

REPORT TO CABINET

DATE 23 APRIL 2026

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Children and Young People - Lead Cabinet Member – Councillor Clare Besford

Foster with North East Expansion

Summary

The purpose of this report is to seek Cabinet approval for the Council to take part in the expansion of the Regional Fostering Hub in line with the Department for Education (DfE) expansion programme. This will build on the Foster with North East (FwNE) pathfinder that has been in operation since 2023 and all North East Councils are part of, but also requires a move to an 'End-to-End' model encompassing all aspects of the Fostering process

Children in Care sufficiency is the most significant risk and financial pressure to Councils across the North East and nationally. Following the Independent Review of Children's Social Care in 2022 national policy, supported by proposed legislation in the Children's Wellbeing and Schools Bill, has identified regional working as key to addressing these challenges. The Competitions and Market Authority (CMA) have also reported that the current model is dysfunctional driving up costs and delivering poor outcomes.

DfE is progressing at pace on this agenda publishing a blueprint including regional fostering, Renewing Fostering: homes for 10,000 more children, in February 2026 and guidance on the next stage of development for Regional Care Co-operatives (RCCs) in March 2026 Apply to set up a regional care cooperative - GOV.UK along with an Expression of Interest (EoI) for six further regions to become RCC's.

Foster with North East (FwNE) was established in 2023 as the National Fostering Pathfinder, hosted by Together for Children and with all 12 councils in the region participating. An evaluation of FwNE was carried out last year and it was recognised that expansion of the model to an End-to-End approach was essential to achieve the benefits of the regional approach. It is positive that national policy and some additional funding have now aligned with that view.

DfE policy statement sets out seven minimum requirements for an expanded Regional Fostering Hub along with a specification and very tight timelines to establish and implement the model. A fully costed plan needs to be submitted to DfE by 1st June 2026. The work undertaken in the region to develop the model, financial planning and implementation are set out in the body of this report.

DfE provided over £2m of funding to FwNE to establish it and for initial running costs, however in 2025-26 the current model was fully funded by the 12 LAs through a population-based formula. In 2026-27 it's projected that the model will cost approximately £2m with £500k of funding through government grant. A commitment has been made that the financial contributions from individual LA's will be maintained at 2025/26 levels, and the efficiencies will be sought to support the expansion of the Hub. For context in 2023-24 the region spent £540m on children in care placements and costs continue to rise at an exponential rate. Financial details are set out in the body of the report.

To ensure the benefits of regional working are fully realised and we operate as efficiently as possible it is proposed that FwNE will be fully integrated into a proposed North East RCC. It is recommended that a regional bid is submitted as part of the RCC EoI by May 22nd, building on extensive work that has taken place regionally over the last 18 months. If successful it would bring at least £1.5m additional funding into the region and enable significant efficiency and benefits by integrating with FwNE.

A high-level structure for regional working through a proposed RCC and delivery of FwNE via a locality model is described in detail in the report. Whilst it will be required to operate across a full regional footprint of all 12 LA's our design is based on 3 Locality delivery teams taking the learning from FwNE pathfinder. It is proposed that the 3 localities are:

- North Locality – Gateshead, Newcastle, North Tyneside and Northumberland
- Central Locality – Durham, South Tyneside and TfC/Sunderland
- South Locality – Darlington, Hartlepool, Middlesborough, Redcar & Cleveland and Stockton-on-Tees.

This report presents a clear rationale for the recommendations and the move to regional arrangements to address chronic shortfalls in sufficiency of children in care placements. The risks presented by the current dysfunctional market approach impacting on children's outcomes and the financial sustainability of LA's must be addressed and this work provides an opportunity to do so.

Reasons for Recommendations

Foster carers provide high quality care for some of our most vulnerable children and as such we highly value the part they play in making a difference to children's lives. Our ambition is to be able to offer more children and young people high quality family-based care provided by our foster carers. It is also important that we are able to maintain lifelong connections for our children with siblings, extended families and their wider community. Enhancing our recruitment and retention of foster carers to reverse the decline in numbers seen in recent years is essential to achieving that.

There is also a financial imperative with rapidly escalating costs driven by a dysfunctional market model within the care system. This has led to costs escalating well in advance of budgets creating substantial pressure and sustainability risks for Councils across the region and nationally. A different approach is needed, and these developments give us the

opportunity to completely redesign this critical service area with an enhanced regional approach that is still embedded in locality.

In July 2025, Cabinet considered a report outlining a sustained reduction in the number of local foster carers at a time of increasing demand for placements, driven by a growing cohort of children entering care. The report presented proposals to modernise the fostering service in Stockton-on-Tees, underpinned by a comprehensive service review, options appraisal and a supporting business case. The proposals sought to address pressures on placement sufficiency, including the increasing dependence on external private providers, while improving outcomes for children in care and supporting their long-term stability and wellbeing. A key priority within the proposals was to strengthen the capacity and resilience of the in-house fostering service through targeted recruitment activity, improved retention of existing carers and a more flexible and responsive service offer capable of meeting the increasingly complex and diverse needs of children in care. The proposals included increases to fostering fees, enhanced training and support arrangements and a focused recruitment strategy to broaden the local foster carer base.

The Council's approved approach is consistent with the national policy direction and the Government's ambition to strengthen the end-to-end system for the recruitment, retention and support of foster carers, ensuring sustainable placement sufficiency and improved outcomes for children.

The Directors of Children's Services within 12 North East local authorities in scope for this activity have agreed to support this programme, and there is a national expectation to deliver the 'End-to-End' expansion. On a national and regional level, recruiting sufficient numbers of foster carers for the number of children requiring care remains a challenge and this approach is designed to reduce the challenges faced. The costs associated with using external fostering providers and children's homes can be high and so it is hoped this will see a reduction.

Recommendations

Cabinet is recommended to:

- 1) Give approval for the Local Authority to enter into an agreement to be part of the expanded North East Fostering Hub in line with national policy and guidance
- 2) Give approval for the Local Authority to support a North East Regional bid to become a 'Wave 2' RCC national pathfinder and support submission of a bid to DfE by 22nd May 2026.
- 3) Authorise the Director of Children's Services in conjunction with the Lead Member for Children's Services to take all necessary steps to implement the recommendations in line with National Policy.

Detail

1. Children's Social Care has been operating in a very challenging context in recent years, particularly with sufficiency of places for children in care being constrained by a dysfunctional market model. These issues have been well documented through the Independent Review of Children's Social Care led by Josh McAllister which reported in May 2022 and a report by the Competition and Markets Authority (CMA) published in March 2022.
2. The government formulated a response to these reviews and started the process of primary legislation to take forward recommendations in the Children's Wellbeing and Schools Bill which is now at its final stage in Parliament. The Independent Review of Children's Social Care recommended the development of Regional Care Co-operatives (RCCs) and the Children's Wellbeing and Schools Bill will give the Secretary of State powers to direct regions to establish RCC taking on a range of duties for commissioning of fostering and residential care.
3. DfE established a 'pathfinder' programme for RCC's in 2024 and the two successful regions following Expressions of Interest, Greater Manchester and South East, went live with their RCC's in 2025. The pathfinders have tested out different governance models, shared commissioning approaches and provider engagement, regional collaboration on data and insights and moving away from reactive approaches to commissioning to a more proactive planned approach across the regional footprint.
4. A complementary recommendation from the national review was to develop collaborative approaches at regional level to fostering recruitment and retention following a decline in the number of foster carers nationally after Covid. This reduction in foster capacity combined with an increase in the number of children in care requiring foster placements has created a perfect storm. We cannot fully meet children's needs close to their homes and have seen significant financial pressures due to increased usage of Independent Fostering Agencies (IFA's) and residential care.
5. Financially there is a 'burning platform' driving change with nationally around £9bn now spent on supporting children in care with costs rapidly out pacing budgets creating significant risks to the financial sustainability of Councils. An external review commissioned in 2024 showed that the region spent £540m on children in care placement in 2023-24 with around £300m of that on residential placements. It was also estimated that just over 30% of children in residential placements could have been placed in foster care if sufficiency challenges are addressed.
6. In the North East our regional fostering hub Foster with North East (FwNE) was the first national fostering hub Pathfinder established in 2023 and hosted by Together for Children. This has enabled substantial learning in the region, and we have also benefited from approx. £2m of DfE investment in our hub. An evaluation of FwNE was commissioned last year and recommendations from that have been integrated into the proposal to expand the model in line with national requirements.

7. Josh MacAlister, author of the independent review of children's social care is now a Labour MP and September 2025 was appointed as the children's minister. He now has the national political leadership for the implementation of the recommendations he made in 2022 and that has seen an acceleration in the national roll out of both RCC's and Fostering Hubs.
8. The DfE published a policy statement on Regional Care Cooperatives (RCCs) in February 2026 which sets out the national direction of travel, giving the high-level expectations of an RCC building on the work of the 2 pathfinders in Greater Manchester and the South-East regions. This was followed by publication of detailed guidance setting out requirements and route for regions to submit an EoI to become an RCC published on 26th March 2026 - Apply to set up a regional care cooperative - GOV.UK.
9. It has been confirmed there will be 6 regions joining the pathfinder programme as part of the national roll out of RCCs. RCC's will be expected to develop in 3 stages, foundation, development and delivery with a checklist of minimum requirements at each stage set out in the guidance. National funding of up to £10.8m over 2 years will be provided across the new pathfinders for initial costs of set up and implementation, so the North East could expect around £1.5-2m if successful.
10. The DfE launched a new policy paper, 'Renew Fostering,' in February which sets an 'ambitious' target of securing an additional 10,000 new fostering places by 2029, underpinned by 5 'Pillars of Reform'. This includes a clear expectation that existing fostering hubs, which are currently a primarily 'front door' recruitment model, will expand to an 'End-to-End' to include assessment, approval and expanded support to help both recruit and keep foster carers in the system for longer.
11. The DfE's expectation is that regions will move towards an End-to-End model (enquiry to approval) during the 2026-27 financial year. A proposed model has been developed through the regional governance arrangements led by the North East Association of Directors of Children's Services (NE ADCS) and the regional Directors of Resources (DRG). Several workshops with DCS's and operational leads have taken place to shape the regional proposal and ensure we can meet the national requirements in a way that works in our context.
12. It is expected the proposed model will significantly reduce duplication across the region and could result in more efficient use of resources, a better experience for prospective foster cares and sharing of best practice. The ambition is ultimately to recruit and retain more foster carers giving more children access to loving homes within their own communities as reduce pressure on Children in Care budgets that are unsustainable across the region.
13. The national guidance provided by the DfE sets out a range of 'minimum requirements' for regional fostering hubs against which we must design a model that fits our local context and needs. Those requirements are.
 - Recruitment: Regional approach to recruitment led by the Hub

- Single Front Door: All enquiries regionally to be routed through a single point of entry
 - Journey Guide: A dedicated person to support and steer carers through assessment and approval processes
 - Support Network for Carers: Core regional offer establishing lasting support networks
 - Regional Assessment: Single assessment function for the region with the Hub
 - Regional Data: Regional systems and data collection with oversight of progress
 - Post Approval Support: Regional offer of training and support
14. The proposal to move to a fully End-to-End fostering model across the region covering all aspects of fostering services from initial enquiry through to post approval support and supervision will require structural change. Learning from the experience of the Foster with North East national pathfinder the proposal is to build a locality delivery structure into the Regional Hub. Working through NE ADCS and DRG the preferred option is for three locality delivery teams to be established covering the following areas.
- a. North Locality – Gateshead, Newcastle, North Tyneside and Northumberland
 - b. Central Locality – Durham, South Tyneside and TfC/Sunderland
 - c. South Locality – Darlington, Hartlepool, Middlesborough, Redcar & Cleveland and Stockton
15. The national minimum requirements include the management and oversight of all resources, including staffing to be through the regional hub. Therefore, structural change and a formal HR process will be required as part of the transition to new arrangements. The proposed high-level structures are set out in paragraph 25 of this report. A detailed capacity and demand analysis is being undertaken to design the structures required in each locality to deliver against the new model. This will inform a formal consultation process likely to take place in the summer of 2026 with transition to the new locality structure during the autumn of 2026
16. There is a requirement to submit to DfE by 1st June, a full costed plan setting out how the region will meet the minimum requirements and the allocation of resources. An interim plan giving high level direction of travel, outline of model and costs was submitted to DfE on 31st March and feedback on this will inform the final version.
17. The DfE provided grant funding in total of over £2m for the set up and initial running costs of Foster with North East. From 2025/26, it is now fully funded by LA contributions using a formula based on population. The core budget for the existing FwNE activity in 2026-27, prior to expanding its remit is £1,170,524 (including an agreed uplift in contributions of 4%).

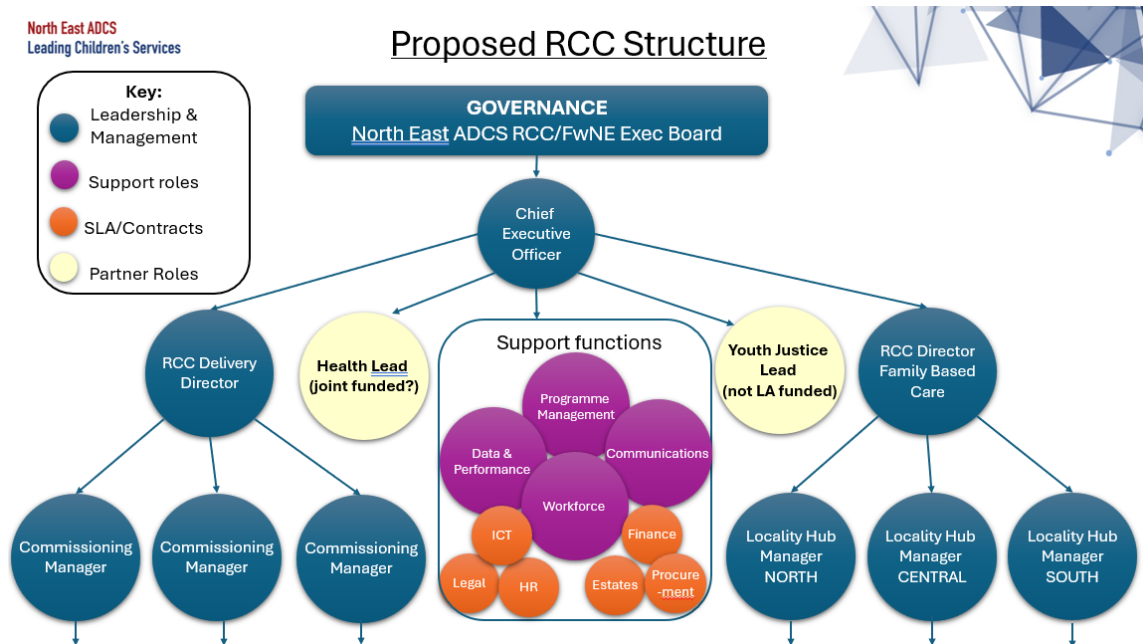
18. The DfE have offered grant fund of up to £500,000 to support the region's ability to expand to an end-to-end model. DfE's modelling indicates that to receive the full grant it needs to equate to 25% of the costs of the expanded model with the remainder funded by the LA financial contributions, in kind contributions or sharing resources with the RCC infrastructures. NE ADCS had already agreement in 2025 that for the Regional Fostering Hub to be sustainable and fulfil its potential it needed to go further to eliminate duplication in the current model. Therefore, it is welcome the national policy position and additional funding have aligned with that approach. Initial high-level costings for the extension to End-to-End Expansion activity estimates the cost for the Regional Fostering Hub for 2026-27 financial year to be £2,072,817.
19. If the full DfE allocation of £500,000 towards the costs is received, split between core functions and expansion activity, this leaves an initial funding gap of £402,292 to be mitigated by in kind activity, alignment with broader regional work and other efficiencies. In addition, in-year slippage on new posts and activity are anticipated in 2026-27 and once we know the outcome of a possible RCC Eol a medium-term financial strategy can be developed to ensure a sustainable model.
20. In relation to RCC development, for the past 18 months North East ADCS has been proactively preparing for these announcements and have established a new governance arrangement for both the development of our northeast RCC and fostering expansion activity. The RCC Executive Board meets every 6 weeks and includes DCSs, Chief Executives, Section 151 / Finance Directors, Legal and Commissioning strategic representation.
21. All indications suggest we are in a strong position for the North East to be successful in a bid to become one of the next rounds of RCC pathfinders, to take advantage of additional national funding and support.
22. Our regional work to date has included.
 - Establishment of a Complex Needs Board in September 2023 working with the ICB and health partners on four workstreams – market management, integration, transition and prevention.
 - Commissioned and external partner (Newton Consulting) to conduct a regional deep dive and diagnostic exercise analysing the cost of placements for children with the most complex needs.
 - Developed and published a regional 'Sufficiency Statement' in Spring 2025 and subsequent rolling programme of provider engagement activities NE ADCS Sufficiency Position Statement
 - Held several workshop sessions to develop regional thinking and learn from the two National Pathfinders. We also commissioned additional support from a consultant who had previously worked with the GM pathfinder to share their experience of the process.

- Successful in a regional bid to work with Social Finance, funded by DfE, to develop a regional data platform to support our commissioning activity and form a core foundation of a future RCC.
- Used DfE RIIA grant to invest in additional regional leadership and programme management capacity to progress FwNE’s development and prepare the region to become an RCC.

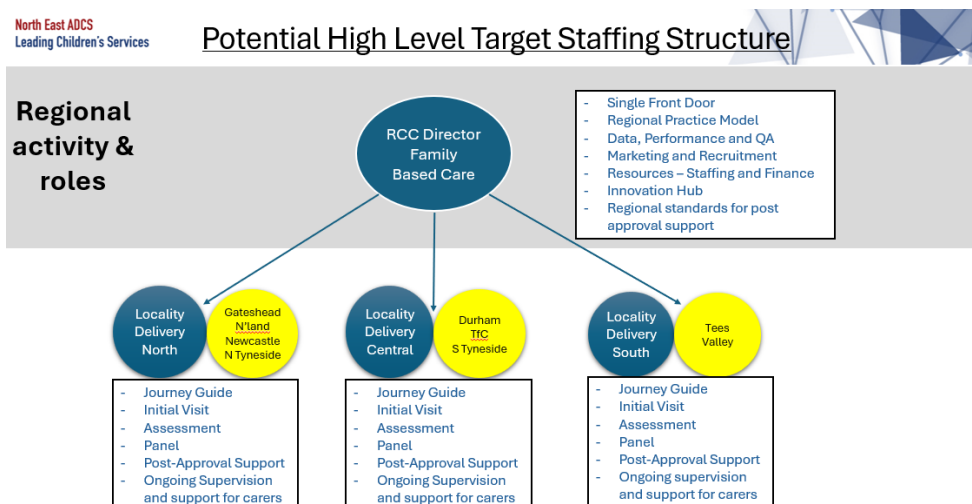
23. As a result of this work, we are in a strong position to submit an Expression of Interest to become an RCC and already have in place or are developing the key building blocks required to meet the national requirements DfE have set out in the RCC guidance.

Proposed High Level Regional Structure

24. All our planning has been based on the opportunity to fully integrated the fostering hub with a future NE RCC. The high-level structure developed takes a proactive view that our expanded fostering hub will be ‘nested’ within the overarching Regional Care Cooperative (RCC) structure. The following graphic shows the proposed high-level structure:



25. To meet the requirement for Fostering Hubs to have a senior accountable person operating at regional level it is proposed that the ‘Director of Family Based Care’ role will hold this accountability and oversee 3 locality hubs, each with its own manager. NE ADCS have recommended the groupings of local authorities within these localities, as outlined on the following graphic:



Community Impact and Equality and Poverty Impact Assessment

26. See summary paragraph 3.

Corporate Parenting Implications

27. See summary paragraph 4.

Financial Implications

28. Subject to confirmation of funding being secured from the DfE as described in paragraphs 18 & 19, the 2026/27 financial contribution from SBC is anticipated to be £85,961, which is in line with the Children's budget for 2026/27.

29. Any further financial implications will be considered in future updates to Cabinet.

Legal Implications

30. Local authorities have a duty to take steps to secure, so far as reasonably practicable, that they have a sufficient provision and range of accommodation for children that are looked after, or whose welfare otherwise requires accommodation, in their area and that meets the children's needs.

Background Papers

'Renewing fostering: homes for 10,000 more children' February 2026 at: [Renewing fostering: homes for 10,000 more children - GOV.UK](#)

Regional Care Cooperatives policy statement February 2026 at: [Regional care cooperatives policy statement - GOV.UK](#)

Regional Care Cooperatives guidance and Eo1 March 2026 at: [Apply to set up a regional care cooperative - GOV.UK](#)

Independent Review of Childrens Social Care at: [Independent review of children's social care: final report - GOV.UK \(www.gov.uk\)](#)

Stable Homes, Built on Love: Implementation Strategy and Consultation at: [Children's social care stable homes built on love consultation \(publishing.service.gov.uk\)](#)

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