

Key messages

# Getting it right for children in residential care



Prepared for the Auditor General for Scotland and the Accounts Commission  
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# Key messages

## Background

**1.** Councils have a legal duty to look after children and young people who are placed in their care, through either a voluntary agreement with their parents or a compulsory process such as a children's hearing or the court service.<sup>1</sup>

**2.** These children are among the most vulnerable members of our society and many have complex and challenging needs. They may have experienced severe neglect, abuse or trauma. Some have disabilities, sensory impairments, learning difficulties or social, emotional or behavioural difficulties, including offending or substance misuse.

**3.** Working with their community planning partners, councils must act as corporate parents to looked after children, seeking for them what any good parent would want for their own children.<sup>2</sup>

**4.** The number of children who are looked after by Scottish councils has grown steadily over the past seven years, from 11,241 at 31 March 2002 to 15,288 at March 2009.<sup>3</sup> Some children stay in their own home and are supported by a social worker; some are looked after by their council in other home settings but away from their own home, for example with foster carers or with family and friends; and others are looked after in residential accommodation.

**5.** Children in residential care stay mainly in residential units (formerly known as children's homes), residential schools (for those who need specialist education and care), and secure accommodation (for children whose behaviour is a danger to themselves or others). Although most are located in Scotland, a few are in England and Wales.

**6.** Around 1,600 children and young people are living in residential care at any one time (about ten per cent of all looked after children).<sup>4</sup> Councils spend around £250 million a year on residential care for looked after children.

## About our audit

**7.** We examined how effectively councils use their resources on residential placements for their looked after children and identified areas for improvement. Our work complements the Scottish Government's strategic review of residential child care services in Scotland, conducted by the National Residential Child Care Initiative (NRCCI).<sup>5</sup> Our conclusions support many of the NRCCI's findings about the improvements needed in this important service.

**8.** In our audit, we surveyed 32 councils and a sample of providers in the voluntary and private sectors, read a sample of 60 case files, interviewed council officers, elected members and other key stakeholders, and consulted with relevant experts.

## Key messages

**1** Professional practice and work with children in residential care is good in many respects. But not all children get the best quality of care and support, and for many, their long-term outcomes are poor.

**9.** Both central and local government recognise the importance of improving the lives of looked after children and their families. The *Getting it right for every child* programme, which began in 2005, aims to improve outcomes for all children. It is the foundation for further developments, guidance and regulations that relate specifically to looked after children.<sup>6,7</sup>

**10.** Service standards are monitored through inspection reports from the Care Commission in Scotland, OFSTED in England and the Care and Social Services Inspectorate in Wales. All inspect providers on the basis of national care standards and quality assessment frameworks. These reports indicate that standards of care and support are generally good among the providers used by Scottish councils, with most being assessed as good, very good or excellent. But there were 18 residential units and schools that were judged to be weak or adequate. These 18 units provide places for around 160 vulnerable children, ten per cent of the overall number looked after in residential care (see paragraphs 43 to 45 in the main report for more information).

1 They are referred to as 'looked after children' and were previously called 'children in care'.

2 *These are our bairns: A guide for Community Planning Partnerships on being a good corporate parent*, Scottish Government, 2008.

3 *Children Looked After Statistics 2008-09*, Scottish Government, 2010.

4 Ibid.

5 *Higher aspirations, brighter futures: National Residential Child Care Initiative*, Scottish Institute for Residential Child Care, 2009.

6 *A Guide to Getting it right for every child*, Scottish Government, 2008.

7 *These are our bairns*, Scottish Government, 2008; *We can and must do better*, Scottish Government, 2007; *Looked After Children (Scotland) Regulations*, Scottish Government, 2009.

**11.** The most effective placement for a child is one that not only provides a high standard of care but that also addresses their individual needs and gives them the support they need to go on and lead successful lives. However, outcomes for children looked after by their local authority are generally poor, especially in terms of educational attainment and employment or training after leaving school. In the longer term, their life prospects are currently poor:

- More than one in ten young people leaving care in Scotland experience homelessness within two years.<sup>8</sup>
- Over 25 per cent of the total adult prison population in the UK has been in care at some point, compared with two per cent of the general adult population.<sup>9</sup>
- In Scotland 45 per cent of looked after children have mental health problems.<sup>10</sup>

**12.** Those involved in each child's care and education should monitor and assess their progress frequently through formal reviews and amend the child's care plan where appropriate. However, evidence from a sample of cases between 2006 and 2009 suggested that around ten per cent of children in residential care may not have a completed care plan.<sup>11</sup>

**13.** In addition, we found that children's care plans do not sufficiently focus on the intended outcomes for them and do not set out clear actions. None of the case files in a sample we examined during our audit addressed long-term goals such as achieving qualifications, going into further education or living an independent and satisfying life. This leads to questions about the extent to which councils and other public bodies are fulfilling their corporate parenting role (see paragraphs 37 to 42 in the main report for more information).

**14.** Our findings about the lack of specified outcomes are consistent with the NRCCI report, which says that identifying valid outcomes is known to be problematic and there is a need to develop a consistent language and common understanding about outcomes.<sup>12</sup>

**15.** To achieve better long-term outcomes for children, councils and residential providers need to understand better what services and quality standards lead to better outcomes. More work is needed on this.

**2** There are weaknesses in how councils plan and commission residential child care services. Improving the way services are managed would contribute to improving children's care and long-term outcomes, and better control of costs.

**16.** Councils do not always have clear strategies and realistic plans for residential child care, based on predicted needs. The quality of information to support good commissioning is generally poor, with limited awareness of future need and the costs of different options. We found little evidence of councils reviewing their services, analysing the information they hold, predicting needs, planning ahead and making arrangements for the right services to be available when they need them.

**17.** Councils place children with around 130 different residential child care providers. These providers are either councils (29 out of 32 provide some residential child care services themselves) or organisations in the voluntary or private sectors (referred to jointly as the independent sector).

**18.** Most councils have at some time placed children with independent providers because they do not have suitable places in-house, rather than because it is the right provision.

Currently, almost all residential places in the independent sector are 'spot purchased' – planned only from the moment that an individual child is identified as needing a place. These factors mean that some children are being placed where there is a place available rather than on the basis of their needs.

**19.** There should be a clear contractual agreement between the council and the provider. This should set out what services are being commissioned, to what quality standards, and what outcomes are intended – as well as the cost and payment arrangements.

**20.** Only three councils use full contractual agreements when placing children with independent providers. While all councils use some form of written agreement for their placements, these are sometimes simply short letters confirming the price to be charged and accepting the provider's terms and conditions. Moreover, only 13 councils report that they always include in their written agreements details of the service to be provided and only ten include reference to quality standards. None have service level agreements for their in-house provision.

**21.** We identified a number of current developments in individual councils and elsewhere that aim to improve contractual arrangements. However, these developments are not coordinated and there are risks of inefficiency in each council developing its own approach, and providers who care for children from many councils having to deal with a large number of different contracts. This could lead to an increase in overhead costs and charges levied by providers.

**22.** Councils' information systems for looked after children in residential care are poorly developed, and information is often held in separate unlinked

8 *Children Looked After Statistics 2008-09*, Scottish Government, 2010.

9 *Reducing re-offending by ex-prisoners*, Social Exclusion Unit – Office of the Deputy Prime Minister, 2002.

10 *The mental health of young people looked after by local authorities in Scotland*, Office of National Statistics, 2004.

11 *Results of reading 92 case files in 29 councils between 2006 and 2009*, SWIA, 2009.

12 *Higher aspirations, brighter futures: National Residential Child Care Initiative*, Scottish Institute for Residential Child Care, 2009.

systems. Councils should ensure that good information systems are in place to support effective decision-making across all service areas.

**3** Councils cannot demonstrate that they are achieving value for money as there is insufficient clarity about the quality of services and outcomes and the costs of all types of provision available, including both in-house and independent provision.

**23.** While the number of children in residential care has remained fairly static over the last seven years, expenditure has increased significantly in recent years (Exhibit 1). This is attributed to increases in the cost of individual placements due to the greater and more complex needs of the children who are placed in residential care, and also to developments in quality standards and staff training and qualifications (see paragraphs 75 to 80 in the main report for more information).<sup>13</sup>

**24.** Councils report that they spend around £250 million a year on residential care. In 2008/09, £135 million of this was paid in fees to independent providers with the remainder spent on in-house provision (including £0.64 million paid to other councils for places in their secure provision) and other placement-related services.

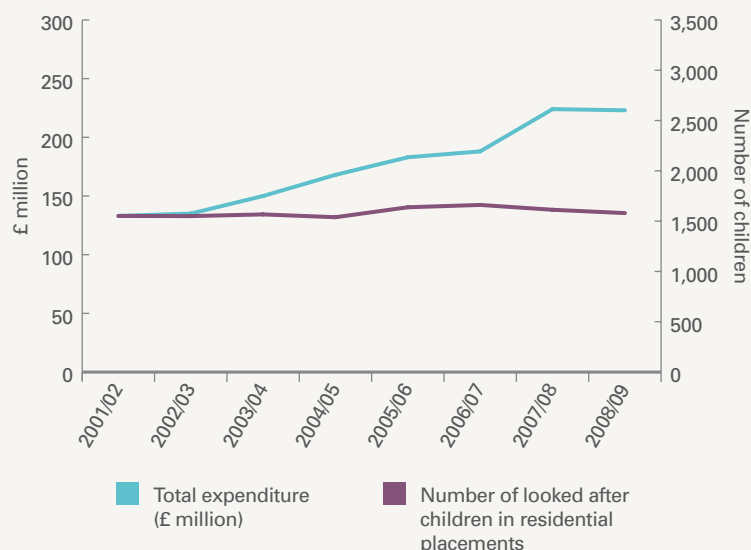
**25.** Over the last three years, total council expenditure has exceeded budgets for residential child care. Keeping within budgets will be even harder to manage in future as councils face mounting financial pressure.<sup>14</sup> In 2008/09, 29 councils had overspent their budget. The total over-spend was £18 million – eight per cent over budget. Fourteen councils overspent their budget by more than ten per cent. (Exhibit 2, overleaf).

**26.** Despite in-house provision accounting for around 40 per cent of all residential child care places, few

### Exhibit 1

#### Number of children in residential care and councils' expenditure

While the number of children in residential care has remained relatively static, reported expenditure on these places by social work services has increased by 68 per cent overall.



Note: The expenditure that councils report to the Scottish Government through Local Finance Returns (LFRs) does not include some in-house and education provision, and so the totals are different in this chart from the ones reported from our 2009 survey.

Source: *Children Looked After Statistics 2008-09*, Scottish Government, 2010; *Personal Social Services Statistics 2001/02–2008/09*, CIPFA 2003–10

councils know the full costs of their own provision. Of those that have tried to work it out, many may have significantly under-estimated the costs of central overheads, such as HR, finance and legal services (see paragraphs 88 to 98 in the main report for more information).

**4** There is considerable scope to improve commissioning through joint working between councils, their NHS partners and independent providers. A national approach is needed for very specialist services, where the numbers of children across Scotland are very small.

**27.** Councils need to work together more, and with independent providers and community planning partners. There is also scope for better sharing of good practice in managing and

commissioning residential care services, and for the key factors that contribute to successful outcomes for looked after children to be identified.

**28.** Councils are beginning to work with each other more to improve commissioning. For example, Renfrewshire, East Renfrewshire, Glasgow and Inverclyde councils are working together, with financial support from the Scottish Government, to develop a joint strategic approach to commissioning.

**29.** The Scottish Government has set up a strategic implementation group to drive forward a reform programme to improve outcomes for looked after children and young people in Scotland, including those in residential care. All the main organisations involved in planning, delivering and scrutinising services for looked after

<sup>13</sup> *Cost of residential school placements in Scotland (work by DTZ commissioned by Audit Scotland)*, 2008, and Audit Scotland survey, 2009.

<sup>14</sup> *Personal Social Service Statistics 2001/02–2008/09*, CIPFA, 2003–10.

children are members of the group. However, there is a need for greater urgency and an increased pace of change in order to achieve the planned objectives of the programme.

### Key recommendations

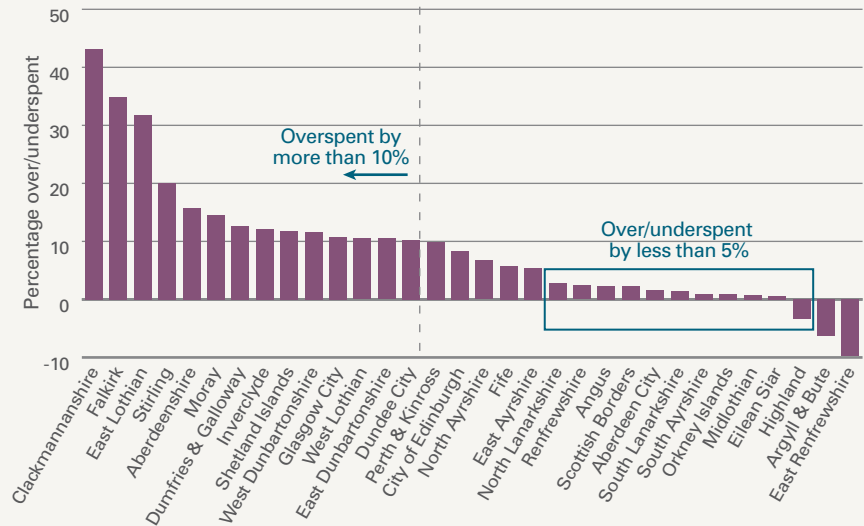
Councils should:

- have clear strategies and plans in place for looking after children in residential care, supported by reliable information systems and effective management processes. This will enable officers to plan, monitor and review services based on accurate forecasts of need, and to support elected members in making effective decisions and setting realistic budgets
- improve their approach to commissioning. This includes: working with other councils, NHS boards and independent providers to plan and purchase residential child care places; developing staff expertise and drawing on others' experience of commissioning; and ensuring that robust contracts are in place with independent providers (service level agreements with in-house providers)
- ensure that care plans are in place and kept up-to-date for every child and that these focus on clear and measurable outcomes which reflect the needs of individual children
- ensure they understand the costs and quality of all the options available when making strategic service and placement decisions. This will help to demonstrate that they are achieving value for money in residential child care.

### Exhibit 2

#### Council's budgets and expenditure on residential child care

Fourteen councils overspent their budget by more than ten per cent.



Source: Audit Scotland survey, 2009

The Scottish Government and COSLA should:

- provide stronger leadership and direction to support councils to plan and improve the management of residential child care to achieve better outcomes for looked after children
- identify, in collaboration with councils, NHS boards and independent providers:
  - the factors that lead to better long-term outcomes for looked after children
  - appropriate costing models to help councils understand the full costs of different types of provision
- increase the pace of development of a national strategic approach to commissioning specialist services for small numbers of children

- encourage and support councils to work together, with NHS boards and with independent providers, to develop a common standard for service specifications and contract arrangements, ensuring that there are systems in place to monitor cost, quality and outcomes.

NHS boards should:

- ensure they participate fully with community planning partners in joint approaches to planning and commissioning residential child care places.

# Getting it right for children in residential care

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