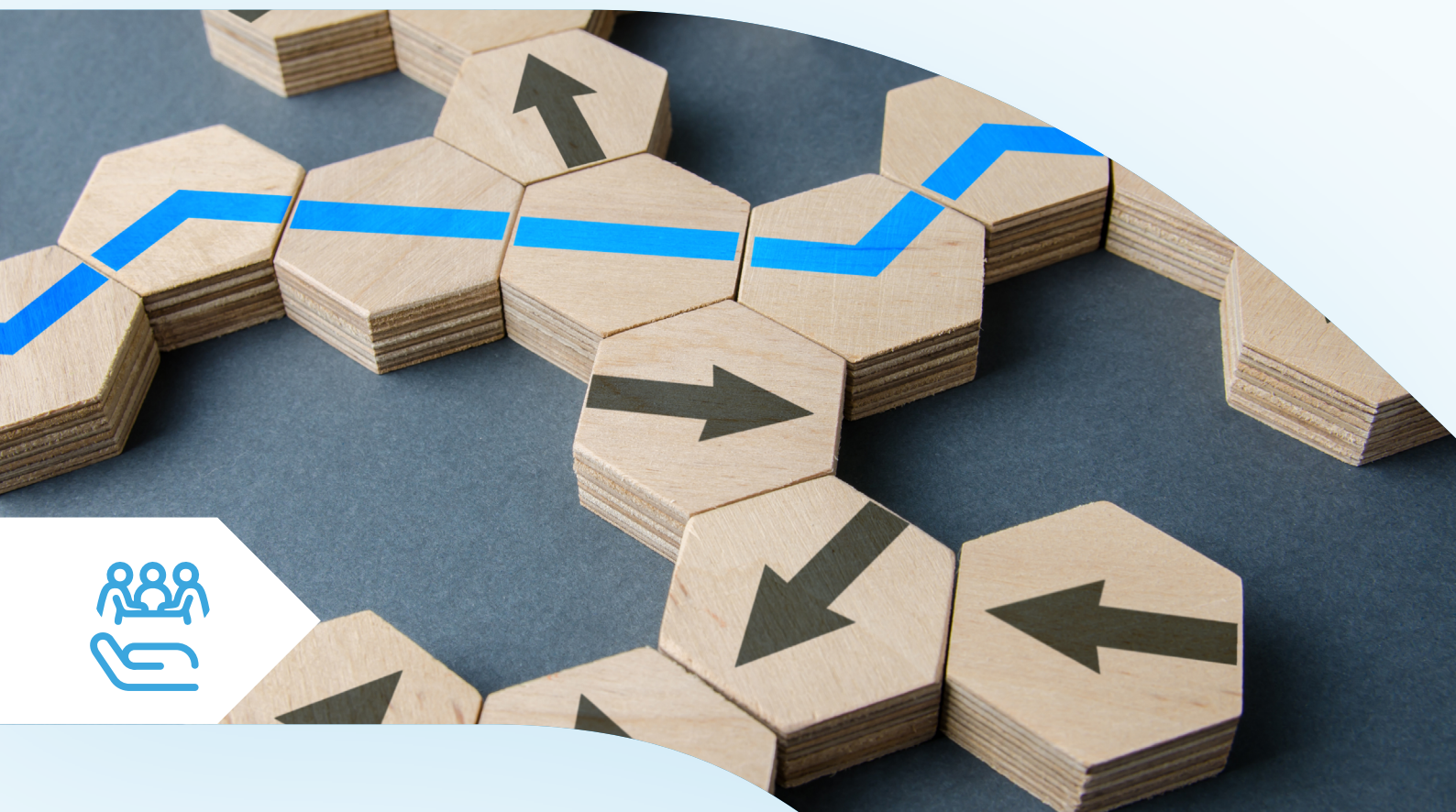


Public sector impact studies

Children's Residential Care: Tackling the crisis





The problem

The market for children's residential care in England is in crisis. A national shortage of suitable placements, particularly for children with complex needs, has driven costs to unsustainable levels, placing extreme pressure on local authority budgets.

The current system often fails to provide the stability and therapeutic support that vulnerable children require, leading to a cycle of placement breakdowns and moves far away from a child's home community. This reactive and market driven approach is not only financially inefficient but frequently delivers poor long-term outcomes for the very children it is meant to protect. This problem was particularly acute in Wakefield, whose children's care service received an 'Inadequate' rating by Ofsted in 2018.

This public sector impact study is based on a talk at **Productivity Pitches**, a series of events hosted by the **Institute for Government** and **The Productivity Institute**, which aims to share and support ways to improve public sector performance levels. The talk is available to watch on the [Institute for Government's website](#).



The innovation

In response, Wakefield Council rejected the conventional model and invested over a million pounds in developing its own in-house provision. The innovation is built on the following pillars:

- *A shift to small-scale bespoke homes:* Rather than seeking economies of scale through larger institutions, the council decommissioned its existing large children's homes. It replaced them with a network of ordinary two-bed houses located on typical residential streets.
- *Therapeutic home environment:* The model is designed to replicate a normal household routine to promote stability. A key example is the strategic rejection of institutional waking night staff (employees paid to stay awake overnight). Instead, an on-site staff member sleeps in at the house and is available for emergencies. This approach creates an environment that is closer to a normal family routine, while dramatically reducing overnight staffing costs.
- *Integrated specialist provision with health partners:* The model includes The Croft, which is a specialist home designed, managed, and funded in partnership with local health services. This facility provides intensive, therapeutic support for children with the most complex needs, specifically those who would otherwise be placed in secure accommodation or high-level mental health settings, preventing escalation to more costly and disruptive placements.





The impact

The shift to this in-house, small-scale model has produced significant improvements in both outcomes and efficiency:

- *Improved outcomes for children:* The model has led to a dramatic reduction in the number of children placed outside of the local authority, keeping them connected to their communities. Placement stability has increased significantly, and the council achieves excellent results in supporting care leavers into education, employment, training, and longer term, secure independent/semi-independent accommodation.
- *Enhanced quality and system resilience:* All the council's homes are rated as Good or Outstanding by Ofsted. By building its own capacity, Wakefield has reduced its dependence on the volatile and expensive external market, giving it greater control over quality and costs.
- *Demonstrable cost effectiveness:* The council's internal provision is delivered at a substantially lower cost than equivalent private placements. A week of care in one of its children's homes is estimated to be 25% cheaper than the private market average. The savings are even more pronounced for its 16-plus accommodation, which is 59% cheaper per week. This means the in-house model delivers better care for significantly less money, representing a major productivity gain.



Takeaways

Wakefield's experience offers a powerful counter narrative to the idea that public services must be scaled up to be efficient. The project demonstrates that for complex human services a smaller, more intensive, and relationship focused approach can deliver superior outcomes at a lower cost. Productivity here is achieved not by standardising and scaling a process, but by personalising support to prevent needs from escalating.

The success of the initiative was underpinned by the council's ability to build a compelling internal and external case for change. Leaders secured investment by focusing on the detailed life journeys of individual children. They demonstrated how the failures of the existing system created escalating and predictable long-term costs for health services and the council's own adult social care budgets. This granular, evidence-based approach was instrumental in building a genuine partnership with health colleagues, overcoming the early conflicts to create a co-funded service where both organisations share in the benefits of improved outcomes.

Ultimately, the Wakefield model proves that local authorities can be successful providers, not just commissioners, of complex services. By taking direct control of its residential provision, the council was able to design a system around the needs of its children rather than the constraints of the market. This represents a strategic investment in local capacity that pays dividends in the form of better lives for children and a more sustainable and productive use of public funds.

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