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The marathon men

Who can go the distance: Andy Murray or Marin Cilic? **Sport, pages 60-61**

Barclays boss quits as scandal deepens

Investigation spreads to Bank of England

Patrick Hosking, Roland Watson
Chris Johnston

The market-rigging scandal that has shaken the City took two major new twists last night as the chairman of Barclays prepared to resign and the Deputy Governor of the Bank of England was drawn into the investigation.

Marcus Agius will step down from the troubled bank this morning after Barclays directors gathered to discuss the fallout from traders manipulating markets and cheating customers.

Paul Tucker, the favourite to succeed

Putting bankers behind bars

News, pages 6, 7



Sir Mervyn King as Governor of the Bank of England, faces the possibility of being called to appear before MPs after it emerged that Barclays believed that he had encouraged the practice.

Mr Tucker spoke by telephone to Bob Diamond shortly before October 29, 2008 — at the peak of the banking crisis. The official report into the Libor scam from the Financial Services Authority (FSA) says: "As the substance of the telephone conversation was relayed down the chain of command at Barclays, a misunderstanding or miscommunication occurred."

This led to Barclays officials, who were submitting figures for Libor, believing that they were "operating under an instruction from the Bank of

England". The FSA report said that no instruction was given by the Bank of England official, now known to be Mr Tucker, to put in lower submissions. But Mr Tucker and Mr Diamond, then head of the Barclays investment banking arm and now chief executive of the whole bank, are understood to disagree about the content of the conversation. It is expected to be scrutinised by the Treasury select committee when Mr Diamond appears before it on Wednesday.

A well-placed MP said last night that it was inconceivable that such an important conversation would be misremembered by either side. The MP said that, at the time of the call, the authorities, including the Government and the Bank of England, were deeply worried that Barclays may go under.

Libor rates are used to establish the price of borrowing and investment products around the world, and play a part in the setting of interest bills for millions of mortgage borrowers in Britain.

Any suggestion by Barclays that the Bank of England might have condoned the submission of false figures would widen the scandal, which became public last Wednesday when the FSA and American authorities fined Barclays £291 million for deliberately making false submissions, initially to produce bigger trading profits and later to try to stifle market speculation that it was in financial difficulties.

The Treasury will open a review this week designed to bring much tougher, US-style powers of prosecution to the

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Fernando Torres with his children, Nora and Leo, after his goal helped Spain to a 4-0 triumph over Italy in the Euro 2012 final last night. The Game, pullout

Who's the daddy? Spain's winning streak goes on

Care home children sent north to save cash

Exclusive

Andrew Norfolk
Chief Investigative Reporter

Hundreds of troubled children are being moved many miles from family and friends — in breach of official guidelines — to private care homes bought cheaply in northern England, *The Times* reveals today.

The south-to-north exodus, which comes to light as the Government prepares to open an urgent inquiry into residential childcare, is seen most starkly in Rochdale, Greater Manchester. The town, with 205,000 residents, has 47 children's homes, four more than the 14 inner London boroughs combined, where the population is 3.1 million.

Girls placed far from home are

Firms making millions from the damaged

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known to be particularly vulnerable to men who pursue young teenagers in care for sexual grooming. Over the past five years, there have been 631 reported cases of children's home residents in England being sold for sex.

Looked-after children should be placed more than 20 miles from home only in exceptional circumstances, the guidelines state, yet 23,000 young people, more than a third of all children in care, are living outside their home local authority.

Most are in foster care, but those with the greatest needs are often sent to children's homes run by private operators, which have built a portfolio of premises in areas of the country where property prices are low. Such companies, some owned by global investment funds, charge fees averaging £200,000 a year per child. Annual fees at one home were as high as £378,000.

In May, *The Times* revealed that a 15-year-old from Essex was the sole resident of a private home in Rochdale, which charged £252,000 a year to give her 24-hour care and protection. She went missing 19 times in three months and was repeatedly sexually abused by men linked to a sex-grooming

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IN THE NEWS

Tory call on Europe

David Cameron faces mounting Conservative pressure to begin plotting a new relationship with Europe. **News, page 3**

Police chiefs warned

Chief constables have been told to stay out of the political debate during the elections for police commissioners. **News, page 8**

Mexico goes to polls

The Institutional Revolutionary Party was on the verge of victory last night in Mexico's presidential election. **World news, page 25**

Drop the pilot

BAE Systems is to test unmanned aircraft in British airspace, bringing the end of the RAF pilot a step closer. **Business, page 31**

Inside today

Curves are winners for footballers' wives

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Concern at venture capitalists who make millions from children in care

Andrew Norfolk

Private equity firms are making huge profits from the care of damaged children in the UK care system, with one fund making a return of more than 500 per cent in only six years, *The Times* has found.

Wealthy global investors have bought out smaller care homes and fostering services, leading to accusations that standards are being sacrificed under the guise of efficiency savings.

The head of a leading children's charity last night questioned the logic of a few large companies playing such a dominant role in the care of vulnerable young teenagers, asking whether it was morally "right for venture capitalists to profit from children who've been abused and neglected".

Local authorities placing children in a private home pay average annual fees of £200,000 per child. Some private investors maximise their returns by clustering homes in deprived areas of north-west England and the West Midlands, where property prices are low.

Companies can further increase the fees they charge by registering a property as both a children's home and a private boarding school. Every year



Heywood, in Rochdale, which is the location of 47 children's homes

hundreds of troubled children are sent from the south of England to care homes across the country, despite guidelines suggesting this should be done only in exceptional circumstances and experts saying the practice increases the risk of teenagers falling prey to sexual predators.

Kevin Williams, the chief executive of TACT (The Adolescent and Children's Trust), Britain's largest fostering and adoption charity, said that huge sums of money were passing from local authority children's services budgets "into the pockets of global venture capitalists".

"There's a moral question about people making large sums of money from children who've suffered abuse and neglect," he said. "If they do profit from such children, can they demonstrate that they're delivering the best possible outcomes for those children and not simply making money through efficiency savings, by increasing workloads and reducing training and support? I would question whether they can."

England's biggest operator of children's homes, Advanced Childcare, with 143 homes and 1,400 staff, was purchased last year by GI Partners, an American private equity house, from another private equity firm, Bowmark Capital. In April, Advanced Childcare, whose head office is in Stockport, Greater Manchester, bought Continuum Care and Education, previously owned by 3i, also a private equity firm.

The 15-year-old girl who was at the centre of a recent sex-grooming trial that ended with nine convictions

Where are the children in care?

Greatest concentration of children's homes in England

Local authority, region	Population	Homes
1 Rochdale, North West	205,000	47
2 Shropshire, West Midlands	293,000	61
3 Telford & Wrekin, West Midlands	163,000	24
4 St Helens, North West	177,000	26
5 Halton, North West	119,000	16
6 Darlington, North East	101,000	13
7 Stockport, North West	285,000	36
8 Sefton, North West	273,000	30
9 Stoke-on-Trent, West Midlands	240,000	26
10 Blackpool, North West	140,000	15

Lowest concentration

1 Hackney, inner London	219,000	none
2 Richmond upon Thames, outer London	191,000	none
3 Thurrock, East of England	160,000	none
4 Plymouth, South West	259,000	1
5 Camden, inner London	235,000	1
6 Sutton, outer London	194,000	1
7 Bath & North East Somerset, South West	180,000	1
8 Windsor & Maidenhead, South East	146,000	1
9 Southwark, inner London	287,000	2
10 Barnet, outer London	348,000	3

Children's homes, by region

100-205	206-310	311-415	416-520
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Sources: House of Commons Written Answer, Department for Education, Ofsted, Eton College, Ofsted

£1bn

Annual cost to local authorities of placing children in residential homes

£200,000

Average annual fees charged by private homes to care for one child

£378,000

Highest annual fees charged by a private company to care for one child

£31,000

Annual boarding fees at Eton

Homes set up in the North to save cash

Continued from page 1

network. Eight adults of Pakistani heritage and an illegal asylum seeker from Afghanistan were later jailed for child-sex offences.

The leader of Rochdale council, Colin Lambert, recently called a halt to "external placements" in the borough because "the safety of children is not being guaranteed". In the past 18 months, *The Times* has published articles exposing the failure of police and care professionals to recognise a pattern of sex crimes involving young teenage girls and groups of men, largely of Pakistani heritage.

A government source described child sexual exploitation yesterday as "an abhorrent crime" and acknowledged that "for years we — police, social services, schools, agencies and governments — have collectively failed to tackle the problem". The

source added: "We've all been shocked by the really heartbreaking stories that have come to light over the past months and we're determined to make sure we take the most urgent of action."

An MPs' report last month into children missing from care said that a belief that it was acceptable for adults to have sex with children who "consent" to their abuse was ingrained within the child protection system.

The Government will announce tomorrow a review into "all aspects of the quality of provision in children's homes", including local authority commissioning practices and "the location and ownership of homes".

North West England has 514 children's homes, a quarter of England's total. Lancashire has 101 homes, 78 under private ownership, caring for children from 83 councils. A review last year of "cross-boundary"

for a place at one children's home; another opened an independent school in a converted double garage.

The role of private equity in residential childcare was defended by Simon Havers, the chief executive of Baird, who said its investment ensured that "the young people in Castlecare homes receive first-class care from experienced, specialist staff". "Castlecare provides care to young people with exceptionally challenging behaviour. Fees reflect the high level of specialist support that the individual young people need."

children in Lancashire found concerns about sexual exploitation and warned that "it is too easy to establish a private care home and too easy to deliver sub-standard care".

In the West Midlands, net importers of looked-after children include Staffordshire, with 74 homes, 67 of them private, and Shropshire, where 55 of the 61 homes are in private hands. A review of child sexual exploitation in Staffordshire, in May, criticised the refusal of Ofsted, which inspects children's homes, to inform local authorities and police forces when an independent home was registered in their area.

A Department for Education spokesman said: "It is alarming that so many children are still being put in care homes hundreds of miles away without the proper checks, without care plans put in place or even the local social workers told."

Three accused over £10m drugs conspiracy

Three people have been charged after more than £10 million worth of cocaine was recovered by police. The drugs, which weighed about 200kg (440lbs), were found in London after they were allegedly smuggled into the country from South America.

Gilmar Gil Solano, 24, from Deptford, South London, Paula Sanchez, 32, from Muswell Hill, North London, and Martha Santiago, 35, from Woolwich, South London, have been charged with conspiracy to import Class A drugs.

They are to appear before Thames Magistrates' Court today.



Best shed, bar none

A garden-shack "pub", above, with 600 beers has been voted Shed of the Year. John Plumridge, 57, and his wife Cheryl, 54, from Shrewsbury, spent four years creating it. Mr Plumridge said: "I was going to build a pergola but then I started collecting bottled beers. Friends love it."

Kool time at festival

There was a retro feel to the Hop Farm Festival, with legendary acts appearing. Bob Dylan, Patti Smith and Bruce Forsyth topped the bill on Saturday, while last night Kool & the Gang, pictured, captivated festivalgoers.

First Night, Times2, page 12



Tennis hawk returned

The hawk that patrols the skies of Wimbledon has been returned to its owners after it was stolen by thieves during the first week of the tennis tournament. Rufus, a Harris hawk who deters pigeons at the All England Club, was stolen from a car on Thursday night, but he was handed into the RSPCA in Putney, southwest London, and is now safely back in his owners' hands, police said.



Branson's new record

Sir Richard Branson has become the oldest person to kite-surf across the Channel. The 61-year-old Virgin tycoon, above, crossed from Dymchurch, Kent, to Wimereux, northern France, in 3hr, 45 min yesterday. It was his second attempt in 24 hours. He failed to beat the record for the fastest crossing, set by his son Sam on Saturday in 2hr 18 min.