

6.3 Care home for children - local authority own-provision

This table presents the costs per resident week for a local authority own-provision home for children. Establishment costs are £4,865 per resident week. The Chartered Institute of Public Finance & Accountancy (CIPFA) reported that the average spend per authority on own-provision residential care for children in 2018 was £1,238,700 compared with £956,300 in 2017. In 2018, 67 per cent of total spend was attributed to on-site social workers (including agency staff, floating staff, staff on sick leave) and includes pay, overtime, national insurance and any pension contributions. Cost information for 2021 is unavailable.

See: [Ofsted: developments in children's social care \(blog.gov.uk\)](https://www.blog.gov.uk/2019/03/27/Ofsted-developments-in-childrens-social-care/) for a report on the children's homes sector.

Costs and unit estimation	2020/2021 value	Notes
Capital costs (A & B)		
A. Buildings	£148 per resident week	Based on the new-build requirements for local authority children's homes. These allow for 59.95 m ² per person. ¹ Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent, declining to 3 per cent after 30 years.
B. Land	£31 per resident week	Based on Ministry of Housing, Communities & Local Government land estimates. ²
C. Total local authority expenditure (minus capital)	£4,865 per resident week	Mean costs for children looked-after in own-provision children's homes are based on the underlying data of the DfE Section 251 outturn data for 2019/20. ³ The cost for a child for a week in an own-provision residential care home was £4,865. This was calculated by dividing total current expenditure for local authority (LA) provision children's care homes (£255,719,695) by the number of LA provision care days (own-provision and other local authority provision) for children in residential care (residential care homes: R1; children in secure units: K1; children in homes and hostels: K2; residential schools: S1) (397,303). ⁴ This gives a cost of £695 per day or £4,865 per week, and £5,045 when inflated using the PSS pay and prices inflator. Capital charges for buildings and land have been excluded to give a cost per resident week of £4,865. Local authorities reporting costs of less than £400 per week (6 local authorities) or more than £14,000 per week (26 local authorities) have been excluded.
D. Overheads		No current information available. See previous editions of this volume for sources of information.
E. Other costs	£13.68 per resident week for school support	Using Section 251 data, ³ and dividing total expenditure for 'education of looked-after children' (£54,920,949) by total children looked-after aged 5 and over (80,080), ⁵ a cost per child per year for education was calculated (£686). When updated, this gives a cost of £13.68 per resident week. This cost excludes school spending and relates to additional LA services to promote the education of looked-after children, for example virtual heads.
Use of facility by client	52.18 weeks	
Occupancy	86 per cent	Occupancy rates in local authority run homes was 86 per cent in 2014. ⁶
London multiplier	1.02 x C	Relative London costs are drawn from the same source as the base data for each cost element. ³
Unit costs available 2020/2021		
£5,045 establishment costs per resident week (includes A to C); £721 establishment costs per resident day (includes A to C); £5,059 per resident week (includes A to E); £721 per resident day (includes A to E).		

¹ Building Cost Information Service (2017) *Surveys of tender prices*, Royal Institute of Chartered Surveyors, London.

² Ministry of Housing, Communities & Local Government (2018) *Land value estimates for policy appraisal 2017*, <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2017> [accessed 25 September 2018].

³ Department for Education (2020) *Section 251 documents*, Department for Education, 2019-2020 London. <https://www.gov.uk/government/collections/section-251-materials> [accessed 29 October 2021].

⁴ Department for Education (2019) *Children looked-after in England including adoption and care leavers, year ending 31 March 2019*, Department for Education, London.

⁵ Department for Education (2021) *Children looked after in England including adoption: 2020 to 2021*, <https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2020-to-2021> [accessed 5 November 2019].

⁶ Department for Education (2015) *A census of the children's homes workforce*, Research report, Department for Education, London. [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/391529/RR437 - Children s homes workforce census .pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/391529/RR437_-_Children_s_homes_workforce_census_.pdf).

6.4 Voluntary and private sector care homes for children

This table presents the costs per resident week for an independent sector care home for children. Establishment costs are £4,153 per resident week.

Costs and unit estimation	2020/2021 value	Notes
Capital costs (A & B)		
A. Buildings	£148 per resident week	Based on the new-build requirements for local authority children's homes. These allow for 59.95 m ² per person. ¹ Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent, declining to 3 per cent after 30 years. No new information available for 2021.
B. Land	£31 per resident week	Based on Ministry of Housing, Communities & Local Government land estimates. ²
C. Total expenditure (minus capital)	£4,153 per resident week	Mean costs for children looked-after in externally provided children's homes (e.g. non-local authority (LA) own-provision) are based on the underlying data of the DfE Section 251 outturn data for 2019/2020. ³ The cost for a child for a week in a non-statutory residential care home for children was £4,151. This was calculated by dividing total expenditure for other provision children's care homes (private and voluntary/third sector) (£1,157,761,049) by the number of care days in non-LA provision for children in residential care (residential care homes: R1; children in secure units: K1; children in homes and hostels: K2; residential schools: S1) (1,987,102). ⁴ This gives a cost of £593 per day (£4,153 per week, and £4,307 when uprated using the PSS Pay & Prices inflator). Capital charges for buildings and land have been excluded to give a cost per resident week of £4,153. Local authorities reporting costs of less than £400 per week (20 local authorities) or more than £14,000 per week have been excluded (no local authority data showed costs in this category).
D. Overheads		No current information available. See previous editions of this volume for sources of information.
E. Other costs External services	£13.68 per resident week for school support	Using Section 251 data, ³ and dividing total expenditure for 'education of looked-after children' (£54,920,949) by total children looked-after aged 5 and over (80,080), ⁴ a cost per child per year for education was calculated (£686). When uprated, this gives a cost of £13.68 per resident week. This cost excludes school spending and relates to additional LA services to promote the education of looked-after children, for example virtual heads.
Use of facility by client	52.18 weeks	
Occupancy	79 per cent	Occupancy rates in independent sector homes was 79 per cent in 2014. ⁵
London multiplier	1.00 x C	Relative London costs are drawn from the same source as the base data for each cost element. ³
Unit costs available 2020/2021		
£4,332 establishment costs per resident week (includes A to C); £619 establishment costs per resident day (includes A to C) £4,345 per resident week (includes A to E); £621 per resident day (includes A to E).		

¹ Building Cost Information Service (2017) *Surveys of tender prices*, Royal Institute of Chartered Surveyors, London.

² Ministry of Housing, Communities & Local Government (2018) *Land value estimates for policy appraisal 2017*, <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2017> [accessed 25 September 2018].

³ Department for Education (2020) *Section 251 documents*, Department for Education, London. <https://www.gov.uk/government/collections/section-251-materials> [accessed 29 October 2021].

⁴ Department for Education (2021) *Children looked after in England including adoption: 2020 to 2021*, <https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2020-to-2021> [accessed 5 November 2019].

⁵ Department for Education (2015) *A census of the children's homes workforce*, Research report, Department for Education, London. [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/391529/RR437 - Children s homes workforce census .pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/391529/RR437_-_Children_s_homes_workforce_census_.pdf).