



Hidden Children

An investigation into Unregistered Children's
Homes

Public First

April 2026

Foreword

At Commonweal, our focus is working with experts to research, develop and pilot housing solutions for social injustices. We largely focus on bricks and mortar housing pilots, but as an action learning charity we also regularly commission research into housing provision gaps, and the experiences of those affected.

One of our three strategic areas of focus is at-risk youth. When the emergence and rapid proliferation of unregistered children's homes was mentioned during an unrelated conversation, we wanted to know more. It is an issue that slightly belies belief – that the state is placing hundreds (if not thousands) of children, many younger than 16, into unregistered placements, some of which last for many months at tremendous cost.

This disbelief was our initial reaction too, along with a frustration that, whilst the sector and political ecosystem were hazily aware of the problem of unregistered settings, very little was written or widely known about what they looked like in practice, how they came about, the kind of children placed in them, and how the Government can end the use of them. This was the request we made to the team at Public First, who have produced a detailed analysis of the issue that offers an urgent view on the frontline.

The findings reveal a lot, proving beyond doubt that structural issues and systemic pressures are leading councils to break the law by procuring illegal placements. As the report lays out, '...we have built a system where local authorities can be forced to break the law in order to keep extremely vulnerable children safe, because the legal, regulated system cannot respond quickly or flexibly enough.'

The range in quality of such care settings is vast. At worst, local authorities are paying huge sums for children to sit in improvised settings, without any way for authorities to know if they are receiving adequate care. For many of them, adequate care is a distant dream. These settings are condemning growing numbers to effective holding pens, as the system does not have the means to provide anything better.

The great source of hope throughout the report – particularly present among interviewees – is the widespread desire for, and indeed consideration of, effective and deliverable solutions, which we think have been captured and developed incredibly well by the researchers in their recommendations.

This is our first collaboration with Public First. We are thankful for their diligence in producing an outstanding report, and I would urge those engaged in childcare provision to consider how its recommendations can be implemented. I sincerely hope this piece of work be used as the basis for eradicating unregistered settings.

Ashley Horsey

Chief Executive Officer, Commonweal Housing

About the report

This report was commissioned by Commonweal Housing and written by Public First Ltd, part of the SHGH group.

The report synthesises the findings of a rapid literature review, and conversations with several policy experts, officials, and practitioners.

The authors give thanks to Commonweal Housing's Board of Trustees for their feedback and to other colleagues at Commonweal Housing – especially Matthew Wale and Fraser Maclean.

00 Contents

	FOREWORD	1
01	EXECUTIVE SUMMARY	5
02	WHAT ARE UNREGISTERED CHILDREN'S HOMES?	11
	Children in care and placement types	11
	Regulated, unregulated and unregistered provision	11
	Widespread confusion and lack of enforcement	13
03	HOW MUCH ARE THEY USED?	14
	Reported and confirmed cases	14
	Data gaps and underreporting	15
04	DRIVERS OF USE OF UNREGISTERED CHILDREN'S HOMES	17
	Lack of suitable supply, particularly for children with complex needs	17
	Lack of incentives for placement providers to take 'complex' children, leaving them risk averse	21
	Provider incentives and regulatory pressure	22
	Local Authorities backed into difficult corners	23
05	HOW REFERRALS HAPPEN	25
	Role and discretion of Directors of Children's Services	25
	Typical emergency scenarios	25
	Impact of sourcing and commissioning practices	26
06	WHAT DO UNREGISTERED CHILDREN'S HOMES LOOK LIKE?	28
	Types of accommodation and providers	28
	Duration and cost of placements	31
07	POLICY RESPONSE	33
08	CONCLUSIONS	35
09	RECOMMENDATIONS	37



01 Executive summary

Across England, hundreds of children in care are living in homes that are technically illegal - unregistered children's homes (UCH) that provide both care and accommodation but sit completely outside Ofsted's regulatory system. These placements are not usually being used for routine or 'standard' cases. They are overwhelmingly used for children most in need – those at risk of serious violence, criminal or sexual exploitation, or who have been ejected from a care system that is unable to meet their needs.

While little is known about the outcomes of children in these settings, we do know that many enter them carrying histories of deep instability or trauma. Precisely when they need dedicated care and protection, they can find themselves in a regulatory gap which may be characterised by the opposite. The problem is not – as we will show – that all of these settings are like this. The problem is that because of their institutional nature, inconsistent and sub-standard care may go unrecognised, and poor practice may go unanswered.

The ultimate risk here is the accumulation of increasing levels of harm for children who have already faced enough distress for several lifetimes. In short, their use threatens to pile more harm onto the most vulnerable of the most vulnerable in society.

Far from being a niche problem, unregistered homes sit at the sharpest edge of a children's social care system that is already piling extraordinary financial pressure on local authorities. Overspends on children's social care, for example, have been known to reach 80% of authorities' budgets. Unregistered placements are among the most extreme examples of that financial and ethical pressure.¹

The result is a strange halfway world: a system in which local authorities can be forced to break the law to keep extremely vulnerable children safe, because the legal, regulated system cannot respond quickly or flexibly enough. Everyone we spoke to knows this is not sustainable - but for now, it is often the only way to avoid something worse.

Recently, unregistered children's homes have moved from the margins of policy debate to an area of growing parliamentary concern and public interest. During our research, for example, we have partially relied on a young series of papers from the Children's Commissioner examining illegal homes. More recently, the Public Accounts Committee drew repeated attention to unregistered homes in a fiscal sustainability report. Several articles (drawing on these efforts) have also started to reverse our collective ignorance about the operation

¹ Dellar, A. *Performance Tracker 2025: Children's Social Care* (October 2025), <https://www.instituteforgovernment.org.uk/publication/performance-tracker-2025/local-services/children-social-care>

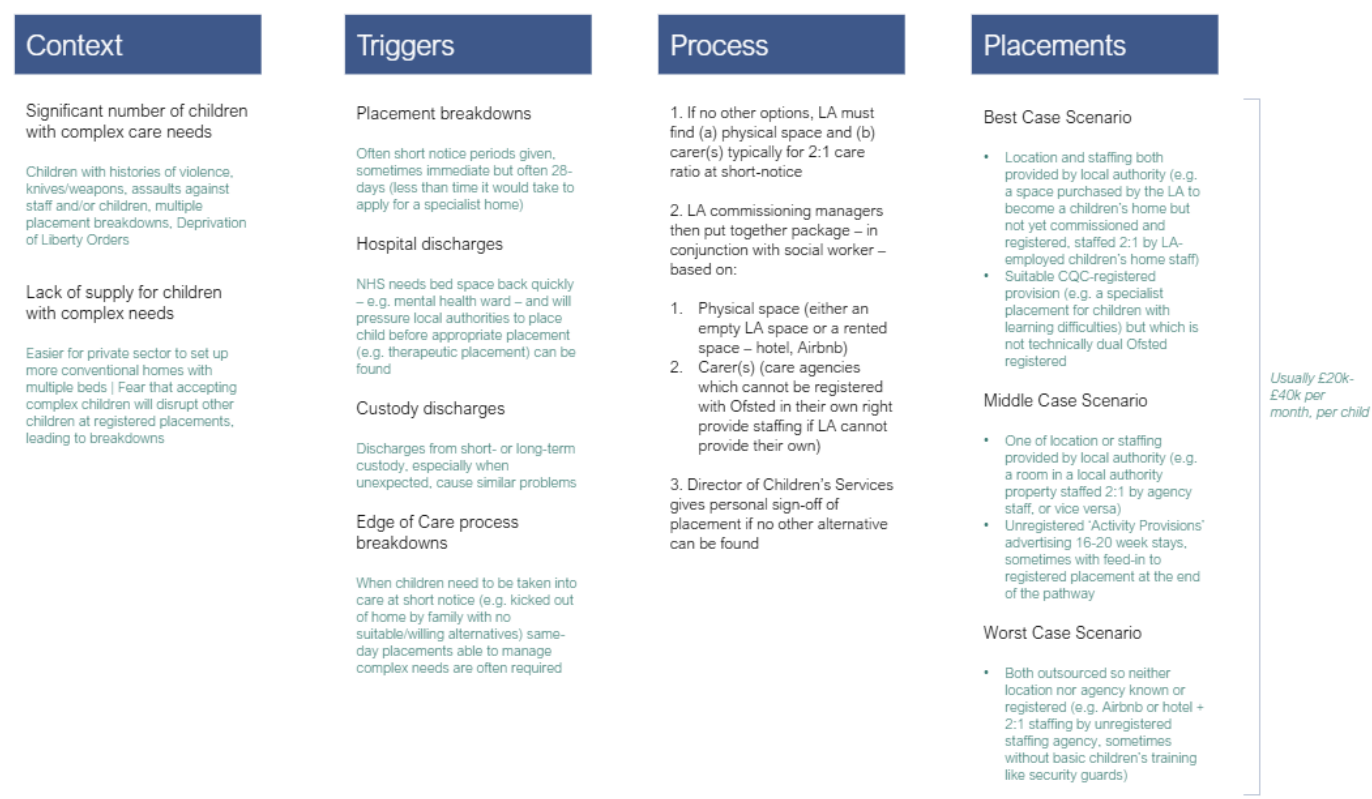
and oversight of such provision.^{2,3} This reflects heightened attention to the use of unregistered settings and the risks they pose to the most vulnerable in society. This paper contributes to this developing literature by offering the first dedicated examination of both the available evidence (for which we are greatly indebted to the aforementioned research) *and* the real-world dynamics and nuances feeding such provision.

What unregistered children’s homes are, and why they exist

Unregistered children’s homes are settings that *do* what a children’s home does - provide both accommodation and care - but without Ofsted registration. That makes them unlawful under the Care Standards Act 2000.

Although simple on paper, in practice, frontline professionals are deeply unsure who is actually committing the offence – the care agency, the individual staff, the property owner, or the local authority commissioning the placement. Earlier bursts of enforcement have tailed off, and both councils and inspectors increasingly treat many of these arrangements as necessary workarounds for the most complex and risky cases, rather than as rogue operations to be shut down overnight.

Figure 1



² Lewis, R. *The scandal of illegal childcare*, UnHerd (February 2026), <https://unherd.com/2026/02/the-scandal-of-illegal-childcare/>

³ Neilan C, *Hundreds of children in illegal care homes is ‘what failure looks like’*, National (January 2026), <https://observer.co.uk/news/national/article/rise-in-illegal-care-homes-is-what-failure-looks-like-says-rachel-de-souza>



How big is the problem?

The official data suggests an issue that is both growing fast and poorly understood:

- Confirmed cases of unregistered homes rose by more than 372% between 2020/21 and 2024/25, (based on voluntary reporting).
- On a single day, the Children's Commissioner found 669 children in unregistered placements across 153 local authorities, close to Ofsted's confirmed total for the whole previous year, showing the extent of underreporting.
- Systematic data has only been collected since 2020/21, so nobody can say whether today's levels are a new spike or simply the first clear view of a long-standing pattern.

Despite these gaps, senior practitioners describe a clear shift: unregistered placements have moved from something they might see "once every six months" to something that crosses their desk "at least once a week". This is more concerning given the profile of many of the children who end up in these settings. Interviewees repeatedly noted that each of these cases tends to involve a child at the highest end of risk. This implies that these settings are increasingly being used to look after children whose histories, vulnerabilities, and health profiles demand the most dedicated and intensive support. The more these children are catered for in unregistered settings, the more likely shortfalls in these respects will go unrecognised, thereby exacerbating the harms to which they have already been exposed.

Why are councils turning to illegal homes?

Unregistered homes are almost never a first choice. They are what happens when the system cannot make a lawful option work in time for a child whose situation is already extreme. Three pressures stand out:

1. *Rising complexity and acute risk*

Children arriving in care are more likely to be involved with gangs, county lines, serious violence, exploitation, or have experienced severe mental health crises. Many have already been through police cells, paediatric wards, youth custody, failed foster placements or breakdowns at home. Other services are stretched to breaking point, so children often only reach social care when every other door has closed.

2. *Shortages of the "right" places, not just any places*

On paper there may be beds in the system, but there are not enough specialist, stable and highly supported placements for teenagers who pose or face serious risks. Specialist homes have closed, specialist foster carers are scarce, and it is easier and less risky to open standard children's homes than to cater for the most complex young people - precisely those most likely to end up in unregistered provision.

3. *Market and regulatory incentives that reward risk-avoidance*

Providers fear that taking high-risk children will destabilise existing homes and damage Ofsted ratings. Many would rather leave beds empty than accept a teenager linked to gangs, repeatedly going missing, or presenting extreme behaviour. At the same time, registering a short-term or emergency service is slow, expensive and risky: a refused application could significantly put back a business model.

When a placement gives 28 days' notice, or a child must leave a paediatric ward or custody within a day, councils can find that the only organisations willing to step in fast are those operating outside the regulated system. The moral and legal dilemma is stark: accept an illegal but staffed placement tonight, or leave a highly vulnerable child in a police cell, A&E cubicle or unsafe home situation.

These pressures mean those with the greatest needs are most likely to experience the most instability. When the system cannot respond, children find themselves pushed into settings that are ill-equipped to meet their needs. As well as the potential to receive sub-standard care, these settings can disrupt children's relationships and schooling, as well as deepening feelings of abandonment many already carry.

What these homes look like - and who ends up there

Unregistered placements range from the relatively benign to the clearly inappropriate - and that variation is the heart of the problem:

- In the best cases arrangements consist of, in practice, good-quality care in the wrong regulatory box: for example, a small local authority-staffed unit in an empty local authority house, or a CQC-registered setting that is safe and well-staffed but not technically dual-registered with Ofsted. In individual cases, these can even offer better support than an overstretched registered home.
- In the middle, there can be improvised arrangements with the building and the staff commissioned at speed, satellite "activity provisions", rented houses staffed by multiple agencies, or short-term setups that can be hard to monitor and sustain.
- At the worst end, children have been placed in Airbnbs, holiday lets, budget hotels or serviced apartments, supervised by untested agency staff who may have minimal training in children's care, trauma, exploitation or de-escalation. We even heard reports of security guards being used in extreme cases.

The children placed in these settings are rarely straightforward cases waiting for a standard foster home. They are more likely to be entrenched in gangs, repeatedly missing, at risk of serious violence or exploitation, self-harming, or cycling through the criminal justice and mental health systems. 2:1 staffing ratios are common.

The problem is not that every unregistered home is automatically bad. It is that the system cannot reliably tell the difference. There is no inspection, no routine data, and no guarantee that tomorrow's emergency solution will look like yesterday's good one rather than the worst-case examples. As we have already noted, the

ultimate risk here is the accumulation of increasing levels of harm for children who have already faced enough distress for several lifetimes.

These arrangements are usually described as short term - something to get through the weekend or the next few weeks - but many last far longer: on average around six months, with some close to a year. Costs of £20,000–£40,000 per week per child are not unusual. In a context where children’s social care is already one of the main drivers of council overspends, these extreme costs for unregulated, unseen provision are especially hard to defend.

Current attempts to tackle the issue

This is often framed as an enforcement problem. The Children’s Wellbeing and Schools Bill, for example, would give Ofsted new powers to fine those running unregistered provision, building on existing powers to prosecute. More generally, the Bill also makes provision to cap the profits of care providers.

Our research suggests that, on their own, these measures are unlikely to solve the problem and could make it harder to see. Fines that are small compared to potential income may not change behaviour in a profitable emergency market. At the same time, the threat of financial sanctions could reduce the willingness of providers and local authorities to tell Ofsted when unregistered placements are being used, further undermining the visibility of a practice that already operates in the shadows. Similarly, while profit caps may depress the most avaricious instances of care provision and provide better value for money in some instances, it is unlikely to make a significant dent in the exorbitant costs of children’s social care provision without simultaneously squeezing supply. In a 2025 impact assessment, the government itself described this measure as a “last resort” if other market interventions did not bring profiteering under control.⁴

Treating unregistered homes purely as a compliance issue also misses the wider context: a children’s social care system that is financially and operationally stretched to breaking point, with the most extreme cases absorbing extraordinary sums and risk.

To be sure, the government does take this point seriously. At its core, the only way to stop the use of illegal placements is to both stem the flow of children coming into care, while simultaneously maintaining enough supply to absorb the relatively small number of high needs children who often fail to be accommodated by the current system. In addition to the enforcement approach, the government has outlined several measures signalling its intentions in this respect. Its *Keeping children safe* policy statement, for example, has committed to improve the regulation and commissioning for children’s placements, and to remove barriers new providers might face in creating (and maintaining) affordable provision.⁵

⁴ Department for Education, Final stage impact assessment (Profit capping powers – Children’s social care market), 30 January 2025, https://assets.publishing.service.gov.uk/media/679a7d0931516e496676ce2f/DFE-CWSB-RP-04_-_Children_s_Social_Care_Profit_Cap_-_Regulatory_Impact_Assessment.pdf

⁵ Department for Education, *Keeping children safe, helping families thrive*, Policy paper (November 2024), <https://www.gov.uk/government/publications/keeping-children-safe-helping-families-thrive>

These are commendable aims which are expected to have a positive effect on the care market. However, these changes (in addition to preventing more children from entering the care market) will take time. These are not overnight fixes.

What needs to change

While writing this report, we have confronted a climate of silence and unease. It was striking how difficult it was to persuade people to speak openly about unregistered children's homes, due to a pervasive culture of shame and fear around the issue. There is widespread uncertainty about where legal responsibility sits, with many professionals knowing that current practice exists in a grey area between legality and necessity.

Responding to unregistered homes demands a change in tone from the top of the system. While investing in the positive steps we have already outlined, ministers must also work to create the conditions for honest dialogue and collective problem-solving, and to build a children's social care system that no longer forces those responsible for children's safety to operate in fear.

While there are no overnight fixes, there's also no need to wait years for additional supply to emerge. Until these efforts come to fruition, several tweaks can be made to improve both the circumstances in which these children find themselves *and* the cost efficiency of these placements. This is what this report in general, and our recommendations in particular, seeks to address.

Summary of recommendations

- Require DCSs to provide justifications to Ofsted when authorising unregistered placements
- Improve national data collection on unregistered placements, using shared datasets between Ofsted and local authorities
- Separate the registration of providers from the registration of physical locations
- Enable Ofsted to recognise relevant CQC-registered placements to avoid duplicative regulation
- Amend Regulation 44 processes to remove perverse incentives that discourage placements from accepting high-needs children
- Strengthen the role of Regional Care Cooperatives in commissioning high-cost, low-frequency placements
- Issue national guidance to local authorities encouraging them to assess the advantages and disadvantages of sequential sourcing where children have complex needs or urgent timelines
- Explore partnerships with Housing Associations to increase safe, emergency accommodation capacity

02 What are Unregistered Children's Homes?

- Unregistered children's placements provide both care and accommodation but sit entirely outside Ofsted's regulatory framework.
- Operating such homes is an offence under the Care Standards Act 2000, yet confusion around the law and legal responsibility is widespread.
- Ofsted has limited visibility of where these placements are, how many exist, and which children are in them. It appears in some cases they may also have given up on enforcing the law given the lack of alternatives for local authorities.

Children in care and placement types

As of March 2025, there were 81,770 children in care in England. Children in care – often referred to as 'looked after children' – are those who have been taken into the care of their local authority following a needs assessment.

Depending on a combination of their needs and the availability of care provision, these children may find themselves in one of several settings, including foster or kinship care placements, residential care (which includes children's homes and supported accommodation), or adoption.

These placements exist to provide children with the stability and care befitting their circumstances. According to the Care Standards Act 2000, children's homes are defined as an establishment that "provides care and accommodation wholly or mainly for children."¹

Regulated, unregulated and unregistered provision

Many of these settings are regulated by Ofsted, which assesses their suitability. Ofsted's current guide to Children's Home Regulations, for example, includes standards relating to education, health, and care

quality.⁶ Others are *unregulated*. Unregulated settings are those in which accommodation (but not care) is provided.

Unregistered placements fall out of this framework entirely. Unlike regulated and unregulated children’s homes, unregistered homes refer to settings that are not registered with Ofsted.⁷ As such, these settings - commissioned by local authorities - are never inspected by Ofsted. As we will see, the regulator itself knows very little about how many unregistered placements exist, where they are, and which children are placed in them (let alone the quality of care they receive or the accommodation standards). Below, we will demonstrate why these placements are often used for those most at risk - children linked to gangs, serious violence, exploitation, repeated breakdowns and acute mental health crises - when the regulated system cannot offer anything suitable, quickly enough. For now, it is worth noting that children in these situations often carry histories of deep instability or trauma deserving of the most dedicated levels of care and protection. Clearly, children like this deserve care in settings whose standards are open to clear and regular scrutiny. If this is not provided, circumstances that exacerbate the heightened risk of anxiety, post-traumatic stress disorder, and chronic illnesses that these children face may go unaddressed, to the detriment of both them and society at large.

Figure 2: Regulated, Unregulated, and Unregistered settings

Regulated	Unregulated	Unregistered
Regulated settings are those that are registered with (and therefore regulated by) Ofsted.	Unregulated settings are those that are not required to be registered with Ofsted, because they do not provide care (just accommodation). Examples include ‘supported accommodation’, although since 2023 these settings must be registered and regulated under a separate framework.	Unregistered settings are those that are required to be registered with Ofsted, but are not. As such, these settings are illegal.

Failing to register a children’s home is an offence under the Care Standards Act 2000. Ofsted makes this clear, noting not only that those “found running or managing a children’s home without appropriate

⁶ Department for Education, *Guide to the Children’s Homes Regulations including the quality standards* (April 2015), https://assets.publishing.service.gov.uk/media/5a7f1b54ed915d74e33f45f0/Guide_to_Children_s_Home_Standards_inc_quality_standards_Version_1.17_FINAL.pdf

⁷ Ofsted, *Unregistered children’s homes* (November 2024) <https://www.gov.uk/government/publications/unregistered-childrens-homes/unregistered-childrens-homes#low-registration-rates-for-homes-we-investigate>



registration will be liable for prosecution”, but also that it is also an offence “to provide or manage a children’s home without registration while [Ofsted processes] the application.”⁸

Widespread confusion and lack of enforcement

Despite the illegality of this practice, during our interviews with those on the frontline of the children’s care sector we found widespread confusion over who or what is acting illegally in these circumstances. Whilst some social workers are concerned that it is they who are personally acting illegally by providing care in an unregistered setting, one expert pointed out that it is actually the local authority itself acting as the illegal provider in some of these cases – a point which provoked confusion with the Directors of Children’s Services (DCS) we spoke to who hadn’t realised this. One former DCS told us she used to get regular enforcement letters from Ofsted, but that these gradually tailed off. This may imply that Ofsted themselves have come to see this as a grey area in which punitive enforcement of often unavoidable situations is futile (or even counterproductive). Without more transparency over Ofsted’s enforcement processes, however, we cannot be certain about conclusions here.

We found that widespread confusion and lack of enforcement make what is ostensibly a clear-cut legal versus illegal scenario a far more complex state of affairs. We have already noted how the use of unregistered homes threatens to increase the harms faced by the most vulnerable children in society. They can provide substandard care whose ability to exacerbate trauma may go unaddressed, while deepening feelings of abandonment many children in care already carry. In this context, the lack of legal clarity felt by many practitioners is particularly concerning. This is because differing interpretations among social workers, providers, and commissioners may lead to unsavoury practices becoming normalised, thereby delaying the accurate identification of problems, blurring accountability, and making it harder to challenge unsafe provision.

⁸ Ofsted, *Children’s homes registration policy*, guidance (October 2025), <https://www.gov.uk/government/publications/register-a-childrens-home/childrens-homes-registration-policy>

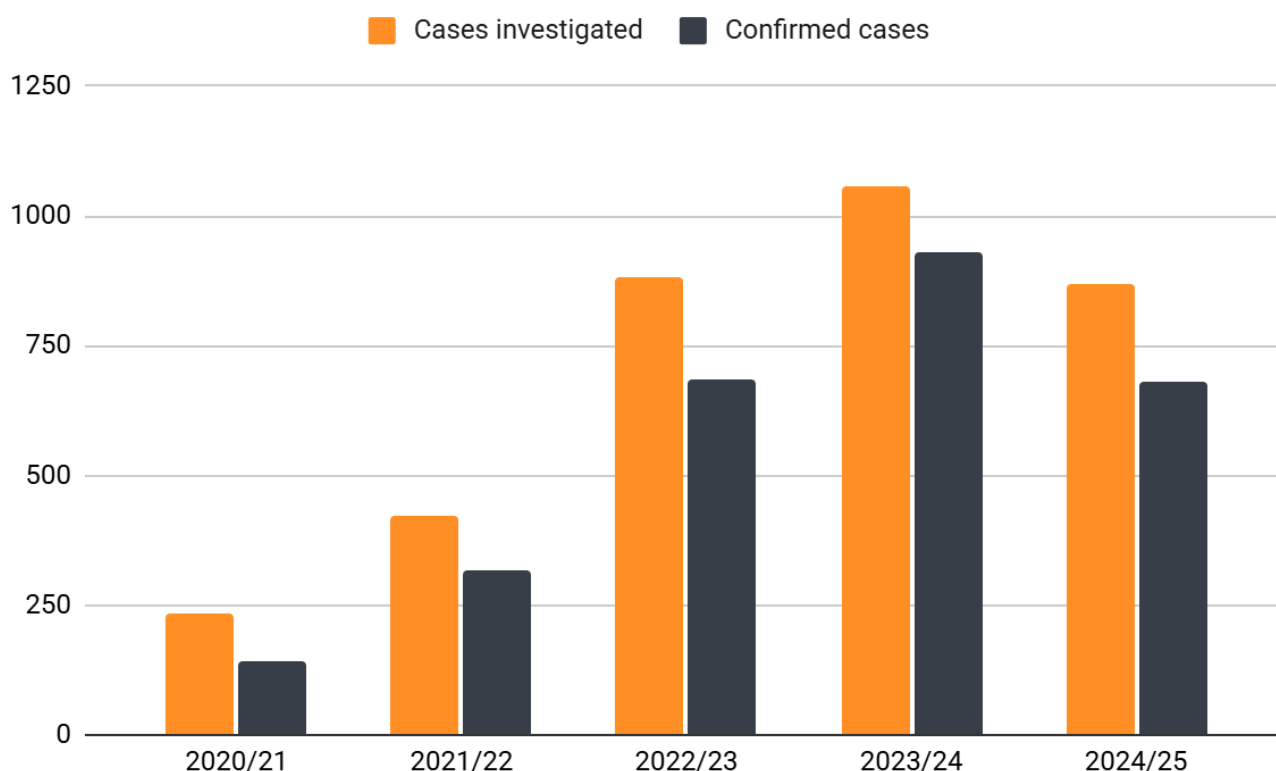
03 How much are they used?

- Confirmed cases have risen sharply since 2020/21, but the figures rely predominantly on voluntary reporting and almost certainly understate true use.
- Children's Commissioner data suggest hundreds of children in unregistered placements on a single day, close to Ofsted's reported annual total.
- Limited data and voluntary reporting mean we can't see long-term trends, but practitioners we spoke to agreed that unregistered placements have shifted from rare exceptions to regular practice.

Reported and confirmed cases

Ofsted holds some data on the prevalence of unregistered children's homes. According to these data, recent years have witnessed a significant growth in both reported and confirmed cases of unregistered children's homes. Between 2020/21 and 2024/25, there was a 372% increase in confirmed cases of unregistered settings.

Figure 3: Reported and confirmed cases of unregistered settings



Source: Ofsted, *Unregistered children's homes: Unregistered providers transparency dataset*, Tables 1 & 2. Note: the figures for 2024/25 have been taken from Ofsted, *Annual report – Education, Children's Services and Skills 2024/25*, p.61

Data gaps and underreporting

Unfortunately, these data leave a lot to be desired. Firstly, confirmed cases can only flow from reports of unregistered children's homes, which local authorities are not required to submit. As such, these figures almost certainly understate the scale of the problem. As Ofsted put it in their November 2024 data release, "We suspect there will be more children living in unregistered children's homes that we are not aware of." This is arguably confirmed by a recent publication from the Children's Commissioner's office, which requested data on local authorities' placements of children in unregistered settings as of 1st September 2025.⁹ The data showed that 669 looked after children were living in unregistered placements in England on this date (across 128 local authorities). This was a 12% decline on 1st September 2024.

This 2024 figure (764 children) is worth noting because of what its relative proximity to the last Ofsted transparency release suggests about the (lack of) accuracy of official statistics. Based on a single day snapshot, it shows that the number of unregistered placements totalled 82% of the number of confirmed cases Ofsted had recorded in the entire previous financial year.¹⁰ Given the close relationship between the

⁹ Children's Commissioner, *Children living in Illegal children's homes*, (January 2026), <https://assets.childrenscommissioner.gov.uk/wpuploads/2026/01/cc-illegal-childrens-homes-Jan-26.pdf>

¹⁰ Children's Commissioner, *Illegal Children's Homes* (December 2024), [cco-illegal-childrens-homes.pdf](https://assets.childrenscommissioner.gov.uk/wpuploads/2024/12/cco-illegal-childrens-homes.pdf)

number of unregistered homes and the number of children placed within them (see below), this suggests there are a huge volume of children in unregistered placements about whom Ofsted are almost entirely unaware.

Another obvious problem with the available data is their limited timeframe. These data have only been collected since 2020/21. As such, even if the confirmed figures were completely accurate, we still would not know if recent increases were atypical or, to take one hypothetical, a reversion to a pre-pandemic mean. We have reflected these concerns in our recommendations.

A final problem is the lack of data on the quality of care children receive in these settings, most notably on their safety and wellbeing and their educational outcomes. This is a significant blind spot for policymakers, who have limited ability to know when these settings may be contributing to further trauma or instability for their inhabitants. Along similar lines, it makes it difficult to distinguish between unregistered placements that stabilise children in crisis and those that entrench harm.

Despite these limitations, the data do align with a consensus among our interviewees and the wider social care literature that unregistered placements are on the rise. One interviewee with significant experience as a Director of Children's Services in various authorities in the south of England said that in the mid-2010s, a request for an unregistered placement would come in roughly once every 6 months. A decade later, the figure is closer to once a week.

04 Drivers of use of Unregistered Children's Homes

- Demand is driven by children with very complex, overlapping needs who often reach social care only at crisis point.
- The care system lacks enough suitable specialist and secure placements, and providers are often reluctant to accept the highest-risk children for fear of triggering further placement breakdowns of other children in their care, with the financial and regulatory issues this causes.
- Regulatory and market incentives mean local authorities are frequently backed into a corner, with unregistered placements acting as a pressure valve.

Lack of suitable supply, particularly for children with complex needs

Local authorities, understandably, do not 'freely' choose to place children in unregistered settings. At the most general level, the available literature suggests that unregistered placements are a consequence of the dearth of provision in registered settings. For example, the government's *'Keeping children safe, helping families thrive'* policy statement from November 2024 stated that:



“Where local authorities are using unregistered places, they tell us it is because they cannot find a suitable place in registered provision to meet the child's needs.”¹¹

This suggests that the use of unregistered children's homes reflects wider supply shortages in the children's care market. With a shortage of suitable and affordable homes for children (proximate to family or other support networks), unregistered children's homes are increasingly used by authorities with few (or no) other

¹¹ Department for Education, *Keeping Children Safe, Helping Families Thrive* (November 2024), https://assets.publishing.service.gov.uk/media/67375fe5ed0fc07b53499a42/Keeping_Children_Safe_Helping_Families_Thrive_.pdf p.23



options.¹² Indeed, one report into regulatory activity in children's homes in 2023/24 found that in most cases children are placed in potentially unregistered settings because of the unavailability of registered homes.¹³ A revealing guidance document we obtained expressly prohibits the use of unregistered settings for those under 18, before stating:



“Due to a shortage of specialist and secure registered settings, there may be occasions when a child's best interests can only be met through placement in an unregistered setting.”

However, our interviewees (who included commissioners and DCSs from across the country) also invariably argued that it is a more complex picture than this. Many said that there are nationally more than enough 'places' to house cared for children. One representative of a Regional Care Cooperative in the north of England (where property prices are lower on average) said their region had such ample supply that it was a "net importer" of children, with neighbouring regions using this supply to compensate for their own shortages.

Instead, there is evidence that a key driver may be less a generic supply and demand problem, and instead a more specific one related to the lack of provision for children with complex needs. 'Complexity' in this context refers to "the combined impact of several needs, rather than the severity of any single need", making children both more vulnerable and in need of more specialised (and expensive) support.¹⁴

Many of our interviewees stressed the increasingly complex needs of some children – many of whom may have experienced several placement breakdowns, contact with the youth justice system, or acute episodes in paediatric wards - and the system's inability to absorb this need. These observations are frequently reflected in the literature on contemporary social care provision. One recent LGA study identified high-cost placements (led by children with increasingly complex needs) as a key driver of local authorities' children's social care overspends.¹⁵ The Association of Directors of Children's Services has repeatedly drawn attention to this aspect of demand on local authorities.^{16,17}

Strong data (or proxies) reflecting this are hard to come by, but a number of factors are contributing to this complex profile. The Institute for Government has recently argued that part of this is explained by developments in other services. The growth in the asylum backlog – which leaves families unable to access

¹² Department for Education, *Keeping Children Safe, Helping Families Thrive* (November 2024) https://assets.publishing.service.gov.uk/media/67375fe5ed0fc07b53499a42/Keeping_Children_Safe_Helping_Families_Thrive_.pdf p.23

¹³ Ofsted, *Regulatory activity in all types of children's homes between 1 April 2023 and 31 March 2024* (July 2024), <https://www.gov.uk/government/publications/regulatory-activity-in-all-types-of-childrens-homes/regulatory-activity-in-all-types-of-childrens-homes-between-1-april-2023-and-31-march-2024#unregistered-childrens-homes>

¹⁴ Ofsted, *How local authorities and children's homes can achieve stability and permanence for children with complex needs* (January 2024), <https://www.gov.uk/government/publications/good-decisions-children-with-complex-needs-in-childrens-homes/how-local-authorities-and-childrens-homes-can-achieve-stability-and-permanence-for-children-with-complex-needs>

¹⁵ Local Government Association and National Children's Bureau, *Costs and complexity in care: The real drivers of high-cost placements for children in care* (May 2025), https://www.local.gov.uk/sites/default/files/documents/73.6%20High%20cost%20childcare_FINALAA.pdf, p.7

¹⁶ ADCS, Comment on data showing LA expenditure on residential care (February 2024), <https://www.adcs.org.uk/comment-on-data-showing-la-expenditure-on-residential-care/>

¹⁷ ADCS, Comment on LA funding and number of children in care (February 2024), <https://www.adcs.org.uk/comment-on-la-funding-and-number-of-children-in-care/>



publicly-funded services for longer periods, meaning health problems go unaddressed – as well as efforts to reduce the number of children in custody, for example, “help to explain reports that growing numbers of children with complex needs only present to social care services once they hit crisis point”.¹⁸ Similarly, there has been a well-documented lack of prevention-oriented approaches to many aspects of public services, including deep cuts to Sure Start centres and other youth services throughout the 2010s. In one study into children deprived of their liberty (when restrictions are placed on children above what would be standard for their age), the Nuffield Family Observatory noted that children entering secure settings have lacked “early intervention and support in the community” and “tend to enter care late”.¹⁹ Another report into high-cost placements found that intervention was not happening early enough, with one stakeholder noting that children entering the care system are doing so “much later in [their] mental health crisis.”²⁰ The well-documented crisis in the special educational needs and disabilities (SEND) system and the severe shortfalls in mental health provision have also been proffered as factors contributing to the increasing complexity of children in the social care system.

Indeed, there has also been official recognition of the fact that the complexity of children’s needs is contributing to local authorities’ use of unregistered placements. Ofsted data, for example, allow us to look at the relationship between the number of confirmed unregistered settings and the number of children they have housed.

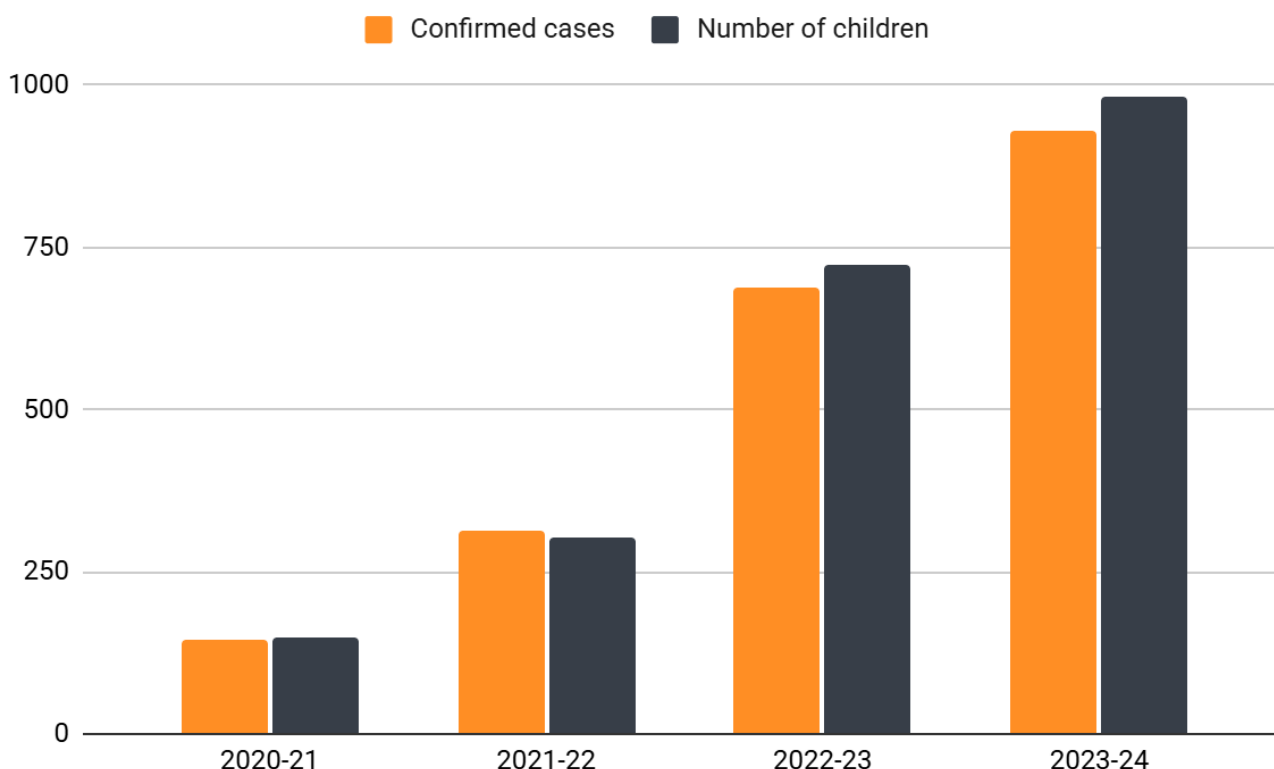
¹⁸ Dellar, A. *Performance Tracker 2025: Children’s Social Care* (October 2025), <https://www.instituteforgovernment.org.uk/publication/performance-tracker-2025/local-services/children-social-care>

¹⁹ Roe A, *What do we know about children deprived of their liberty? An evidence review* (Nuffield Family Justice Observatory), [nfjo_report_DoL_evidence-review_FINAL_20220203_TAR.pdf](https://www.nuffieldfamilyjusticeobservatory.org.uk/wp-content/uploads/2022/02/nfjo_report_DoL_evidence-review_FINAL_20220203_TAR.pdf), p.3

²⁰ Local Government Association and National Children’s Bureau, *Costs and complexity in care: The real drivers of high-cost placements for children in care* (May 2025), https://www.local.gov.uk/sites/default/files/documents/73.6%20High%20cost%20childcare_FINALAA.pdf, p.29



Figure 4: Confirmed cases of unregistered children’s homes and number of children placed



Source: Ofsted, *Unregistered children’s homes: Unregistered providers transparency dataset*, Tables 2 & 3.

The data suggest a relatively consistent 1:1 ratio between unregistered homes and the number of children they house, meaning these children are almost always placed alone with a supervising adult. Ofsted have suggested this is because of the complexity of their needs, with children requiring more dedicated supervision.²¹ Interviewees also suggested that this reflects the fact that unregistered placements are often “cobbled together” at the last minute (in turn a result of the child’s complexity). A former council DCS told us that the use of unregistered settings (as part of the dysfunction in the children’s social care sector in general) was due largely to these complexities, noting that unregistered placements were also made prevalent by the tendency of fragmented services to push this complexity elsewhere:

“You have children who have a mixture of mental health needs, maybe issues in the criminal justice system, possibly social care needs, possibly education needs, or all of those things... and the ways the state provides for that need is fragmented, and quite often there’s a shunting of cost and responsibility.”

²¹ Ofsted, *Unregistered children’s homes: too many vulnerable children are placed at risk*, December 2024, <https://socialcareinspection.blog.gov.uk/2024/12/06/unregistered-childrens-homes-too-many-vulnerable-children-are-placed-at-risk/>



As this suggests, the ability (or willingness) of care providers to accommodate these needs has, unfortunately, not kept pace. At one level, the number of secure children's homes has reportedly fallen by nearly 60% since 2002.²² Capacity in children's homes generally has also been squeezed by the lack of (particularly specialist) foster carers, which has pushed more children into residential placements.²³ One commissioning manager from a Regional Care Cooperative also told us that their area lacks specialist provision because of the relative ease with which homes for children with, for example, Emotional and Behavioural Difficulties, are opened compared to the more specialised homes required by more complex children.

Lack of incentives for placement providers to take 'complex' children, leaving them risk averse

The behaviour of some care providers is also reported to be squeezing capacity, with the former president of the Association of Directors of Children's Services complaining of the "unwillingness of some providers to take children with any level of complexity".²⁴ Motivations for such 'cherry-picking' have been said to include incentives to house 'easier' children again adding to a dearth of provision for those with more complex needs.²⁵

The desire for more favourable Ofsted ratings has been an alleged factor here.²⁶ While these decisions are often presented malignly (and in many cases, accusations of profiteering will be legitimate), providers might have good reasons to make such decisions. In some cases, providers may not be able to accommodate more complex children without risking harm or disruption to other children in their care. Interviewees also noted the ways in which the regulations designed to help children have, in this context, pushed authorities towards using unregistered provision. One argued that, because they operate in a heavily regulated sector, providers face risks in taking potentially disruptive children, which could threaten their business' survival altogether, further squeezing care supply.



"It's a highly regulated area. Ofsted inspect children's homes, so there's a financial risk to taking children who pose a management problem... You have a system that's set up to create the

²² Dellar, A. *Performance Tracker 2025: Children's Social Care* (October 2025), <https://www.instituteforgovernment.org.uk/publication/performance-tracker-2025/local-services/children-social-care>

²³ Local Government Association and National Children's Bureau, *Costs and complexity in care: The real drivers of high-cost placements for children in care* (May 2025), https://www.local.gov.uk/sites/default/files/documents/73.6%20High%20cost%20childcare_FINALAA.pdf, p.24

²⁴ ADCS, *Children's home sufficiency and children with complex needs*, February 2024, <https://www.adcs.org.uk/childrens-home-sufficiency-and-children-with-complex-needs/>

²⁵ Ofsted, *How local authorities plan for sufficiency of accommodation that meets the needs of children in care and care leavers*, November 2022, <https://www.gov.uk/government/publications/how-local-authorities-plan-for-sufficiency-children-in-care-and-care-leavers/how-local-authorities-plan-for-sufficiency-of-accommodation-that-meets-the-needs-of-children-in-care-and-care-leavers>

²⁶ Department for Education, *Use of unregulated and unregistered provision for children in care*, February 2020, https://assets.publishing.service.gov.uk/media/5e43c51140f0b677c3e37f90/Use_of_unregulated_and_unregistered_provision_for_children_in_care.pdf, p.8



best placements for the children who need it most... but inadvertently you have a situation that is risk averse...”

Another noted the effect of ‘Regulation 44’ in this context, which requires the regulator to regularly scrutinise the conditions in which children are kept, and the standards of care they receive.²⁷ Accordingly, accepting more complex children could not only damage the quality of care and support other children receive, but could also lead to full-scale breakdowns of care placements. As such, many providers might prefer to keep beds vacant (even if this means running at a loss) rather than take children with more complex needs. Doing so in these cases, denying placements for some children can be a perfectly legitimate way to achieve better outcomes.



“Even within a single service, some children will describe the home in glowing terms while others hate it, indicating the importance of matching each child’s assessed needs to the placement’s ability to meet them.”²⁸

Provider incentives and regulatory pressure

It is also important to understand why providers of unregistered placements remain as *unregistered* providers, rather than simply registering.

Providers have very few immediate incentives to register. To begin with, we have seen that many unregistered homes are set up to accommodate short-term complex demand while more appropriate placements can be found. Registering may, in this context, be seen as an unnecessarily cumbersome administrative process with no practical effect on the placement. Indeed, the placement itself may take less time than the application would take to process.²⁹ In 2019/20, the Chief Inspector of Education argued that “a small number of companies are purposely setting up short-term arrangements to avoid registering as children’s homes.”³⁰

A few other factors may be preventing providers from registering. Firstly, they may be deterred by the registration fees, all of which are upwards of £1,000.³¹ One interviewee similarly argued that the regulations with which homes have to comply (including the capital outlays this requires) makes the cost of registration exorbitant, especially for many mayfly-like placements. Secondly, a rejected application means the partners

²⁷ *The Children’s Homes (England) Regulations 2015*, UK Statutory Instruments (2015 No. 541, PART 6, Regulation 44), <https://www.legislation.gov.uk/ukSI/2015/541/regulation/44>

²⁸ Department for Education, *The place of residential care in the English child welfare system*, Research report (June 2015), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/435694/Residential_care_in_the_English_child_welfare_system.pdf, p.81

²⁹ Williams, S. *Unregistered, unregulated or just an unresolvable problem*, (May 2023), https://www.stmarysfamily.co.uk/news-and-resources/news-articles/unregistered-unregulated-or-just-an-unresolvable-problem#_ftn7

³⁰ Ofsted, *Annual Report of Her Majesty’s Chief Inspector of Education*, December 2020, <https://www.gov.uk/government/publications/ofsted-annual-report-201920-education-childrens-services-and-skills/the-annual-report-of-her-majestys-chief-inspector-of-education-childrens-services-and-skills-201920>

³¹ Ofsted, *Become a children’s social care provider: registration fee*, updated March 2025, <https://www.gov.uk/government/publications/become-a-childrens-social-care-provider-registration-fee>



or managers will be unable to foster privately, to be employed in or manage a children's home without 'future dispensation' from Ofsted. These factors are likely to slow if not prevent providers from registering, especially if they have been set up to respond to emergency demand.

For similar reasons, there are evidently very few means by which Ofsted can compel illegal children's homes to register. The regulator can send a warning letter to unregistered homes to "stop operating and apply for registration."³² In 2023/24, 6% of unregistered providers applied for registration after receiving a warning letter. Of these, 8% were approved (fewer than 0.5% of the total). From the available data, however, it is not clear how many confirmed cases were approved overall (it may be that some did not wait for a warning letter to submit an application). Our interviewees, however, have also suggested that Ofsted usually take a practical approach to unregistered placements, and do not attempt to enforce the law too stringently. One former DCS told us that whenever their authority made unregistered placements, they would inform Ofsted of their decision, the circumstances in which they had made it, their safeguarding processes, and their future plans for the child. Whilst they had seen a decline in the number of letters coming from Ofsted anyway, this proactivity was alleged to put a stop to them receiving Ofsted's letters altogether.

Local Authorities are backed into difficult corners

In the face of these constraints, the fact that local authorities often find themselves placing children in unregistered settings until more suitable placements can be found is a predictable feature of a care system that is increasingly less capable of accommodating, as one interviewee put it, "the most vulnerable of the most vulnerable."



It always feels like a surprise when we can't find a place for somebody, and yet it happens every week in every region... in most authorities. But we treat it as a kind of aberration, but it's not. It's a function of a system's conditions."³³

Several interviewees expressed this sentiment, and argued that viewing each unregistered placement may even heighten the risks that the attitude guards against. Treating unregistered placements as aberrant practices is natural, but also means decisions to commission them are often made at speed. This reduces the scope for careful planning and thorough risk assessments, potentially compounding instability in children's lives.

Analysis from Ofsted has explicitly stated that 'shortages' of appropriate placements for children with complex needs "can lead to local authorities using unregistered placements when they are unable to find alternative registered provision, which is illegal."³⁴ More recently, the government's education strategy

³² Ofsted, Unregistered children's homes, November 2024, <https://www.gov.uk/government/publications/unregistered-childrens-homes/unregistered-childrens-homes#low-registration-rates-for-homes-we-investigate>

³³ Public First interview

³⁴ Ofsted, *How local authorities and children's homes can achieve stability and permanence for children with complex needs* (January 2024), <https://www.gov.uk/government/publications/good-decisions-children-with-complex-needs-in-childrens-homes/how-local-authorities-and-childrens-homes-can-achieve-stability-and-permanence-for-children-with-complex-needs>



assumes that addressing the shortage of “specialist care and accommodation for children who have complex needs” will reduce local authorities’ reliance on unregistered placements.³⁵

³⁵ Department for Education, *Keeping children safe, helping families thrive*, Policy paper (November 2024), <https://www.gov.uk/government/publications/keeping-children-safe-helping-families-thrive>



05 How referrals happen

- Every unregistered placement is signed off by a Director of Children’s Services, but local norms differ: some areas refuse them, others accept them as sometimes necessary.
- Most arise from acute emergencies (placement collapse, hospital discharge, custody release) with very little time to find lawful alternatives.
- Sourcing and commissioning processes can waste precious time on unsuitable options, leaving unregistered arrangements as the only viable option at the eleventh hour.

Role and discretion of Directors of Children’s Services

The mechanisms by which children can find themselves in these placements are varied. Unregistered placements must be signed off by each authority’s Director of Children’s Services. One former DCS told us that decisions (and pressures) to approve unregistered placements depended largely on a given area’s accepted practice, as well as the personal preferences and view of the DCSs themselves.

“ Some people will just never ever make unregistered placements, and some will do it once or twice and then it creates a precedent, so you have to be really, really careful with them...”

Typical emergency scenarios

Despite their illegality, this individual told us of occasions in which other services (including police forces and health services) had expected her to make unregistered placements simply because it was standard practice elsewhere.

“ What tends to happen is you’d get a lot of pressure, say if a child was on a paediatric ward and maybe one local authority would place that child in unregistered. I as a Director would then get hospitals ringing me asking why I wasn’t doing the same, when so-and-so council did it last week... So there was this custom and practice such that the police and health would be expecting you to make unregistered placements if you couldn’t find a home for a child.”

We heard evidence that referrals were often made in circumstances in which children were experiencing sudden and last-minute placement breakdowns, were at risk of being discharged from paediatric wards or, in

the case of arrests and the youth justice system, from custody. Where breakdowns have occurred, others have drawn attention to the awkward positions in which local authorities find themselves as providers give them “immediate or inappropriate notice periods”.³⁶

Despite the negative aspects of unregistered placements (see below), it is important to stress that these referrals can often be the least bad option for the child given the circumstances in which they find themselves. One interviewee who had approved several unregistered placements told us of one 14-year-old girl with high needs who had been evicted overnight from her second secure children’s home. In this case, the DCS judged that an unregistered placement was the best option open to the local authority. With no other providers willing to accept the child, the alternative could have meant homelessness.

Another interviewee noted that it becomes particularly hard for authorities to legally place children (especially at short notice) when children have experienced multiple residential breakdowns, or when they have experienced rapid hospital discharges.

“There’ll be scenarios in LAs where they are like, ‘we have to find a placement for this child today’, where they’ve had immediate notice... Ordinarily there’s an assessment and admissions process which you want from [social services] because it gives a level of assurance, but in those circumstances you can’t get it so what you find then is they’re going to the rolodex of old call-in providers who get in touch with local authorities that badge themselves as offering crisis provision...”³⁷

Impact of sourcing and commissioning practices

One interviewee argued that referrals to unregistered provision were in large part a creation of local authorities themselves, notably through their ‘sequential sourcing’ processes. Accordingly, authorities’ processes for finding placements will follow a sequence of the cheapest to the most expensive options. As such, a local authority will waste a lot of their placement time trying to place a potentially high needs child in settings that cannot accommodate them.

“Imagine you have a child who needs high end residential care, assuming there’d been a proper assessment of their needs... What’s happening in reality is that that child is with a provider who’s giving the authority 28 days’ notice, and this child has to be out by that point. The local authority will probably begin by looking at their in-house foster carers to begin with, even if this child has been in a residential home, then they will look at their independent foster carers, then they will start looking at their lower level cost children homes, etc... By the time they start to look at these more high cost children’s homes, usually they’ve only got one or two days. So the high-end children’s

³⁶ ADCS, Children’s home sufficiency and children with complex needs, February 2024, <https://www.adcs.org.uk/childrens-home-sufficiency-and-children-with-complex-needs/>

³⁷ Public First interview

homes will increasingly not take emergency placements because of their risk. The planning, the placement procedures will be in absolute chaos... When it gets to the 27th day, the local authority has no option but to go out and look for unregistered provision.”

In this context, an unregistered placement is the likely consequence of a placement process that prioritises cost over need at every stage. To be sure, sequential sourcing has indeed been cited as a reason behind inappropriate placements.³⁸ However, its contribution to the use of *unregistered* placements was questioned by a separate interviewee, who argued that the more complex children who end up in unregistered placements would tend to bypass this system.



“Thankfully it’s changed a bit. We are seeing more local authorities who are looking at our in-house and independent fostering at the same time. You even get some looking at fostering and residential at the same time. It’s all driven by time, which is the most important asset the local authority has in these situations...”

³⁸ Local Government Association and National Children’s Bureau, *Costs and complexity in care: The real drivers of high-cost placements for children in care* (May 2025), https://www.local.gov.uk/sites/default/files/documents/73.6%20High%20cost%20childcare_FINALAA.pdf



06 What do Unregistered Children's Homes look like?

- Most are run by private providers and range from ordinary houses to improvised or clearly unsuitable settings such as holiday lets and ad-hoc arrangements.
- They are typically used for children with the highest and most complex needs, often requiring one-to-one staffing.
- Stays can be long and very expensive (sometimes tens of thousands of pounds per week), yet these settings operate with no routine inspection or assurance.

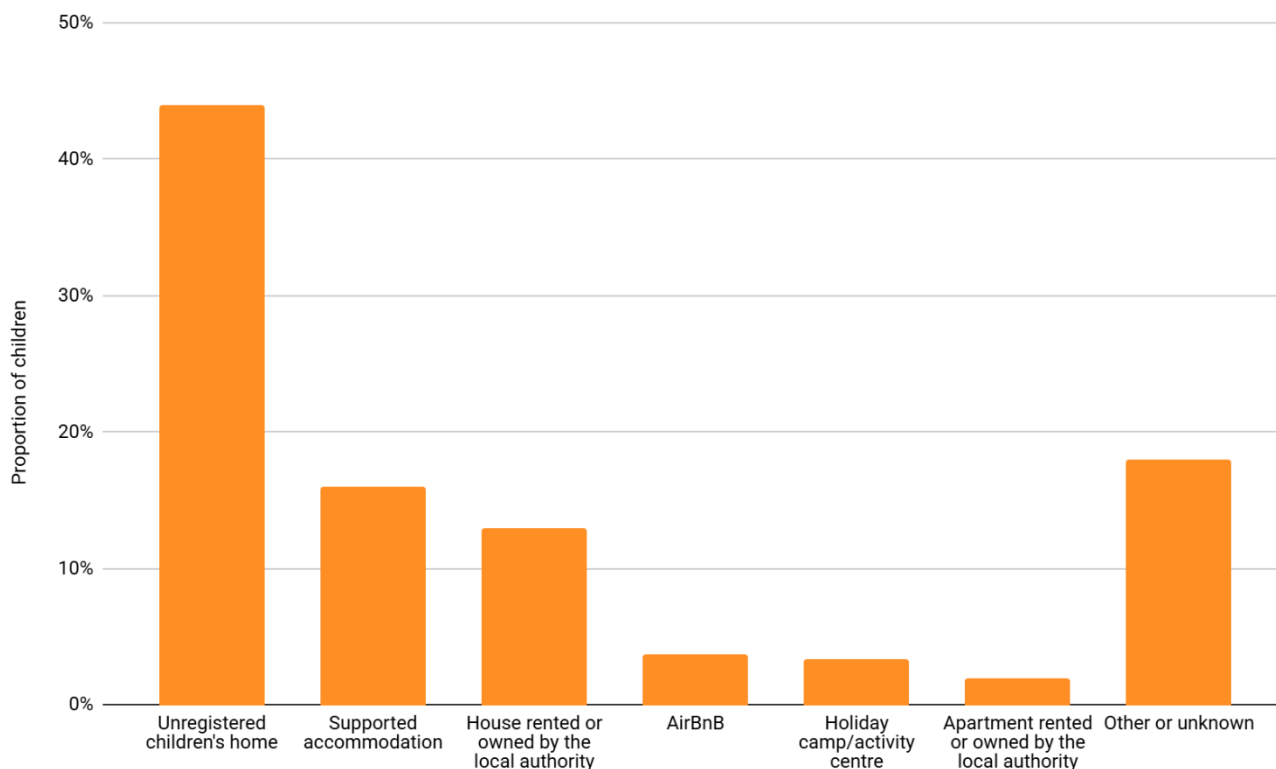
Types of accommodation and providers

Given the dearth of public information on UCH, it is unsurprising that information on the composition, quality, and 'residents' of UCH is equally scarce.

The Children's Commissioner has reported on the market position of unregistered providers, finding that the vast majority (89%) of such placements are provided privately. Only 8% were provided by public providers.

According to the Commissioner's 2025 snapshot data, most accommodation comprises houses (including children's homes – 44% of unregistered accommodation types) and supported accommodation settings (16%). Given the proportional disparity between these and other settings (holiday rentals, Care Quality Commission registered settings, caravans, etc.) it is likely that this is reflective of the wider proportions.

Figure 5



Source: Table recreated from Children's Commissioner, *Children living in Illegal children's homes* (January 2026), p.21

A comparison with the Children's Commissioner's 2024 report offers yet another glimpse of the extent of the variability of the available data.

It is clear from this information that easily equating 'unregistered' with 'inappropriate' is not necessarily warranted. One former Director of Children's Services told us of cases in which placements were made in their council's own building (a support unit that was never opened). Another commissioner from a Care Cooperative noted that their area had witnessed an increase in the number of providers running support for older children in settings registered by the Care Quality Commission.

However, the data also show that a proportion of these placements are wholly unsuitable for children in care. Our interviewees similarly cited cases in which children had been placed in holiday homes, or even instances in which an unregistered placement consisted of a security guard being commissioned to sit with a child.

Figure 6

Best Case Scenarios

- Location and staffing both provided by local authority (e.g. LA-owned space, staffed by LA-employed staff), though the predominance of private provision noted above implies this scenario rarely occurs
 - *Example from interview: putting one child in an empty space bought by an LA to be a children's home, but not yet commissioned and registered, staffed 2:1 by LA staff who work in one of the other LAs children's homes*
- Suitable CQC-registered provision but which is not technically dual Ofsted registered
 - *Example from interview: a 17-year-old with learning disabilities placed in a CQC-registered home predominantly for adults which was suitable for his needs and provided him a pathway to adulthood, but was not registered with Ofsted*

Middle Case Scenarios

- One of location or staffing provided by local authority (e.g. a room in a local authority property staffed 2:1 by agency staff, or vice versa)
- Unregistered 'Activity Provisions'
 - *Example from interview: procurement manager said he'd been increasingly advertised, and sometimes used, 'activity provisions' aimed at 16-20 week stays for children who were hard-to-place. In his experience, these provisions were often linked as a 'satellite' of a registered children's home, with the activity provision acting as a pathway to acceptance into the home if it was a good match.*

Worst Case Scenarios

- Both outsourced so neither location nor agency known or registered (e.g. Airbnb or hotel + 2:1 staffing by unregistered staffing agency, sometimes without basic children's training like security guards)
 - *Example from interview: social worker said she placed a 15-year-old boy with a significant violent gang history in a Travelodge with 2:1 care from a local support worker agency that provided at-home and flexible staffing care for children and adults*

A related concern is the type of children being placed in these settings. We have already drawn attention to the ratio of staff to children which, along with the market dynamics described above, suggests that these are children in need of support for multiple and overlapping needs.

The vulnerable profile of these children makes unregistered provision especially troubling. This is not necessarily a function of the potential for poor care received in unregistered settings. To be clear, the

emergency nature of such placements (and the speed with which they often need to be set up) would be expected to increase the probability of poor provision of care and support. One interviewee recalled the use of a domiciliary care agency that was undergoing a safeguarding review, and noted extremely differential care quality from those staffing unregistered placements.

Duration and cost of placements

While it may be the case that many placements *are* in fact suitable for a child's needs, the uncertainty over this point – which flows from their unregistered status – means these placements should always be a source of concern. As we have explained above, while authorities may try their utmost to place children well, they are not quality assured through statutory oversight. This is especially worrying when we consider the available evidence on the length of time children may be placed in unregistered settings. The Children's Commissioner, for example, has reported on the length of their two unregistered placement datasets, finding that the average length up to the 1st September 2024 was 185 days. Despite the limitations with these data, there are many cases in which the length of placements has far exceeded their original intent, including one 28-day activity placement that the Commissioner reported lasted for nearly 300 days. The Children's Commissioner's January 2026 study reported a mean placement duration of 184 days, and a median of 104. Shockingly, 13% of the children it reported in unregistered placements in September 2025 had been there for over a year.³⁹

The mere fact that these settings are unregistered precludes Ofsted's ability to inspect their suitability for care provision for particularly vulnerable children. The Children's Commissioner has put this in stark terms:



Every night across England hundreds of children are going to sleep in illegal homes where they are often isolated and left without appropriate care. Most of these are run by private organisations which have the least amount of oversight and scrutiny, leaving children at an increased risk of harm. There is no process for checking the quality of the care they receive or the suitability of those adults providing the care – because, by law, these homes should not exist.⁴⁰

In this sense, the problem with unregistered settings is not that they necessarily *have* poor outcomes, but that there is very little way of knowing. As a social care blog put it, “These settings have the least amount of scrutiny and children are at an increased risk of harm. Children living in registered children's homes benefit from the safeguards that regulation brings... Children living in unregistered children's homes do not have these safety nets. There is also no *independent* process for assessing the quality of their care, or the suitability of the adults providing that care.”⁴¹ The more that children end up in these settings, and the longer

³⁹ Children's Commissioner, Children living in Illegal children's homes, January 2026, <https://assets.childrenscommissioner.gov.uk/wpuploads/2026/01/cc-illegal-childrens-homes-Jan-26.pdf>

⁴⁰ Children's Commissioner, Illegal Children's Homes, December 2024, <https://assets.childrenscommissioner.gov.uk/wpuploads/2024/12/cco-illegal-childrens-homes.pdf> p.3

⁴¹ Ofsted, Unregistered children's homes: too many vulnerable children are placed at risk, December 2024, <https://socialcareinspection.blog.gov.uk/2024/12/06/unregistered-childrens-homes-too-many-vulnerable-children-are-placed-at-risk/>



they stay in them, the more likely the chance of substandard care arrangements going unaddressed. Especially for children with complex needs, adequate care is not a 'nice-to-have'. In a short period of time, it can mean a heightened risk of chronic anxiety, post-traumatic stress disorder, anger problems, an increased risk of chronic illnesses, emotional dysregulation, and poor educational attainment.

Another negative aspect of unregistered placements is their exorbitant cost. A BBC investigation found that one local authority was being charged up to £20,000 a week per child.⁴² The Children's Commissioner estimated in December 2024 that the annual cost of unregistered placements to English local authorities was £440 million per year,^{43,44} compared to £353 million in the 12 months to September 2025.⁴⁵ One interviewee attested that in their experience costs could reach £30,000 or £40,000 a week, and that £20,000 was not an unusual figure. At this lower level, a local authority could almost send roughly 17 children to Eton for a year. This is to say nothing of the future societal and public service costs that might result from children receiving inadequate care in later life.

⁴² BBC News, Unlawful care homes 'profiteer' from at-risk kids, September 2024, <https://www.bbc.co.uk/news/articles/crlrl0rkjr6o>

⁴³ Children's Commissioner, Illegal Children's Homes, December 2024, <https://assets.childrenscommissioner.gov.uk/wpuploads/2024/12/cco-illegal-childrens-homes.pdf> p.4

⁴⁴ It is not exactly clear which time period this figure refers to, or how the figure was arrived at. If we assume that the figure refers to the 775 children in unregistered placements on 1st September 2024 (the CC's data snapshot), it would average out as £11,000 per week per child.

⁴⁵ Children's Commissioner, Children living in Illegal children's homes, January 2026, <https://assets.childrenscommissioner.gov.uk/wpuploads/2026/01/cc-illegal-childrens-homes-Jan-26.pdf>

07 Policy Response

- Policy has focused on enforcement, with proposed new powers for Ofsted to fine those running unregistered homes.
- There is limited evidence that fines alone will shift behaviour in a high-profit, high-pressure market for emergency placements.
- Tougher sanctions risk reducing transparency and reporting, without fixing the underlying shortage and complexity that create demand.

Proposals to tackle the prevalence of unregistered children's homes are not new. As far back as 2021, the government announced that it would give Ofsted additional powers to tackle unregistered homes.⁴⁶ Indeed, Ofsted reported that the most agreed-with statement in the social care section of its 'Big Listen' consultation was: 'Ofsted should have greater powers to address unregistered providers that have vulnerable children in their care'. It argued that it should be given the powers and resources to put a stop to unregistered children's homes, once and for all."⁴⁷

The current interest here comes from the Children's Wellbeing and Schools Bill. At the time of publication between third reading and consideration stage in the Lords, the Bill seeks to expand Ofsted's power to fine those offering unregistered placements.

In its current form, the Bill allows the Chief Inspector to impose a monetary penalty if an '*act or omission relates to an establishment or agency for which the [Chief Inspector of Education, Children's Services and Skills] is the registration authority*', replacing the purely prosecution-led means currently at Ofsted's disposal.⁴⁸ According to the Department for Education, this "will give Ofsted alternative, faster enforcement powers to tackle unregistered settings."⁴⁹

⁴⁶ Ofsted, Unregistered children's homes: too many vulnerable children are placed at risk, December 2024, <https://socialcareinspection.blog.gov.uk/2024/12/06/unregistered-childrens-homes-too-many-vulnerable-children-are-placed-at-risk/>

⁴⁷ Ofsted, Consultation outcome, September 2024, <https://www.gov.uk/government/consultations/ofsted-big-listen/outcome/hearing-feedback-accepting-criticism-and-building-a-better-ofsted-the-response-to-the-big-listen>

⁴⁸ Children's Wellbeing and Schools Bill, <https://bills.parliament.uk/publications/62773/documents/7086> p.22

⁴⁹ Department for Education, Children's Wellbeing and Schools Bill, March 2025, https://assets.publishing.service.gov.uk/media/67dd2b17a18f580c277f7887/CWS_Bill_Policy_Summary_notes_as_amended_in_the_House_of_Commons.pdf p.46

The Children's Commissioner has argued that while this measure will likely 'improve compliance with the law', it also questions the efficacy of fines that will be relatively small compared to the high profit margins of those offering unregistered placements.⁵⁰ The National Audit Office has reported similar concerns. There is also an interesting consideration here relating to the incentives to use unregistered homes at all. As we have seen, these placements are partly used by local authorities when they cannot find another suitable location. As things stand, local authorities arguably have an incentive to both use unregistered homes *and* report them to Ofsted, who can then pressure the placements to register or inspect them outright. If, however, Ofsted's fining powers *were* adequate enough to deter unregistered placements, then local authorities may no longer have an incentive to report them to Ofsted for fear of losing what may often be safe if imperfect and temporary settings. Concerningly, one interviewee raised a similar concern, asking what would happen to looked-after children if an authority refused to use unregistered placements for fear of financial sanctions?

⁵⁰ Children's Commissioner, *Illegal Children's Homes*, December 2024, <https://assets.childrenscommissioner.gov.uk/wpuploads/2024/12/cco-illegal-childrens-homes.pdf> p.21

08 Conclusions

Unregistered children's homes have become a small but significant shadow system of care for some of the most vulnerable children in England. They are used not for routine cases, but for those most at risk - children linked to gangs, serious violence, exploitation, repeated breakdowns and acute mental health crises - when the regulated system cannot offer anything suitable, quickly enough.

Children arrive in these settings not because they are best suited for them, but because they have been caught in a cycle of rejection, in which each revolution has resulted in worse outcomes. A system that is incentivised to turn away from those most in need is one in dire need of reform. It is certainly true that, within that system, quality can be good. But it can also be unacceptable. Some arrangements are, in practice, safe and child-centred but technically in the wrong regulatory category. Others are improvised, high-cost, and poorly scrutinised. The problem is not that every unregistered placement is bad; *It is that the state simply does not know what is happening to these children - children already accustomed to being overlooked - even when they remain in these arrangements for months at a time.* This sits awkwardly with the legal and financial reality. Children's social care is one of the main pressures driving councils towards effective bankruptcy, and unregistered placements are among the most expensive and risky decisions they make. We have inadvertently created a position in which local authorities can end up acting illegally in order to protect children, because the lawful, regulated options they are meant to use are not available in practice.

Seen this way, unregistered children's homes are less a rogue outgrowth and more a symptom of how the system behaves under stress. Reducing reliance on them will not be achieved by enforcement alone. It will require bringing this "off the books" activity into the light: planning explicitly for the hardest cases, reshaping supply and registration so that lawful emergency options actually exist, and giving councils clearer tools and backing to act quickly, transparently and within the law *so that children who have already been turned away too many times are not pushed into yet another cycle of rejection.*

Throughout this project, we have confronted a system that has proven largely unwilling to face up to the problems we have described. Over the course of this project, multiple individuals declined to be interviewed because they feared the legal and professional consequences of speaking openly about practices that have become both widespread and taboo. Others did speak, and what they shared was often deeply unsettling: accounts of children placed in environments that no one would defend as acceptable in the long term, of

decisions taken at speed under extreme pressure, and of a system that routinely asks practitioners to choose between what is lawful and what feels immediately necessary to keep a child safe.

At the same time, this research has repeatedly encountered a less visible truth. Those most closely involved in these placements - commissioners, providers, social workers and senior leaders are often operating at the limits of a system that is fragmented, risk-averse and chronically short of suitable provision for children with the most complex needs. Indeed, the gap between the ambitions of these leaders and the constraints set by the system in which they operate has been a sad but inevitable facet of this research. In this context, unregistered children's homes emerge not simply as a compliance failure, but as a symptom of deeper structural dysfunction.

The government takes this point seriously. Its efforts to tackle this problem are much needed, and represent a willingness to grip this problem with the seriousness it deserves. As we outlined at the start, while enforcement-based approaches risk missing the mark, its reforms to commissioning arrangements are based on a recognition that the system has been financially and operationally stretched to breaking point, and could result in laudable outcomes for children in the future. However, these changes (in addition to preventing more children from entering the care market) will take time. These are not overnight fixes.

09 Recommendations

This paper is intentionally exploratory. It is one of the first to systematically document and analyse the use of unregistered children's homes in England, and to bring together practitioner testimony, emerging data and policy context in one place. It is offered as a starting point rather than a definitive account, a benchmark against which future research, scrutiny and reform can build. The recommendations that follow are therefore not presented as quick fixes, but as an attempt to respond honestly to the realities uncovered by this research, in the hope that the children's social care system can move towards a future in which the most vulnerable children are no longer placed beyond the reach of visibility, accountability and care.

Require DCSs to provide justifications to Ofsted when authorising unregistered placements

Introduce a statutory requirement for Directors of Children's Services to submit a written justification to Ofsted whenever they authorise an unregistered placement. This justification should outline the circumstances, risks, safeguarding arrangements, attempts to identify registered provision, the expected duration of the placement, and the monitoring arrangements the authority will put in place.

Crucially, these notifications should be non-punitive. Instead, they should be used to give Ofsted better real-time visibility into unregistered placements across England.

The authors are conscious that introducing this requirement may constitute a de facto official legitimisation of dangerous and illegal practices. However, this report has shown that the status quo – which keeps these practices in the dark – arguably causes more harm to children. If this de facto authorisation is a concern, the Department for Education should work with Ofsted to explore ways to illuminate this practice without encouraging its use.

Improve national data collection on unregistered placements, using shared datasets between Ofsted and local authorities

Develop a standardised, mandatory reporting framework for all unregistered placements, jointly managed by Ofsted and the Department for Education. This should include:

- the type and location of the accommodation;

- the characteristics and needs of the child placed;
- duration and cost;
- staff qualifications and commissioning arrangements;
- reasons for use and alternative options considered.

Data should be collected in real time or near-real time, replacing the current reliance on voluntary reporting and limited annual data releases.

Commission research to understand outcomes for children in unregistered settings

The Department for Education, Ofsted, and the Children's Commissioner should consider options for longitudinal research into the outcomes of children placed in unregistered settings, as opposed to those in children's social care more generally. Given the complex profile of many of these children, this research should combine justice, health, education *and* social care data to understand how these settings affect care leavers into adulthood.

Separate the registration of providers from the registration of physical locations

Reform Ofsted's registration system so that providers can be pre-approved as competent *in principle*, with separate approval processes for physical buildings. This would allow emergency providers, local authorities, and trusted agencies to offer temporary homes without needing to begin a full location-specific registration from scratch.

A two-stage system could include:

- Care provider accreditation – assessing leadership, staffing, safeguarding arrangements, and organisational competence.
- Site approval – to check the suitability of a specific property.

Enable Ofsted to recognise relevant CQC-registered placements to avoid duplicative regulation

Develop a formal mechanism for Ofsted to recognise CQC-registered settings - such as certain supported accommodation or health-related environments - as legally suitable for specific categories of children's care where the regulatory requirements overlap. This could include reciprocal recognition agreements or joint inspection protocols.

Amend Regulation 44 processes to remove perverse incentives that discourage placements from accepting high-needs children

Review and reform Regulation 44 to ensure that independent visits and reports focus on the quality of care in context, rather than penalising providers for the inevitable challenges of caring for children with acute and complex needs. This should include:

- clearer guidance on how to assess disruption fairly;
- protections for providers who accept emergency or high-complexity referrals;
- inspection criteria that reward appropriate risk-taking in the child's best interest.

Strengthen the role of Regional Care Cooperatives in commissioning high-cost, low-frequency placements

Require Regional Care Cooperatives to lead on commissioning specialist, complex-needs, and emergency placements that individual local authorities relatively rarely need but cannot feasibly maintain alone. RCCs should draw on lessons from the Families First Pathfinder programme, including pooled budgets, shared risk management, and joint strategic planning.

They should be mandated to:

- map regional demand for complex-needs provision;
- jointly commission specialist placements;
- maintain emergency capacity;
- develop regional frameworks for avoiding unregistered placements.

Issue national guidance to local authorities encouraging them to assess the advantages and disadvantages of sequential sourcing where children have complex needs or urgent timelines

The Department for Education should develop and publish clear guidance encouraging local authorities to assess the extent to which sequential sourcing may harm outcomes for children, as opposed to directly approaching specialist or high-needs provision. To support consistent practice, the guidance should include worked examples and set expectations for documentation and internal sign-off. It should also clarify the conditions under which local authorities must update Ofsted when an unregistered placement is likely, so that emergency decisions are transparent.

Explore partnerships with Housing Associations to increase safe, emergency accommodation capacity

Ofsted and local authorities should work with Housing Associations to identify suitable properties that could be adapted for short-term emergency or transitional placements, supported by pre-approved provider networks (as per Recommendation 4).

This could involve:

- leasing arrangements for emergency use;
- rapid-turnaround property checks;
- use of voids or decanted stock;
- joint capital investment for specialist adaptations;
- an option for Section 106 agreements to include a suitable property for use by the Local Authority in lieu of an equivalent usage (e.g. an affordable home).

10 Glossary

Core concepts

- Unregistered children's homes: settings that provide care and accommodation to children, but are not registered with Ofsted.
- Registered children's homes: settings that provide care and accommodation to children, and *are* registered with Ofsted.
- Children in care: children in need of services (e.g. health or developmental support) who are looked after by their local authority (or for whom the local authority has cared for more than 24 hours).

Placement types and settings

- Foster care: arrangements in which children who are unable to live with their birth families are temporarily placed with registered caregivers
- Kinship care: when children who are unable to live with their parents are cared for by friends or other family members
- Secure children's homes: secure settings providing support for children who pose a risk to themselves and others
- Specialist residential provision: settings designed to provide care for children with complex conditions or learning difficulties
- Emergency placements: a placement arranged at short notice for children in need of emergency attention
- Deprivation of Liberty Orders: court orders authorising the restriction of a child's liberty when it secures their safety and/or the safety of others

Local authority roles and structures

- Director of Children's Services: the individual in each local authority in charge of designing and delivering children's services
- Regional Care Cooperatives: local authority-led bodies working with a variety of public service providers (for example, health and justice services) to improve commissioning and service delivery across entire regions. In the context of children's care, their responsibilities include securing sufficient

placements and support (including for children with the most complex needs), improving value for money, and improving cross-sector collaboration

- In-house provision: services provided by local authorities themselves, rather than outsourced

Regulatory terms and enforcement

- Care Quality Commission: the independent regulator of health and adult social care
- Ofsted: the regulator and inspectorate for education, training, and childcare services
- Regulation 44: the regulation requiring registered persons to visit each children's home at least once a month

System dynamics

- Placement breakdowns: when a placement in becomes unsuitable due to, for example, an increase in the severity of a child's needs, or the increasing inability of staff to accommodate those needs
- Spot purchasing: the procurement of services under urgent conditions, giving procurers fewer options to find value for money or suitable provision

Housing and accommodation terms

- Void properties: properties that are temporarily empty, for example, when they are between tenants or are in the process of being sold
- Section 106 agreements: agreements between developers and planning authorities setting the conditions of developments, such as affordable housing quotas, steps to improve transport infrastructure, or methods to mitigate the impact of developments on communities

