

MIDDLESBROUGH COUNCIL

Report of:	Corporate Director of Children's Services, Annabel Bates
Relevant Executive Member:	Executive Member for Children's Services, Luke Henman
Submitted to:	Executive
Date:	6 May 2026
Title:	Foster with North East and Regional Care Cooperative
Report for:	Decision
Status:	Public
Council Plan priority:	A successful and ambitious town
Key decision:	Yes
Why:	Decision(s) will have a significant impact in two or more wards
Subject to call in?	Yes
Why:	Non-urgent decision

Proposed decision(s)

That Executive:

- APPROVES the Council's entry into an agreement to be part of the expanded North East Fostering Hub in line with national policy and guidance
- APPROVES the allocation of resources (financial and workforce) as required by the regional model set out in this report
- APPROVES the Council's support to a North East Regional bid to become a 'Wave 2' Regional Care Cooperative national pathfinder and support submission of a bid to Department for Education by 22nd May 2026.
- DELEGATES authority to the Corporate Director of Children's Services in consultation with the Executive Member for Children's Services to take all necessary steps to implement the recommendations in line with National Policy.

Executive summary

Ensuring councils have enough accommodation for young people in their care – referred to as Children in Care sufficiency - is a significant risk and financial pressure to Councils across the North East and nationally. Following the Independent Review of Children's Social Care in 2022, national policy of successive governments has identified regional working as key to addressing these challenges. The Competition and Market Authority (CMA) has also reported that the current model is dysfunctional, driving up costs and delivering poor outcomes.

Foster with North East (FwNE) was established in 2023 as the National Fostering Pathfinder, hosted by Together for Children and with all 12 councils in the region participating. FwNE moved foster carer recruitment to a regional model. An evaluation of FwNE was carried out last year and it was recognised that expansion of the model to an End-to-End approach was essential to achieve the benefits of the regional approach. It is positive that national policy and some additional funding have now aligned with that view. The government is looking to continue to push for regional models, supported by proposed legislation in the Children's Wellbeing and Schools Bill. The Department for Education is moving quickly on this agenda. It published a blueprint in February 2026 called [Renewing Fostering: homes for 10,000 more children](#). This includes a clear expectation that existing fostering hubs – like FwNE- will expand to an 'End-to-End' to include assessment, approval and expanded support to help both recruit and keep foster carers in the system for longer.

Alongside this, The DfE has also issued guidance on the next stage of development for Regional Care Co-operatives (RCCs) in March 2026. RCCs are intended to facilitate wider collaboration and carry out functions like carrying out regional data analysis, forecasting the future needs of homes for children in care and work to co-ordinate commissioning. The DfE included an Expression of Interest (EoI) for six further regions to become RCC's. ([Apply to set up a regional care cooperative - GOV.UK](#))

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

To ensure the benefits of regional working are fully realised and we operate as efficiently as possible it is proposed that an expanded FwNE will be fully integrated into a proposed North East RCC. It is recommended that a regional bid is submitted as part of the RCC Expression of Interest (EoI) by 22nd May 2026, building on extensive work that has taken place regionally over the last 18 months. If successful it would bring at least £1.5m

additional funding into the region and enable significant efficiency and benefits by integrating with FwNE.

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

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

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

This report presents a rationale for the recommendations outlined on page 1 and the move to regional arrangements to address chronic shortfalls in sufficiency of children in care placements. The risks presented by the current dysfunctional market approach impacting on children's outcomes and the financial sustainability of LA's must be addressed, and this work provides an opportunity to do so.

1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

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

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	Improve opportunities for foster carers to develop and attract others to the role.
A healthy Place	Promote fostering to residents and provide further opportunities to support them.
Safe and resilient communities	Address the quality of care for our children and young people in order to address risks and harms they face.
Delivering best value	Provide robust and effective regional governance of fostering. Contribute to national developments in regional fostering hubs.

2. Recommendations

2.1 That the Executive:

- APPROVES the Council’s entry into an agreement to be part of the expanded North East Fostering Hub in line with national policy and guidance
- APPROVES the allocation of resources (financial and workforce) as required by the regional model set out in this report
- APPROVES the Council’s support to a North East Regional bid to become a ‘Wave 2’ Regional Care Co-operative national pathfinder and support submission of a bid to Department for Education by 22nd May 2026.
- DELEGATES authority to the Corporate Director of Children’s Services in consultation with the Executive Member for Children’s Services to take all necessary steps to implement the recommendations in line with National Policy.

3. Rationale for the recommended decision(s)

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

3.2 There is also a financial imperative with rapidly escalating costs driven by a dysfunctional market model within the care system. This has led to costs escalating well in advance of budgets creating substantial pressure and sustainability risks for Councils across the region and nationally. A different approach is needed and these developments give us the opportunity to completely redesign this critical service area with an enhanced regional approach that is still embedded in locality.

3.3 The Directors of Children’s Services within 12 North East local authorities in scope for this activity have agreed to support this programme, and there is a national expectation to deliver the ‘End-to-End’ expansion. On a national and regional level, recruiting sufficient numbers of foster carers for the number of children requiring care remains a

challenge and this approach is designed to reduce the challenges faced. The costs associated with using external fostering providers and children's homes can be high and so it is hoped this will see a reduction.

4. Background and relevant information

- 4.1 Children's Social Care has been operating in a very challenging context in recent years in particular with sufficiency of places for children in care being constrained by a dysfunctional market model. These issues have been well documented through the Independent Review of Children's Social Care led by Josh McAllister which reported in May 2022 and a report by the Competition and Markets Authority (CMA) published in March 2022.
- 4.2 Financially there is a 'burning platform' driving change with nationally around £9bn now spent on supporting children in care with costs rapidly out pacing budgets creating significant risks to the financial sustainability of Councils. An external review commissioned in 2024 showed that the region spent £540m on children in care placement in 2023-24 with around £300m of that on residential placements. It was also estimated that just over 30% of children in residential placements could have been placed in foster care if sufficiency challenges are addressed.
- 4.3 In the North East our regional fostering hub Foster with North East (FwNE) was the first national fostering hub Pathfinder established in 2023 and hosted by Together for Children. This has enabled substantial learning in the region and we have also benefited from approx. £2m of DfE investment in our hub. An evaluation of FwNE was commissioned last year and recommendations from that have been integrated into the proposal to expand the model in line with national requirements.
- 4.4 the Labour is taking forward the recommendations of the McAllister Review in the Children's Wellbeing and Schools Bill - which is now at its final stage in Parliament. The McAllister recommended the development of Regional Care Co-operatives (RCCs) and the Children's Wellbeing and Schools Bill will give the Secretary of State powers to direct regions to establish RCCs, taking on a range of duties for commissioning of fostering and residential care.
- 4.5 Josh MacAlister, author of the independent review of children's social care is now a Labour MP and September 2025 was appointed as the Children's Minister. He now has the national political leadership for the implementation of the recommendations he made in 2022 and that has seen an acceleration in the national roll out of both RCC's and Fostering Hubs.
- 4.6 The DfE established a 'pathfinder' programme for RCCs in 2024 and the two successful regions following Expressions of Interest, Greater Manchester and South East, went live with their RCC's in 2025. The pathfinders have tested out different governance models, shared commissioning approaches and provider engagement, regional collaboration on data and insights and moving away from reactive approaches to commissioning to a more proactive planned approach across the regional footprint.
- 4.7 The DfE published a [policy statement on Regional Care Cooperatives](#) (RCCs) in February 2026 which sets out the national direction of travel, giving the high-level

expectations of an RCC building on the work of the 2 pathfinders in Greater Manchester and the South-East regions. This was followed by publication of detailed guidance setting out requirements and route for regions to submit an EoI to become an RCC published on 26th March 2026 - [Apply to set up a regional care cooperative - GOV.UK](#)

- 4.8 It has been confirmed there will be 6 regions joining the pathfinder programme as part of the national roll out of RCCs. RCC's will be expected to develop in 3 stages, foundation, development and delivery with a checklist of minimum requirements at each stage set out in the guidance. National funding of up to £10.8m over 2 years will be provided across the new pathfinders for initial costs of set up and implementation, so the North East could expect around £1.5-2m if successful.
- 4.9 A complementary recommendation from the national review was to develop collaborative approaches at regional level to fostering recruitment and retention following a decline in the number of foster carers nationally after Covid. This reduction in foster capacity combined with an increase in the number of children in care requiring foster placements has created a perfect storm. We are not able to fully meet children's needs close to their homes and have seen significant financial pressures due to increased usage of Independent Fostering Agencies (IFA's) and residential care.
- 4.10 The DfE launched a new policy paper, '[Renew Fostering](#),' in February which sets an 'ambitious' target of securing an additional 10,000 new fostering places by 2029, underpinned by 5 'Pillars of Reform'. This includes a clear expectation that existing fostering hubs, which are currently a primarily 'front door' recruitment model, will expand to an 'End-to-End' to include assessment, approval and expanded support to help both recruit and keep foster carers in the system for longer.
- 4.11 The DfE's expectation is that regions will move towards an End-to-End model (enquiry to approval) during the 2026-27 financial year. A proposed model has been developed through the regional governance arrangements led by the North East Association of Directors of Children's Services (NE ADCS) and the regional Directors of Resources (DRG). A number of workshops with DCS's and operational leads have taken place to shape the regional proposal and ensure we can meet the national requirements in a way that works in our context.
- 4.12 It is expected the proposed model will significantly reduce duplication across the region and could result in more efficient use of resources, a better experience for prospective foster cares and sharing of best practice. The ambition is ultimately to recruit and retain more foster carers giving more children access to loving homes within their own communities as reduce pressure on Children in Care budgets that are unsustainable across the region.
- 4.13 The national guidance provided by the DfE sets out a range of 'minimum requirements' for regional fostering hubs against which we must design a model that fits our local context and needs. Those requirements are;
- Recruitment: Regional approach to recruitment led by the Hub
 - Single Front Door: All enquiries regionally to be routed through a single point of entry

- Journey Guide: A dedicated person to support and steer carers through assessment and approval processes
- Support Network for Carers: Core regional offer establishing lasting support networks
- Regional Assessment: Single assessment function for the region with the Hub
- Regional Data: Regional systems and data collection with oversight of progress
- Post Approval Support: Regional offer of training and support

4.14 The proposal to move to a fully End-to-End fostering model across the region covering all aspects of fostering services from initial enquiry through to post approval support and supervision will require structural change. Learning from the experience of the Foster with North East national pathfinder the proposal is to build a locality delivery structure into the Regional Hub. Working through NE ADCS and DRG the preferred option is for three locality delivery teams to be established covering the following areas;

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

4.15 The national minimum requirements include the management and oversight of all resources, including staffing to be through the regional hub. Therefore, structural change and a formal HR process will be required as part of the transition to new arrangements. A detailed capacity and demand analysis is being undertaken to design the structures required in each locality to deliver against the new model. This will inform a formal consultation process likely to take place in the summer of 2026 with transition to the new locality structure during the autumn of 2026.

4.16 There is a requirement to submit to DfE a full costed plan setting out how the region will meet the minimum requirements and the allocation of resources by 1st June 2026. An interim plan giving high level direction of travel, outline of model and costs was submitted to DfE on 31st March 2026 and feedback on this will inform the final version.

4.17 In relation to RCC development, for the past 18 months North East ADCS has been proactively preparing for these announcements, and have established a new governance arrangement for both the development of our northeast RCC and fostering expansion activity. The RCC Executive Board meets every 6 weeks and includes DCSs, Chief Executives, Section 151 / Finance Directors, Legal and Commissioning strategic representation.

4.18 All indications suggest we are in a strong position for the North East to be successful in a bid to become one of the next round of RCC pathfinders, to take advantage of additional national funding and support. DCSs and Section 151 Officers / Finance Directors have been directly involved in developing the regional approach and are supportive of the proposed EoI bid.

4.19 Our regional work to date has included:

- Establishment of a Complex Needs Board in September 2023 working with the ICB and health partners on four workstreams – market management, integration, transition and prevention.

- Commissioned and external partner (Newton Consulting) to conduct a regional deep dive and diagnostic exercise analysing the cost of placements for children with the most complex needs.
- Developed and published a regional 'Sufficiency Statement' in Spring 2025 and subsequent rolling programme of provider engagement activities [NE ADCS Sufficiency Position Statement](#)
- Held a number of workshop sessions to develop regional thinking and learn from the two National Pathfinders. We also commissioned additional support from a consultant who had previously worked with the GM pathfinder to share their experience of the process.
- Successful in a regional bid to work with Social Finance, funded by DfE, to develop a regional data platform to support our commissioning activity and form a core foundation of a future RCC.
- Used DfE Regional Improvement grant to invest in additional regional leadership and programme management capacity to progress FwNE's development and prepare the region to become an RCC.

4.20 As a result of this work we are in a strong position to submit an Expression of Interest to become an RCC and already have in place or are developing the key building blocks required to meet the national requirements DfE has set out in the RCC guidance. DCSs and Section 151 Officers / Finance Directors have been directly involved in developing the regional approach and are supportive of the proposed Eol bid.

Finances

4.21 Whilst DfE provided grant funding in total of over £2m for the set up and initial running costs of Foster with North East it is now fully funded by LA contributions using a formula based on population. In 2025-26 the FwNE budget was fully funded by local authority contributions, with a total running cost budget of £1,125,504. Taking into account an agreed uplift in contributions of 4% the core budget for the existing FwNE activity in 2026-27 prior to expanding its remit is £1,170,524.

4.22 The DfE has offered grant funding of up to £500,000 to support the region's ability to expand to an end-to-end model. DfE's modelling indicates that to receive the full grant it needs to equate to 25% of the costs of the expanded costs with the remainder funded by the LA financial contributions, in kind contributions or sharing resources with the RCC infrastructures. NE ADCS had already agreed in 2025 that for the Regional Fostering Hub to be sustainable and fulfil its potential it needed to go further to eliminate duplication in the current model. Therefore, it has welcomed the national policy position and additional funding has aligned with that approach.

4.23 Given the DfE indicative contribution for 2026-27 of £500k is calculated on the basis it is 25% of overall cost, the hub expansion programme aims to work towards a funding envelope of £2,000,000 to develop the most efficient model possible whilst maximising access to national funding. Initial high-level costings for the extension to End-to-End Expansion activity estimates the cost for the Regional Fostering Hub for 2026-27 financial year to be £2,072,817.

4.24 If the full DfE allocation of £500,000 towards the costs is received, split between core functions and expansion activity, this leaves an initial funding gap of £402,293 to be

mitigated by in kind activity, alignment with broader regional work and other efficiencies. In addition, in-year slippage on new posts and activity are anticipated in 2026-27 and once we know the outcome of a possible RCC EoI a medium term financial strategy can be developed to ensure a sustainable model. Therefore, local authorities are not being asked to fund any additional costs in 2026-27, only to maintain last year's costs plus a 4% inflation uplift, as above. The 2026-27 financial contribution from Middlesbrough will be £62,930.85.

HR and Workforce Implications

- 4.25 It is a minimum requirement with the national guidance that the fostering workforce will move from within their current local authorities to be fully absorbed with the Fostering Hub. As part of the implementation phase, we will explore the best HR process to achieve this in the short term, pending permanent transfer to a future RCC structure to meet the DfE's requirements.
- 4.26 There is learning from the region's previous experiences of setting up Regional Adoption Agencies (RAAs) and we need to ensure the approach to moving staff across into the Regional Fostering Hub must be fair and equitable. This may create some challenges as all LA's will currently be resourced at different levels and not necessarily in line with future demand and targets.
- 4.27 Bringing together our 12 separate fostering workforces under one hub structure will result in significant change for many of our region's fostering staff, and this will be managed carefully and sensitively involving the workforce extensively in both informal and formal consultations. It is expected that TUPE arrangements will be required in 2027/8 as part of the setup of our RCC entity, therefore an interim approach will be required for 2026/7 until the RCC is established.
- 4.28 Given the short timescales, the staffing structures are still being gathered from local authorities and explored in preparation for submission of our final plan to meet the DfE's final deadline of 1st June 2026.
- 4.29 Foster carers and children in our care will also be involved in the design of the expanded service and their views captured through a structured engagement programme to ensure the new model can maximise the opportunities available to improve and support our families to the best of our ability. This will be essential if we are to achieve our objectives on foster carer recruitment and retention.

5. Ward Member Engagement if relevant and appropriate

- 5.1 Ward member engagement will be factored into future stages of the process.

6. Other potential alternative(s) and why these have not been recommended

- 6.1 We have considered retaining the status quo and have been advised by the DfE that it is an expectation that all local authorities participate in the regional developments

outlined above. Taking this approach could lead to regulatory challenge by the DfE and Ofsted, and would have additional financial implications for the Council.

6.2

7. Impact(s) of the recommended decision(s)

Topic	Impact
Financial	<p>The finance implications are set out in paragraphs 5.21 to 5.24 of this report. For Middlesbrough the financial contribution to the Fostering Hub in 2026-27 will be £62,930.85. It is expected that the North East will receive a grant from DfE of £500k for 2026-27 towards the cost of expanding the Fostering Hub. There will be potential alignment if the region submits an EoI to become an RCC and is successful with around £1.5m likely to be allocated to regions for that development.</p> <p>The resourcing implications are set out in paragraphs 5.25 to 5.29 of this report. A detailed demand and capacity analysis is being undertaken regionally that will develop the staffing structures for the Locality Delivery Teams. This will shape the next stage of work in relation to the HR workstream and staffing implications for individual LA's.</p>
Procurement	<p>There are no specific procurement implications arising from this report. A further review of impact on procurement will be carried out as part of the regional project plan.</p>
Legal	<p>Under section 22G of the Children Act 1989 the Authority is required to take steps to secure, so far as reasonably practicable, sufficient accommodation within the Authority's area which meets the needs of children that the Authority is looking after and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the Local Authority's area (the so-called 'sufficiency duty'). In order to comply with this duty, the Authority needs sufficient numbers of foster carers who are able to provide safe and suitable accommodation for looked after children.</p>
Risk	<p>The implementation of the proposed pilot will address some of the risks of not having sufficient foster care arrangements to meet the needs of children in our locality authority area. The lack of resource for children and young people requiring care is a significant corporate risk in terms of our statutory responsibilities towards children and in relation to budget pressures resulting from the purchase of higher cost placements from third party providers.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	<p>Article 8 of the European Convention of Human Rights states that everyone has the qualified right to respect for their private and family life. The families of some "Looked</p>

	After” children may claim to have had that right interfered with. However, that right must be balanced against the rights of children to have a safe and stable home life and that right is promoted if there are more foster carers available in our area.
Reducing Poverty	The developments outlined in our regional commitment to FwNE explicitly focus on providing support to community members who experience poverty.
Climate Change / Environmental	There are no specific environment and sustainability implications arising from this report.
Children and Young People Cared for by the Authority and Care Leavers	The developments outlined in this report are intended to have an explicit impact on improving the services provided to our children and young people in care.
Data Protection	There are no specific data protection implications arising from this report.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Liaise with regional group to determine next steps for Middlesbrough.	Annabel Bates	June 2026
Structured engagement activity with foster carers, children in our care (or who have left our care) and with relevant external organisations including Independent Fostering Agencies, in line with a regional programme communications plan.	Annabel Bates	May & June 2026

Appendices

1	Project plan and timelines
2	Equality impact assessment

Background papers

Body	Report title	Date
DfE	Renewing fostering: Renewing fostering: homes for 10,000 more children - GOV.UK	February 2026
DfE	RCC policy statement: Regional care cooperatives policy statement - GOV.UK	February 2026

DfE	RCC guidance: Apply to set up a regional care cooperative - GOV.UK	March 2026
DfE	Independent review of Children’s Social Care: Independent review of children's social care: final report - GOV.UK (www.gov.uk)	March 2022
DfE	Stable Homes: Children's social care stable homes built on love consultation (publishing.service.gov.uk)	February 2023

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