

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2024-25](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2024-25](#).

WGDB_24-25 51: Ymateb gan: Cymdeithas Cyfarwyddwyr Gwasanaethau Cymdeithasol (CCGC) a Cymdeithas Llywodraeth Leol Cymru (CLLC) (Saesneg yn unig) | Response from: Association of Directors of Social Services (ADSS) and Welsh Local Government Association (WGLA) (English link)



Senedd Cymru Finance Committee: Welsh Government Draft Budget 2024-25

Contribution by ADSS Cymru

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Date	December 2023

General Comment

The Association of Directors of Social Services (ADSS) Cymru is the professional and strategic leadership organisation for social services in Wales and is composed of statutory directors of social services, the All-Wales Heads of Children's Service (AWHOCs), the All-Wales Adult Service Heads (AWASH) and tier three managers who support them in delivering statutory responsibilities: a group which consists of over 300 social services leaders across the 22 local authorities in Wales.

The role of ADSS Cymru is to represent the collective, authoritative voice of senior social care leaders who support vulnerable adults and children, their families, and communities, on a range of national and regional issues in relation to social care policy, practice, and resourcing. It is the only national body that articulates the view of those professionals who lead our social care services.

As a member-led organisation, ADSS Cymru is committed to using the wealth of its members' experience and expertise. We work in partnership with a wide range of partners and stakeholders to influence the important strategic decisions around the development of health, social care, and public service delivery. Ultimately, our aim is to benefit the people our services support and the people who work within those services.

ADSS Cymru welcomes the opportunity to contribute to this consultation on the Welsh Government's Draft Budget 2024-25. We have produced a report in partnership with the WLGA, summarising the financial pressures on social services. The report presents the pressures for 2024/25, as well as describing the current in-year pressures that are being experienced for 2023-24. It also examines predicted forecasts beyond the next financial year. We have attached the report to this covering document for the Committee's consideration.

The report sets out that the social care sector in Wales is experiencing unprecedented and acute challenges. The number of people needing care and support has and continues to increase, which in turn is creating unsustainable financial and demand pressures on social care services in both adult and children's services.

The report identifies several key factors including:

- **Future Financial Sustainability:** Welsh local authorities face significant financial challenges, with estimated pressures of £809 million in 2024-25, followed by £604 million in 2025-26 and £612 million in 2026-27. These pressures may severely impact local services.
- **In-Year Budgetary Pressures:** In addition to future challenges, some authorities are dealing with in-year pressures totalling £219 million. To address these projected overspends, various recovery measures are being implemented to balance budgets.
- **Workforce Impact:** Recruitment and retention of social care workers, including qualified Social Workers, are major challenges. A recent Social Care Wales survey shows that many social care workers feel undervalued and underpaid, potentially leading to workforce shortages.ⁱ
- **Complex Cases:** Increased demand and complex cases, including high-cost placements, are driving up costs for social services. Particularly expensive components include children's residential placements, adult residential placements, and domiciliary care. Additionally, local authorities are often forced to establish bespoke placement arrangements for children and young people outside the Regulation and Inspection of Social Care (Wales) Act 2016 (RISCA) registration regime due to placement shortages.
- **Other Contributing Factors:** Additional pressures in the social care sector stem from issues like access to Children and Young People's Continuing Care and Continuing Healthcare in adult services, the financial impacts of Social Care 'Tourism,' and the cost-of-living crisis, which result in increased family pressures and more children entering care.
- **Policy Implications:** Certain policies in Wales, such as the commitment to eliminate private profit from the care of children looked-after and the implementation of the Real Living Wage for social care workers, also contribute to financial pressures in the sector.

Our members would also like to highlight the point that up until the creation of this consultation response (end of November 2023), local government social services have received no further in-year budget support from Welsh Government. This contrasts with health, as was set out by the Minister for Finance in her announcement on 17 October 2023.ⁱⁱ

Whilst we acknowledge this funding is to support the NHS, over what will be an extremely challenging winter period, it does not ameliorate the immensely challenging position that our members find themselves in within their respective local authorities. Councils are facing a very difficult in-year financial position and the outlook for coming financial years is stark.

ADSS Cymru and its members will, nevertheless, continue to work closely with our health colleagues across the regions and do everything we can to plan for and meet demand over the winter period and beyond. However, due to capacity demands and budget constraints, the ability to consistently support citizens will be impacted, for example, the quick and timely discharge from hospital in all areas will not always be achievable. Nevertheless, we will continue to ensure that resources and capacity can be used as effectively and efficiently as possible, which includes examining what can be done differently.

The local government family have an ambitious vision for social care in Wales that we published in the early autumn.ⁱⁱⁱ That vision is predicated on securing a sustainable, long-term funding solution to allow the sector to attract, develop and retain its best workforce, to invest in more preventative and early intervention service provision and to explore new integrated care opportunities using digital and emerging technologies. However, unless the Welsh Government resolves the funding position, the sector is only going to remain in a position of perpetual crisis escalation, which will mean a demoralised and depleted workforce and persistent unmet and under-met need.

Alwyn Jones
President
ADSS Cymru (2023-24)

ⁱ Social Care Wales, [Pilot Workforce Survey – Overall report of findings, August 2023](#), (as accessed on 28 November 2023).

ⁱⁱ Welsh Government Announcement: [Welsh Government protect health, transport and public services](#), 17 October 2023, (as accessed on 28 November 2023).

ⁱⁱⁱ ADSS Cymru, SOLACE, Social Care Wales & WLGA, [A Vision for Social Care in Wales](#), September 2023, (as accessed on 28 November 2023).

SUMMARY OF SOCIAL SERVICES FINANCIAL PRESSURES: 2024/5 AND ONWARDS

November 2023

Purpose

1. This paper provides an assessment of Social Services spending pressures.
2. It includes information covering the current financial year (2023-24) and also provides estimates of the pressures in 2024-25, 2025-26 and 2026-27 based on local authorities' medium-term financial plans and information supplied in a survey of all 22 councils carried out during August/September 2023 with the help of the Society of Welsh Treasurers (SWT) as well as additional detail from members of the Association of Directors of Social Services (ADSS) Cymru.
3. It should be noted that the pressures calculated within this paper are based upon maintaining working practices and core structures as they are at present – these are the financial pressures services are facing to just 'standstill'. The paper allows for inflationary pressures in line with increasing salaries and fees within normal parameters, however, this does not allow for increasing salaries and fees at a higher aspirational rate to address the current workforce and system challenges. Without additional funding these challenges are likely to continue and exacerbate.

Overall Local Government Pressures

4. In 2024-25 local authorities will face an estimated pressure of £809m. In 2025-26 it will be £604m and £612m in 2026-27. Cumulatively, the pressures building up in the system across local government, and the resulting budget gap, means that the outlook is extremely bleak and the options for many local services will be unpalatable.
5. While the pressures in the current financial year were offset by a better-than-expected settlement in 2023/4, it is becoming clear that there are additional in-year pressures amounting to £219m. In some authorities, these projected overspends have become particularly acute with a range of measures being implemented to balance budgets.
6. The planned increases in Aggregate External Finance (AEF) for 2024-25 is £169m, or 3.1%, which will cover just over a fifth of the pressure in the financial year. The latest estimates from Wales Fiscal Analysis for subsequent years shows the outlook on funding to be particularly stark, with councils relying mostly on council tax for any additional funding.

7. Without additional funding, the risk to council services including education and social care cannot be overstated. The aggregate annual budget gap in each of the next 3 years is £432m, £429m and £433m in the run up to 2026-27. In total, the cumulative funding gap could potentially be £1.294bn. Some of the gap will be met through efficiencies and other measures but given the scale of the challenge, many councils will have to consider large scale service cuts and a significant loss in council posts.

Summary of Social Services Pressure in Current Year (2023-24)

8. Social care makes up 50% of the estimated overall additional in-year pressures, or £109m. This is around 4.7% of budgeted net revenue expenditure¹ and builds on a £93m overspend on social services in the previous financial year (2022-23).
9. The table below provides a breakdown of the make-up of the social services overspend:

Current year pressures	2023-24
	£000s
Pay Inflation pressures	5,281
Non pay inflation pressures	3,866
Commissioning cost pressures	13,201
Demand related pressures - Adults	45,683
Demand related pressures – Children’s	40,730
Overall Total	£108,761

Source: WLGA/SWT Survey September 2023

10. The increasing demand and complexity of need across both adults and children’s services, including the need for high-cost placements, accounts for much of these additional costs. The returns indicate that children’s residential placements account for over £26m of the total, adults residential placements £20.5m and adults domiciliary care £15m.

Summary of Social Services Pressures 2024-25, 2025-26 and 2026-27

11. The considerable financial challenges continue into 2024-25 and beyond. Next financial year there is a £261m pressure which represents an 11.3% increase in current budgets and accounts for 36% of the total financial pressures councils will face. Commissioning costs, as well as pay and non-pay inflation account for £180m of the pressure. The remainder is down to demand which accounts for £81m. There is an additional pressure of £187m in 25-26, and £198m in 26-27 respectively giving a cumulative total of £646m.
12. The table below provides a summary of how these financial pressures for social services are broken down:

	2024-25	2025-26	2026-27	Total
	£000s	£000s	£000s	£000s
Pay inflation pressures	41,944	34,156	34,546	110,646
Non pay inflation pressures	27,377	19,991	20,265	67,633

¹ Social care net revenue expenditure is budgeted at £2.302bn in 2023-24 (Source: Welsh Government RA Returns)

Commissioning cost pressures - Adults	83,894	(IN(6)-0824-00N4) 69,689	77,665	231,248
Commissioning cost pressures - Children's	20,308	16,854	18,244	55,406
Demand related pressures - Adults	47,235	26,121	28,211	101,567
Demand related pressures – Children's	34,210	12,353	12,237	58,801
Reduction in specific grants	3,047	6,383	4,753	14,183
Local priorities	500	127	218	845
Other	2,621	1,405	1,649	5,675
Overall Total	£261,136	£187,079	£197,788	£646,004

Source: WLGA/SWT Survey September 2023

What is Behind these Pressures?

13. Councils continue to be extremely concerned about the current pressures facing social care. The survey demonstrates the continuing impact of growing demographic, cost of living, workforce and inflationary pressures facing all parts of the social care system. The impact is that budgets are not stretching as far, families and unpaid carers are facing further strains, and recruitment and retention of the workforce remain huge challenges.
14. Increasing demand for services, as well as increasing complexity add to these pressures and concerns. Appendix 1 presents case studies from both adults and children's services which demonstrate examples of the levels of complexity presenting to social services, the challenges faced in meeting these needs, but also the amount of time and effort councils and their social care workers make in order to find and put appropriate care and support in place. It also presents some of the most recent available data to try to demonstrate the levels of demands that continue to be met by councils.
15. Commissioned services from independent providers, which are essential to the provision of social care, are also affected by similar issues to local authority social care services with increased running costs for staffing and energy, as well as increases in relation to insurance and fuel which are further exacerbating the significant financial pressures.
16. The combination of increasing demand, complexity of need and workforce shortages has resulted in higher costs and, as a consequence, increased expenditure for councils to meet the escalating costs of placements across both adults and children's services. Local authorities have flagged this as a significant risk. One local authority identifies that residential and nursing homes are seeking a rise in fees of around 20% and another has experienced roughly a 10% increase in fees in each of the last two years. While uplifts are being factored into medium term financial planning concerns remain about the likelihood of demands for higher increases and therefore further costs to local authorities.
17. On top of increasing costs some councils also identified increasing need and demand for care home placements, particularly in relation to Step Closer to Home. One council reported an 8.5% increase in externally commissioned care home placements in the last 6 months (April-October), with this continuing to rise.

18. The survey indicates that the social care market remains fragile, and this has impacts for the long-term sustainability of the sector. It also reveals councils' concerns about growing demand for both adults and children's services, their capacity and resources available to meet these demands, along with reductions in quality and choice available. This is a significant concern.
19. The difficulty of recruiting and retaining social care workers continues to be a major issue highlighted by councils along with recruitment challenges for qualified, high quality Social Workers, particularly in children's services. In order to mitigate some of the recruitment and retention challenges some councils continue to have to rely on the use of agency staff and these costs further add to financial pressures in future years. As one council identifies, despite efforts to redesign service delivery to minimise the requirement of Social Workers recruited through agency there is still an associated overspend of £1.2m due to agency backfill of vacant posts.
20. Social Care Wales' recent [social care workforce survey](#) underlines some of these workforce challenges. Whilst social care workers feel valued by the people and families they support, they also feel undervalued by the public and underpaid for the work they do. More than a quarter of workers claim they are likely to leave the sector in the next 12 months (26%) and 44% feel at least 'quite likely' to leave the sector in the next five years. The most common reason given for expecting to leave in the next 12 months is low pay (66%), while feeling overworked (54%) and poor employment or working conditions (40%) are also significant factors.
21. The financial survey highlights concerns that continue to be raised in relation to the provision of packages of care. Increased demand, along with a lack of suitable providers has previously been identified as an issue in the provision of domiciliary care. Local authorities identified an increase in the complexity of the care home packages needed to be put in place, alongside increasing costs. The result is that councils can struggle to have enough capacity to be able to meet the assessed need and ensure the sustainable provision of care.
22. Issues in relation to access to Continuing Healthcare were also flagged meaning that local authorities were persistently having to fund the majority, if not all, of these care packages rather than health.
23. In addition, some authorities have referred to the financial impacts of Social Care 'Tourism' with clients moving over from England to benefit from the more generous capital threshold limits in Wales when moving into a care home setting. It was also reported that there are examples in non-residential services where family members have moved in with relatives in Wales from across the border to apply for a direct payment to look after their relative which is allowed in Wales but not in England. Councils also identify seeing individuals who have had delays in accessing healthcare and are now presenting to social services with higher dependency needs that require more costly care provision.
24. Increased demand and complexity of cases in particular client groups was also reported. For example, pressures and costs in packages of care and support across mental health and learning disability services are identified in the survey responses. One local authority pointed to the increasing numbers of under 65-year-olds with a learning disability requiring support which will need to continue to be met in future years.
25. The impacts of the cost of living crisis were highlighted as leading to rising pressures on families which has meant that some councils are experiencing increased numbers of children entering care. A number of councils also reported an increase in safeguarding referrals, with one council reporting a doubling of referrals in the past year. The number of child protection investigations being undertaken were also reported as increasing in a

number of councils. One council identified a nearly 700% increase between 2018-19 and 2022-23, with others identifying a doubling of investigations.

26. Concerns continue to be highlighted over challenges finding appropriate and quality placements for children and young people. In particular, there remains a lack of provision for children with complex needs where there is a lack of both fostering and residential placements available. Unprecedented levels of emergency placements for residential placements, increased use of independent placements and increased pressures to find foster placements were all pointed towards with the cost of out of county placements continuing to rise, as well as demand for specialised placements exceeding supply. Weekly costs in excess of £20,000 per week for placements were identified and one local authority reported that their children's services budget has increased by £11m (56%) over the last 3 years, with specialist placement costs increasing by £6.6m (44%) over the same period. Another highlights that despite a £9.5m budget build into their placements budget for 23/24 (17% equivalent), in month 6 the council was still recording an £8.5m budget overspend, primarily due to the cost of residential placements. Here placements made during the year are proving more costly than historic placements. Factoring in fee uplifts and price differentials in new placements, residential placements price inflation from 1 April 2023 to 31 September 2023 was 9%, at a cost of £2m to this particular council.
27. These significant placement and system pressures are leading to situations where placements cannot be sourced despite: i) extensive national searches; ii) issuing specific tenders; and iii) seeking to enter into spot purchasing arrangements. In one case 143 individual placement searches were made for a child to no avail.
28. Increasingly local authorities are being placed in the position of needing to establish bespoke placement arrangements for children and young people that operate outside of the Regulation and Inspection of Social Care (Wales) Act 2016 (RISCA) registration regime. A review of a selection of these arrangements across Wales shows that there are particular pressures points in sourcing placements for young people stepping down from secure accommodation, hospital, as well as providing instant responses where providers have served immediate notice on a placement, which often follows high levels of dysregulated behaviour. In the cases reviewed common features were significant childhood trauma, multiple Adverse Childhood Experiences (ACEs), Neuro Diversity, emotional and behavioural difficulties with involvement of multiple agencies.
29. Managing these arrangements take significant workforce and financial resources as well as leadership capacity in overseeing risk and organisational management and Care Inspectorate Wales (CIW) governance compliance. In response councils are seeking to create their own in-house provision, but this takes time and resource to establish.
30. The survey responses also pointed towards some of the policy direction in Wales leading to increased financial pressures. The commitment to eliminate private profit from the care of looked after children was highlighted as having a detrimental impact on the availability of placements. Local government has previously outlined its support towards Welsh Government's commitment to eliminate private profit from the care of children looked after. However, there remain concerns about the resources and capacity available and the timescales being worked towards. Councils also highlighted risks around the adequacy of the grant funding to fully cover transitional costs and the risk if the period of transition does not extend beyond the current funding period of 2024/25.
31. Survey responses also recognised that the need to place children via the National Transfer Scheme has increased cost pressures and has resulted in Unaccompanied Asylum Seeking Children (UASC) often being placed out of county/country to meet their identified needs which come with significant cost implications. As a result of recent court judgements it was highlighted that this could mean there will be an increase in UASC's who will need to be placed in ever reducing numbers of placements.

32. Similarly, concerns over the tapering of the Regional Integration Fund were raised with a reflection that any reductions in grant funding levels across social services will require reviews of service provision to be undertaken and the risk that service reduction proposals would need to be considered as part of this. The implementation of the Real Living Wage for social care workers was also highlighted. Although the Welsh Government has provided funding to support this pay uplift, which has been welcomed, there is a need to further consider the effect of the price differential of senior staff/managers amid concerns that funding is not keeping pace with the extra costs associated with implementing this policy. This is particularly pertinent given the recent announcement that the Real Living Wage should increase by 10% to £12 per hour in 2024.
33. One suggestion put forward by councils in response to some of the challenges being seen is the need to review the current maximum charge for non-residential care. As one council identifies, at the current average hourly cost of care, the maximum weekly care charge could be reached by as few as 4 care hours per week. Whilst there is recognition of Welsh Government's ambition to move towards establishing a National Care and Support Service, with social care delivered free at the point of need, in the current financial context this aspiration remains some way off from being realised. In the meantime, there remains a need to examine all levers available that can help to ease the financial pressures being experienced by services.

Conclusion

34. Earlier this year the WLGA published [research](#) examining the challenges facing the social care sector and local government's priorities for social care. The research identified a system under enormous pressure due to: rapid demographic changes across Wales; the on-going impact of the COVID-19 pandemic; workforce challenges; funding difficulties; and the increase in the costs of living.
35. Workforce issues topped the list of key concerns, alongside a lack of sustainable funding, and challenges associated with meeting more complex needs. The financial estimates of the 22 Welsh authorities adds further support to these conclusions. Moreover, they also raise the very real concern that with the scale of the financial challenges being experienced, the level of protection that has been afforded to social services to date will not be possible for much longer. This puts councils ability to successfully deliver good quality social care services when needed at risk in future years.
36. Councils have long recognised and lobbied for an increased focus and investment in prevention and early intervention services. This was a vision set out by local government in the recent '[Vision for Social Care in Wales](#)' and is an ambition shared by Welsh Government. However there continues to be a struggle to make this shift a reality. There is a clear awareness of the need for interventions at an earlier stage to prevent escalation of issues, for example there is evidence that interventions such as reablement have the potential to prolong people's ability to live at home and reduce or even remove the need for care². Such an approach will lead to better outcomes for citizens and their families, better care experiences and less pressure on social services as a whole. Delivering this requires significant investment into new and existing preventative services and means a shift in both focus and resources across the health and social care system as a whole; from health systems centred around hospitals, to health and social care systems focused on communities and community services.

² The value of investing in social care: What are the benefits of further funding for reform to adult social care in England?. The Health Foundation; 2021.

37. Social care provides essential care and support services that link to a wide range of other services that can support people's health and wellbeing such as work, housing, social interaction and a good environment, services which local government plays an essential role in delivering. Evidence from the World Health Organisation's Equity Status report identifies that only 10 per cent of health gain comes from health services³. **Ultimately, the biggest impact on health and wellbeing is in addressing the wider determinants of health and ensuring that local government has the power, flexibility and resources to fulfil their core purpose of ensuring that all their residents have the opportunities to have the best start in life, to live well and age well.**

³ Healthy, prosperous lives for all: WHO European Health Equity Status Report (2019)

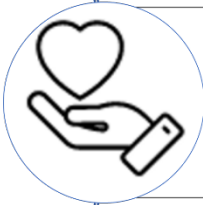
Appendix 1 - Demand and Complexity



Social Services Contacts

367,312 contacts received by statutory social services for adults, carers and children.

This equates to **1,006 contacts every day** and 42 every hour.



Assessments

126,046 new assessments were undertaken across both adults and children's services.

This equates to **345 new assessments undertaken every day**



Care and Support

On 31 March, **75,156** people (adults, children and carers) had a care and support plan in place.

21,463

reports of an adult suspected of being at risk were received

7,080

children were looked after

3,670

children placed on the child protection register during the year

Source: StatsWales⁴

Case Studies

Adult Services

Case A - A is a 67-year-old individual who suffered a severe stroke in 2018, resulting in limited mobility. They spend most of their time in bed, despite being able to transfer from bed to a wheelchair. A lives alone on the first floor of their property and depends on others for all daily activities. They lack familial support and engage in high-risk relationships with individuals invited into their home. A's challenging behaviour has caused multiple external providers to withdraw their services due to emotional demands and environmental risks. A was admitted to the hospital in April 2021, and discharge was delayed due to the lack of available providers. After multiple unsuccessful attempts, A received some support from a Complex Case team for three months, marking the longest period of consistent care.

Professionals involved in A's case include a GP, District Nurses, Acute medical staff, Social Worker, Social Team Manager, Occupational Therapist, Physiotherapist, Psychologist, Care Manager, and Environmental Health Officers.

⁴ Available at [Social Services Performance and Improvement Framework \(gov.wales\)](https://gov.wales). Data covers 2021-22

Case B - B is a 63-year-old individual with bariatric needs and complex health issues, including a palliative diagnosis. They lived on the second floor of an apartment with their partner, who served as their full-time caregiver. Following a medical emergency and advice from the fire service, B was evacuated from their apartment and unable to return due to safety concerns. B spent time in the hospital, and discharge was delayed because of the lack of a suitable property. Eventually, B was admitted to residential care, which is unsuitable due to wheelchair inaccessibility and low mood. B's partner commutes a considerable distance daily to provide personal care as B refuses care from the care home staff.

Professionals involved in B's case include the Fire Service, GP, District Nurses, Acute Medical staff, Homelessness Team, Housing Team, Social Worker, Care Home Manager, Occupational Therapist, and Community Equipment Stores.

Children's Services

Following placement breakdown a young person was placed in a local authority Home that was registered for respite. The complexity of the young person's needs and their emotional dysregulation led to significant risks. Additional support was commissioned through three private care agencies who accepted contracts to provide care and supervision but left the contract as they felt staff were at risk. A nursing agency then accepted the contract to provide care and supervision on a 5-1 staffing ratio. The local authority tendered the provision and awarded the contract to a 3rd sector organisation to provide therapeutic care and bring the care home to registration standard. However, in attempting to retro-fit the property to registration standard, the increased number of contractors on site created an environment which increased the young person's dysregulation increasing the need for restraint, raising risk for the child and staff. The local authority therefore had to purchase a bespoke property. Whilst this service was established the local authority continued to with a staffing ratio of 5-1 as the nursing agency would not remain on the contract with less than 5-1. The process took almost 2 years with associated costs.

A young person was living in a solo placement when the provider served immediate notice due to their behaviours. Emergency arrangements were put in place with accommodation and care provided by local authority residential staff and commissioned nursing agency staff. The local authority commenced active placement searches and established a bespoke move for the young person from the emergency provision. The only viable arrangement was a privately rented house. Unfortunately no registered provision could be sourced but the focussed support provided were effective with the young person's behaviours stabilising. Unfortunately, this was not sustained and their risk behaviours in the community escalated along with behaviours in the home with high levels of assault on staff and damage to the property. Given the associated risks a Secure Accommodation Order was granted. However, there were no available Secure beds anywhere in the UK and the local authority had to maintain the local arrangement and the associated significant risk of harm for the young person, staff and anti-social behaviour in the community, for 4 weeks before a secure bed was sourced. There are active plans for the young person's step down from secure provision. The local authority has purchased a property, with funding from Housing with Care Fund HCF, to develop into a solo placement for the young person. The property is a 4-bed detached house.

It is of note that in both cases grant funding and local authority investment is supporting solo placements as the young people cannot be appropriately matched and supported with other children. The costs of establishing and running these provision has significant financial implications for local authorities.